Second Quarter 2023

June 30, 2023

CANADA'S PREMIER NON-BANK LENDER™

Table of Contents

1 Earnings Press Release
5 Management's Discussion and Analysis
21 Consolidated Financial Statements
45 Corporate Directory

About Atrium Mortgage Investment Corporation

Safety – Consistency – Yield

Atrium lends in major urban centres and where the stability and liquidity of real estate is high. As a mortgage lender, we fill the lending gap that results from the limited number of financial institutions operating in Canada. Our loan portfolio is high quality but we are able to charge higher rates than the banks because we offer flexibility, creativity and excellent service. Our mortgages are secured by all types of residential, multi-residential and commercial real property located in Canada, and must all be in strict compliance with our investment policies.

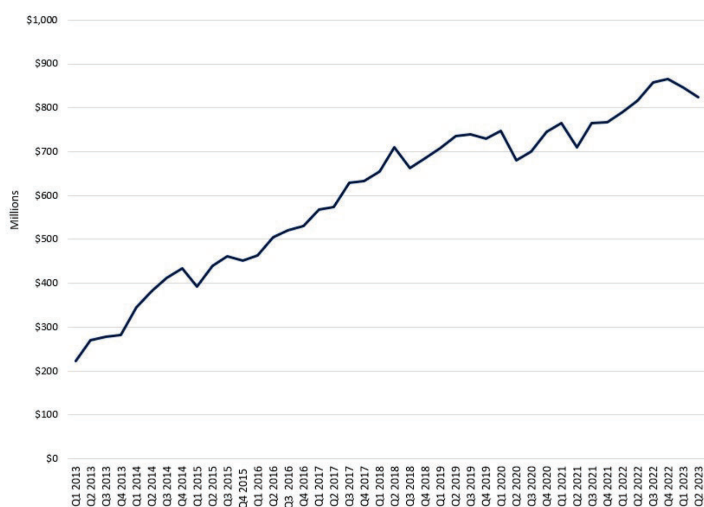
Atrium has a 21-year track record of success and consistency in achieving our strategic objectives: to grow in a controlled manner by focusing on real estate sectors with the lowest risk profiles.

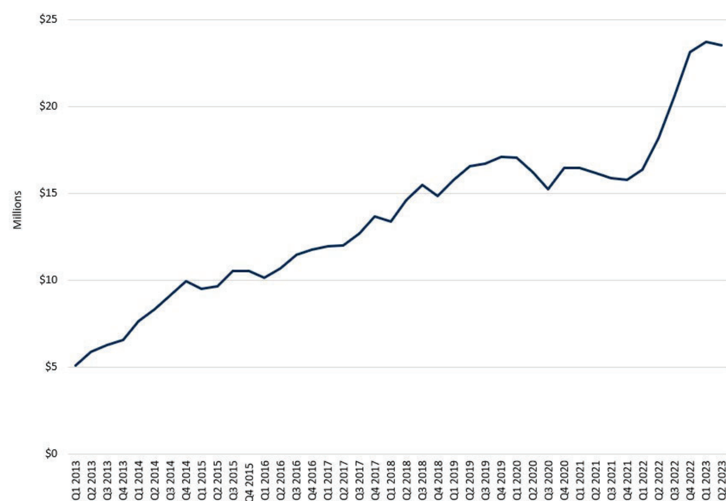
Since commencing operations in 2001, our investment objectives have been to preserve our shareholders' equity and provide our shareholders with stable and secure dividends from our investments in mortgage loans within the criteria permitted for a Mortgage Investment Corporation (MIC). Working within conservative risk parameters, we endeavour to maximize income and dividends through careful underwriting and efficient management of our mortgage investments.

We were listed on the Toronto Stock Exchange in 2012. Our regular dividend is paid monthly, currently at a rate of $0.075 per share per month.

Our dividends since 2017 are as follows:

Year	Regular dividend	Special dividend	Total dividends paid	Earnings per share (basic)
2017	$0.88	$0.04	$0.92	$0.95
2018	$0.90	$0.04	$0.94	$0.95
2019	$0.90	$0.06	$0.96	$0.97
2020	$0.90	$0.02	$0.92	$0.93
2021	$0.90	$0.07	$0.97	$0.98
2022	$0.90	$0.23	$1.13	$1.08
2023	$0.90	to be determined		





FOR IMMEDIATE RELEASE

ATRIUM MORTGAGE INVESTMENT CORPORATION ANNOUNCES SECOND QUARTER RESULTS WITH RECORD QUARTERLY NET INCOME

TORONTO: August 3, 2023 – Atrium Mortgage Investment Corporation (TSX: AI, AI.DB.C, AI.DB.D, AI.DB.E, AI.DB.F, AI.DB.G) today released its financial results for the three and six months ended June 30, 2023.

Highlights

- **Record quarterly net income of $14.4 million, up 35.2% from the comparative period**
- **Quarterly basic and diluted earnings per share of $0.33 and $0.32 respectively**
- **High quality mortgage portfolio of $824.6 million**
  - **96.2% of portfolio in first mortgages**
  - **98.0% of portfolio is less than 75% loan to value**
  - **average loan-to-value is 59.8%**

"Atrium continued to produce outstanding results for shareholders in the second quarter. We posted record net income of $14.4 million, and our EPS of $0.33 matched the record set in the first quarter. Our mortgage portfolio was down marginally over the quarter to $824.6 million due to slower market conditions, and delayed closings. But revenues grew on the heels of higher interest rates because 84.6% of our loans are now structured on a floating rate basis. Our main focus continues to be maintaining a low risk and resilient mortgage portfolio that can withstand the stresses of the current real estate downturn. For example, the average loan to value in the portfolio is only 59.8%, and 96.2% of our mortgage portfolio are first mortgages which is the highest percentage in our history as a public company. We also have no impaired loans to report, but we still have a healthy 150 basis point loan loss provision in place. We continue to evaluate new loan opportunities within our tight risk parameters and remain cautiously optimistic that we can increase the size of our portfolio over the balance of the year." said Rob Goodall, CEO of Atrium.

Conference call

Interested parties are invited to participate in a conference call with management on Friday, August 4, 2023 at 9:00 a.m. ET to discuss the results. To participate or listen to the conference call live, please call 1 (888) 886-7786 or (416) 764-8658, conference ID 16843847. For a replay of the conference call (available until August 17, 2023) please call 1 (877) 674-6060, conference ID 843847 #.

Results of operations

For the three months ended June 30, 2023, Atrium reported assets of $831.9 million, down from $874.8 million at the end of 2022. Revenues were $23.5 million, an increase of 29.4% from the second quarter of the prior year. Net income for the second quarter of 2023 was $14.4 million, an increase of 35.2% from the comparative period. Atrium's allowance for mortgage losses at June 30, 2023 totaled $12.3 million, or 1.5% of the gross mortgage portfolio.

For the six months ended June 30, 2023, revenues were $47.3 million, an increase of 36.7% from the six months ended June 30, 2022. Net income for the six months ended June 30, 2023 was $28.6 million, an increase of 34.6% from the prior year period.

Basic and diluted earnings per common share were $0.33 and $0.32 respectively for the three months ended June 30, 2023, compared with $0.25 basic and diluted earnings per common share in the comparable period. Basic and diluted earnings per common share were $0.66 and $0.63 respectively for the six months ended June 30, 2023, compared with $0.50 basic and diluted earnings per common share for the six months ended June 30, 2022.

Mortgages receivable as at June 30, 2023 was $817.4 million, down from $860.4 million as at December 31, 2022. During the six months ended June 30, 2023, $127.9 million of mortgage principal was advanced and $174.4 million was repaid. The weighted average interest rate on the mortgage portfolio at June 30, 2023 was 11.27%, compared to 10.77% at December 31, 2022.

Financial summary

Interim Consolidated Statements of Income and Comprehensive Income

(Unaudited, 000s, except per share amounts)

	Three months ended June 30		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Revenue	$ 23,548	$ 18,201	$ 47,255	$ 34,578
Mortgage servicing and management fees	(2,052)	(2,461)	(4,106)	(4,339)
Other expenses	(332)	(212)	(776)	(536)
Impairment of investment property held for sale	–	–	–	(1,832)
Recovery of (provision for) mortgage losses	(690)	(383)	(1,485)	1,430
Income before financing costs	20,474	15,145	40,888	29,301
Financing costs	(6,045)	(4,470)	(12,247)	(8,028)
Net income and comprehensive income	$ 14,429	$ 10,675	$ 28,641	$ 21,273
Basic earnings per share	$ 0.33	$ 0.25	$ 0.66	$ 0.50
Diluted earnings per share	$ 0.32	$ 0.25	$ 0.63	$ 0.50
Dividends declared	$ 9,822	$ 9,675	$ 19,607	$ 19,323
Mortgages receivable, end of period	$ 817,421	$ 811,699	$ 817,421	$ 811,699
Total assets, end of period	$ 831,917	$ 830,357	$ 831,917	$ 830,357
Shareholders' equity, end of period	$ 489,010	$ 476,839	$ 489,010	$ 476,839

Analysis of mortgage portfolio

	As at June 30, 2023			As at December 31, 2022		
Property Type	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
High-rise residential	19	$ 279,332	33.9%	20	$ 300,989	34.7%
Mid-rise residential	27	216,913	26.3%	30	225,281	26.0%
Low-rise residential	13	129,371	15.7%	14	128,244	14.8%
House and apartment	139	102,490	12.4%	158	108,124	12.5%
Condominium corporation	11	1,980	0.2%	12	2,189	0.3%
Residential portfolio	209	730,086	88.5%	234	764,827	88.3%
Commercial	21	94,521	11.5%	26	101,435	11.7%
Mortgage portfolio	230	$ 824,607	100.0%	260	$ 866,262	100.0%

Location of underlying property	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
	As at June 30, 2023				
(outstanding amounts in 000s)					
Greater Toronto Area	148	$ 591,157	71.7%	61.1%	11.57%
Non-GTA Ontario	51	30,624	3.7%	65.4%	9.04%
British Columbia	30	195,376	23.7%	54.7%	10.62%
Alberta	1	7,450	0.9%	71.0%	13.75%
	230	$ 824,607	100.0%	59.8%	11.27%

Location of underlying property	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
	As at December 31, 2022				
(outstanding amounts in 000s)					
Greater Toronto Area	169	$ 598,207	69.0%	59.7%	11.04%
Non-GTA Ontario	61	38,950	4.5%	68.7%	8.25%
British Columbia	28	220,727	25.5%	56.4%	10.41%
Alberta	2	8,378	1.0%	71.2%	12.55%
	260	$ 866,262	100.0%	59.4%	10.77%

For further information on the financial results, and further analysis of the company's mortgage portfolio, please refer to Atrium's interim consolidated financial statements and its management's discussion and analysis for the three and six month period ended June 30, 2023, available on SEDAR+ at www.sedarplus.ca, and on the company's website at www.atriummic.com.

About Atrium

Canada's Premier Non-Bank Lender™
Atrium is a non-bank provider of residential and commercial mortgages that lends in major urban centres in Canada where the stability and liquidity of real estate are high. Atrium's objectives are to provide its shareholders with stable and secure dividends and preserve shareholders' equity by lending within conservative risk parameters. Atrium is a Mortgage Investment Corporation (MIC) as defined in the Canada *Income Tax Act*, so is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder. For further information about Atrium, please refer to regulatory filings available at www.sedarplus.ca or investor information on Atrium's website at www.atriummic.com.

For additional information, please contact

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MD&A

Management's Discussion and Analysis

Second Quarter
June 30, 2023

CANADA'S PREMIER NON-BANK LENDER™

Management's Discussion and Analysis

June 30, 2023

Our business

Atrium is a mortgage lender filling the lending gap that results from the limited number of financial institutions operating in Canada. We lend in major urban centres and where the stability and liquidity of real estate are high. Our loan portfolio is high quality but we are able to charge higher rates than the banks because we offer flexibility, creativity and excellent service. Our mortgages are secured by all types of residential, multi-residential and commercial real estate located in Canada, and must all be in strict compliance with our investment policies. Atrium has a 21-year track record of success and consistency in achieving our strategic objectives: to grow in a controlled manner by focusing on real estate sectors with the lowest risk profiles.

Our objective is to invest in a diverse portfolio of predominantly first mortgages that are relatively short-term, to provide our shareholders with stable and secure dividends while preserving shareholders' equity, all within the parameters mandated for a Mortgage Investment Corporation (MIC). Working within conservative risk parameters, we endeavour to maximize income and dividends through careful underwriting and efficient management of our mortgage investments.

Information herein is current as of August 3, 2023.

Highlights

Atrium continued to demonstrate strong financial performance. For the quarter ended June 30, 2023, we had revenues of $23.5 million compared to $18.2 million in the comparable period, an increase of 29.4%. Net income was $14.4 million compared with $10.7 million in the comparable period, an increase of 35.2%. Basic and diluted earnings per share were $0.33 and $0.32, respectively, compared with $0.25 basic and diluted earnings per share in the comparable period, an increase of 32.0% basic and 28.0% diluted.

We declared a regular dividend of $0.075 per share for each month in the quarter, a total of $0.45 for the year to date, consistent with dividends of $0.45 for the comparable period. Our regular and special dividends for the past five years are as follows:

Year	*Regular dividend*	*Special dividend*	*Total dividends paid*	*Earnings per share (basic)*
2018	$0.90	$0.04	$0.94	$0.95
2019	$0.90	$0.06	$0.96	$0.97
2020	$0.90	$0.02	$0.92	$0.93
2021	$0.90	$0.07	$0.97	$0.98
2022	$0.90	$0.23	$1.13[1]	$1.08
2023	$0.90	to be determined		

1) *The difference between dividends paid and earnings per share is largely due to a timing difference created by an impairment and provision for accounting that is excluded from the calculation of taxable income.*

We had $817.4 million of mortgages receivable as at June 30, 2023, a decrease of 5.0% from December 31, 2022. During the quarter, $62.6 million of mortgage principal was advanced and $86.6 million was repaid. The portfolio has a weighted average remaining term of 10.6 months.

Our focus continues to be lending in the major metropolitan areas of Ontario and British Columbia.

Revenues of $23.5 million, increase of 29.4% from comparative period

Earnings per share $0.33 basic and $0.32 diluted

Strong, high quality mortgage portfolio

96.2% first mortgages

98.0% less than 75% loan-to-value

Mortgages receivable $817.4 million, down 2.7% over the quarter

We focus on first mortgages with high liquidity and low loan-to-value ratios

Investment portfolio

Our mortgage portfolio consisted of 230 mortgage loans and aggregated $824.6 million at June 30, 2023, a decrease of 4.8% from December 31, 2022.

	As at June 30, 2023			As at December 31, 2022		
Property Type	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
High-rise residential[1]	19	$ 279,332	33.9%	20	$ 300,989	34.7%
Mid-rise residential[1]	27	216,913	26.3%	30	225,281	26.0%
Low-rise residential[1]	13	129,371	15.7%	14	128,244	14.8%
House and apartment[2]	139	102,490	12.4%	158	108,124	12.5%
Condominium corporation[3]	11	1,980	0.2%	12	2,189	0.3%
Residential portfolio	209	730,086	88.5%	234	764,827	88.3%
Commercial[4]	21	94,521	11.5%	26	101,435	11.7%
Mortgage portfolio	230	824,607	100.0%	260	866,262	100.0%
Accrued interest receivable		5,572			5,418	
Mortgage discount		(79)			(94)	
Unamortized origination fees		(331)			(506)	
Allowance for mortgage losses		(12,348)			(10,706)	
Mortgages receivable		$ 817,421			$ 860,374	

1) *Mortgage loans on properties where the near-term business plan, as vetted by the lender, is to intensify the property into low-rise residential (detached, semi-detached, townhomes and/or multi-unit residential buildings up to 4 storeys), mid-rise residential (multi-unit residential buildings from 5-20 storeys and stacked townhomes) or high-rise residential (multi-unit residential buildings over 20 storeys).*
2) *Mortgage loans on existing single-family or multi-family residential homes and apartment buildings.*
3) *Mortgage loans to residential condominium corporations for guest suites, superintendent suites and green loans.*
4) *Mortgage loans on properties where the existing real estate is currently, or the proposed development project after rezoning will be mixed use, commercial or industrial.*

A summary of our mortgages by loan type is presented below.

	As at June 30, 2023			As at December 31, 2022		
Loan type	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
Term loans	221	$ 764,815	92.7%	252	$ 809,722	93.5%
Construction loans	9	59,792	7.3%	8	56,540	6.5%
	230	$ 824,607	100.0%	260	$ 866,262	100.0%

A summary of our mortgages by size is presented below.

	As at June 30, 2023			As at December 31, 2022		
Mortgage amount	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
$0 - $2,500,000	159	$ 106,825	13.0%	182	$ 121,213	14.0%
$2,500,001 - $5,000,000	22	87,337	10.6%	26	101,884	11.8%
$5,000,001 - $7,500,000	15	92,831	11.2%	19	118,391	13.6%
$7,500,001 - $10,000,000	9	75,916	9.2%	7	58,103	6.7%
$10,000,001 +	25	461,698	56.0%	26	466,671	53.9%
	230	$ 824,607	100.0%	260	$ 866,262	100.0%

As of June 30, 2023, the average outstanding mortgage balance was $3.6 million (December 31, 2022 – $3.3 million), and the median outstanding mortgage balance was $0.8 million (December 31, 2022 – $0.8 million).

The tables below show our mortgage portfolio by location of the underlying property and type of mortgage. The weighted average interest rates shown exclude the lender fees paid by the borrower and reflect the yield to Atrium. As at June 30, 2023, 84.6% of our portfolio was priced at floating rates, the majority with rate floors, up from 75.4% at December 31, 2022.

Location of underlying property	As at June 30, 2023				
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
(outstanding amounts in 000s)					
Greater Toronto Area	148	$ 591,157	71.7%	61.1%	11.57%
Non-GTA Ontario	51	30,624	3.7%	65.4%	9.04%
British Columbia	30	195,376	23.7%	54.7%	10.62%
Alberta	1	7,450	0.9%	71.0%	13.75%
	230	$ 824,607	100.0%	59.8%	11.27%

Location of underlying property	As at December 31, 2022				
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
(outstanding amounts in 000s)					
Greater Toronto Area	169	$ 598,207	69.0%	59.7%	11.04%
Non-GTA Ontario	61	38,950	4.5%	68.7%	8.25%
British Columbia	28	220,727	25.5%	56.4%	10.41%
Alberta	2	8,378	1.0%	71.2%	12.55%
	260	$ 866,262	100.0%	59.4%	10.77%

We have an exceptionally high proportion of our portfolio invested in first mortgages (96.2%), which is one of our core strategies.

As at June 30, 2023, the weighted average loan-to-value ratio in our mortgage portfolio was 59.8%, with 98.0% of the portfolio below 75% loan-to-value (At December 31, 2022, the weighted average loan-to-value ratio in our mortgage portfolio was 59.4%, with 97.1% of the portfolio below 75% loan-to-value).

Type of mortgage	As at June 30, 2023			
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average interest rate
(outstanding amounts in 000s)				
First mortgages				
Conventional	196	$ 781,321	94.8%	11.32%
Non-Conventional	14	9,593	1.2%	8.6%
Other	11	1,980	0.2%	7.46%
	221	792,894	96.2%	11.28%
Second and third mortgages				
Conventional	8	24,353	3.0%	11.32%
Non-conventional	1	7,360	0.8%	9.50%
	9	31,713	3.8%	10.90%
	230	$ 824,607	100.0%	11.27%

Type of mortgage	As at December 31, 2022			
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average interest rate
(outstanding amounts in 000s)				
First mortgages				
Conventional	229	$ 780,133	90.1%	10.74%
Non-Conventional	8	18,956	2.1%	10.49%
Other	12	2,189	0.3%	7.48%
	249	801,278	92.5%	10.72%
Second and third mortgages				
Conventional	10	57,624	6.7%	11.61%
Non-conventional	1	7,360	0.8%	9.50%
	11	64,984	7.5%	11.37%
	260	$ 866,262	100.0%	10.77%

Conventional mortgages are those with a loan-to-value of less than or equal to 75%, which is the industry standard for determining that a mortgage is conventional. Non-conventional mortgages are those with a loan-to-value in excess of 75%.

The weighted average term remaining for our mortgage portfolio at June 30, 2023 is 10.6 months (December 31, 2022 – 10.9 months).

Our business

In Canada there is a lending gap due to the limited number of financial institutions operating. Our business is to help fill that gap by focusing on loans that cannot be placed with larger financial institutions but represent an acceptable underwriting risk. Our borrowers benefit from our efficient, thorough and fast underwriting process. We lend in major urban centres where the stability and liquidity of real estate are at the highest levels.

Our policy is that the weighted average loan-to-value ratio of our mortgage portfolio, as a whole, at the time of underwriting each loan in our portfolio, will not exceed 75%. At June 30, 2023, the weighted average loan-to-value ratio of the mortgage portfolio was considerably lower than that, at 59.8%, compared to 59.4% at December 31, 2022.

A typical loan in our portfolio has an interest rate of 6.99% to 13.95% per annum, a one or two-year term and monthly interest-only mortgage payments. Pricing on new loans during the second quarter typically range between 8.99% to 10.45%.

Our lending parameters are as follows:

- Mortgages on residential and commercial properties up to a maximum of 75% of appraised value.
- Loans on single family residences up to 75% of appraised value.
- Mortgages on income-producing real estate up to a maximum of 85% of appraised value.
- Construction loans up to a maximum of 90% of cost.
- Loans to condominium corporations.

Mortgage loan amounts are generally $300,000 to $30 million. The largest single mortgage in our mortgage portfolio as at June 30, 2023 was $46.0 million (December 31, 2022 – $44.8 million).

Our investment policies, which may be changed by our board of directors ("board"), are as follows:

- We may invest only in residential mortgages, commercial mortgages, commercial mortgage backed securities and certain related investments.
- All investments must be mortgages on the security of real property situated within Canada, loans to condominium corporations, or certain permitted interim investments.
- Commercial mortgages may not constitute more than 50% of our total assets at any time.
- The term of the mortgage may generally be no greater than ten years.
- Mortgages are subject to the following geographic limits at the time of funding: Alberta – maximum 15% of total mortgages; British Columbia – maximum of 45% of total mortgages.
- No single borrower may account for more than 15% of our total assets.
- All mortgages are supported by external appraisals by a qualified appraiser. All mortgages, except mortgages secured by one to six residential units, are also supported by environmental audits.
- The maximum initial loan-to-value ratio of an individual mortgage is 85% including any prior ranking encumbrances, and the weighted average loan-to-value ratio of our mortgage portfolio at the time of underwriting each loan may not exceed 75%.
- Our ratio of debt to equity must be less than 1:1.
- We do not invest directly in real property, although real property may be acquired by foreclosing on a mortgage.
- A mortgage investment of: (i) $4,000,000 or more requires approval of the board; (ii) between $2,000,000 and $4,000,000 requires approval of three members of the board, including at least two independent directors; and (iii) $2,000,000 or less requires approval of any one member of the board. For loans previously approved, the approval of one member of the board is required (i) for changes to the loan that do not exceed the approved amount by more than the greater of (a) $200,000 or (b) 2% of the previously approved loan amount; or (ii) for minor technical amendments that do not change other underwriting considerations, provided in all cases that the loan to value ratio increases by less than 5% and the ratio is 75% or less. We may invest in interim investments that are guaranteed by the Government of Canada or of a province or territory of Canada or deposits or certificates of deposits, acceptances and other similar instruments issued, endorsed or guaranteed by a Schedule I Bank in any amount without prior board approval.
- We may not make unsecured loans to, nor invest in securities issued by, our manager or its affiliates, nor make unsecured loans to the directors or officers of the manager.
- We may not make any investment, or incur any indebtedness, that would result in our not qualifying as a MIC.

Our objective is to invest in a diverse portfolio of predominantly first mortgages that are relatively short-term, to provide our shareholders with stable and secure dividends while preserving shareholders' equity, all within the parameters mandated for a MIC. Working within conservative risk parameters, we endeavour to maximize income and dividends through the sourcing and efficient management of our mortgage investments.

We are a non-bank lender and invest in mortgages secured by all types of residential, multi-residential and commercial real property located in Canada, subject to compliance with our investment policies. The types of properties that we finance include residential houses, small multi-family residential properties comprised of six or fewer units, residential apartment buildings, commercial properties and store-front retail properties, commercial properties and residential and commercial land development sites. We also finance construction projects and provide short-term bridge financing for real estate developers. Our strategy is to grow in a controlled manner by diversifying geographically, and focusing on real estate sectors with the lowest risk profiles. For larger loan amounts, we generally co-lend with a financial institution or private lender.

We qualify as a MIC and are restricted from any activity that would result in us failing to qualify as a MIC. In order to qualify as a MIC, we must satisfy the requirements in subsection 130.1(6) of the *Income Tax Act* (Canada) ("ITA") throughout the taxation year. Among the requirements are:

- We can only invest or manage funds and cannot manage or develop real property.
- We cannot own debts secured on real property situated outside Canada, debts owing by non-residents unless such debts were secured on real property situated in Canada, shares of the capital stock of corporations not resident in Canada, or real property situated outside of Canada or any leasehold interest in such property.
- No shareholder (together with related persons, as defined in the ITA) may at any time own, directly or indirectly, more than 25% of our common shares.
- The cost for tax purposes of cash on hand, debts secured on specified residential properties, and funds on deposit with a Canada Deposit Insurance Fund or Régie de l'assurance-dépôts du Québec-insured institution or credit union must constitute at least 50% of the cost of all of our property.
- The cost for tax purposes of any interests in real property (including leaseholds but excepting real or immovable property acquired by foreclosure after default by the mortgagor) may not exceed 25% of the cost of all of our property.
- There are certain restrictions as to our maximum debt-to-equity ratio.

We are managed by Canadian Mortgage Capital Corporation (the "manager" or "CMCC"), which is our exclusive manager and arranges and services our mortgage loans and otherwise directs our affairs and manages our business. For explanations as to some of the terms used herein, please refer to our Annual Information Form for the year ended December 31, 2022, which is available at www.sedarplus.ca.

Recent Developments

Atrium posted record net income of $14.4 million in the second quarter despite sluggish real estate market conditions. These earnings translated into $0.33 per share which matched the record EPS posted in the first quarter of the year. The gross mortgage portfolio of $824.6 million was down 2.5% quarter-over-quarter but remained 0.9% higher than the comparable period. The change during the quarter was driven by total principal advances of $62.6 million offset by $86.6 million of repayments. Market conditions remained stagnant due to economic uncertainties around key variables such as inflation, interest rates, unemployment, and GDP growth. Developers continued to remain cautious in terms of capital deployment due to higher input costs, limited financing options and issues around housing affordability. Individual home owners continued to experience financial stress from higher interest rates and inflationary pressure. In spite of these market conditions, Atrium continued to deliver strong financial results as higher interest rate levels resulted in higher revenues while expense levels remained relatively stable given the portfolio size.

The portfolio mortgage rate at quarter end was a record 11.27% which increased from 11.04% in the previous quarter. This increase was largely driven by a 25 bps rate increase in the Bank of Canada overnight rate on June 7, 2023 which directly impacts the prime rate used to price loans to borrowers. Shortly after quarter end, the Bank of Canada instituted another rate increase of 25 bps on July 12, 2023 which will add upward pressure to the portfolio rate going forward. In addition to rate increases, 84.6% of loans were priced at floating rates at quarter end which is up from 75.4% at the beginning of the year. Most of the fixed rate loans are single family loans with terms of 12 months so they also reprice relatively frequently. In fact, lower rate single family loans experienced a higher than normal level of payouts in the quarter driven by strong origination growth from the comparable period. The higher portfolio mortgage rate overall drove earnings and more than offset the slight contraction in the portfolio balance over the quarter. The majority of floating rate loans also have rate floors in place to protect against potential rate decreases in the future.

The rate on the credit facility was 6.96% during the quarter which increased from 6.72% in the previous quarter due to the Bank of Canada rate hike in early June. The floating rate credit facility represented just 21.5% of the total funding sources of the business at quarter end thus the impact of rising rates on interest expense is limited relative to the revenue increases derived from the mortgage portfolio. The balance of the company's funding profile is largely comprised of $489.0 million of equity capital and $156.8 million of convertible debentures, which are locked in at favorable rates for several years with $25.3 million first coming due in June 2024. The maximum available under our credit facility is $315.0 million but the company has the right to increase the facility by up to an additional $35.0 million such that the total maximum availability would be up to $350.0 million. This provides a source of capital for both growth and liquidity purposes.

The allowance for mortgages losses increased to $12.3 million or 1.50% of the gross mortgage portfolio, which is up from 1.38% in the previous quarter. There were no Stage 3 or impaired loans at quarter end; therefore, the allowance was entirely attributable to performing loans. Stage 2 loans increased by $39.8 million to $77.1 million over the quarter due in large part to one loan that went into arrears in Vancouver. This particular loan is well secured and is not deemed to be impaired. Total loans in Stage 2 represented 9.4% of the total gross portfolio compared to 4.4% in the first quarter of 2023 and 0.8% in the comparable period. Stage 2 loans are assessed individually to determine expected credit losses whereas Stage 1 loans are assessed collectively using an expected credit loss model. Increases in expected credit losses were driven by macroeconomic factors including GDP growth, housing prices and unemployment which are all expected to deteriorate over the coming quarters. A prolonged slowdown compounds the financial stress on borrowers and increases the probability of loans going into default. Although prices in the resale market have improved somewhat over the past couple of months, the economy is expected to slowdown considerably in the coming quarters due to recent rate hikes which implies higher credit risk for Atrium as well as all other industry participants.

Risk management remains a top priority as the business continues to navigate through uncertain market conditions. Our management team has experience working through different real estate cycles and understands the importance of lending defensively and proactively managing the portfolio to mitigate any potential losses. At quarter end, the portfolio LTV remained relatively low at 59.8% and 96.2% of loans were in first position. As importantly, only 2.0% of the mortgage portfolio had a loan to value greater than 75%. Mortgages remained concentrated in larger urban centers where liquidity is highest and our relationships are deepest. And the business continues to employ conservative lending parameters aligned to current market conditions. Management's first priority is to maintain a high quality, resilient portfolio that can withstand challenging market conditions. The business is pacing well ahead of the prior year in terms of earnings growth and management remains cautiously optimistic that the business can continue to grow over the course of the year in a risk prudent manner.

Results of Operations

(In this section, dollars are in thousands of Canadian dollars, except per share amounts)

Financial summary *(unaudited)*

	Three months ended June 30		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Revenue	$ 23,548	$ 18,201	$ 47,255	$ 34,578
Mortgage servicing and management fees	(2,052)	(2,461)	(4,106)	(4,339)
Other expenses	(332)	(212)	(776)	(536)
Impairment of investment property held for sale	–	–	–	(1,832)
Recovery of (provision for) mortgage losses	(690)	(383)	(1,485)	1,430
Income before financing costs	20,474	15,145	40,888	29,301
Financing costs	(6,045)	(4,470)	(12,247)	(8,028)
Earnings and total comprehensive income	$ 14,429	$ 10,675	$ 28,641	$ 21,273
Basic earnings per share	$ 0.33	$ 0.25	$ 0.66	$ 0.50
Diluted earnings per share	$ 0.32	$ 0.25	$ 0.63	$ 0.50
Dividends declared	$ 9,822	$ 9,675	$ 19,607	$ 19,323
Mortgages receivable, end of period	$ 817,421	$ 811,699	$ 817,421	$ 811,699
Total assets, end of period	$ 831,917	$ 830,357	$ 831,917	$ 830,357
Shareholders' equity, end of period	$ 489,010	$ 476,839	$ 489,010	$ 476,839

Summary of quarterly results *(unaudited)*

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue	$ 23,548	$ 23,707	$ 23,159	$ 20,634	$ 18,201	$ 16,377	$ 15,767	$ 15,870
Mortgage servicing and management fees	(2,052)	(2,054)	(2,131)	(2,056)	(2,461)	(1,878)	(1,778)	(1,792)
Other expenses	(332)	(444)	(270)	(292)	(212)	(324)	(249)	(283)
Impairment of investment property held for sale	–	–	–	–	–	(1,832)	–	–
Recovery of prior mortgage losses	–	157	50	–	200	800	–	–
Recovery of (provision for) mortgage losses	(690)	(952)	(1,230)	(1,114)	(583)	1,013	(20)	(400)
Income before financing costs	20,474	20,414	19,578	17,172	15,145	14,156	13,720	13,395
Financing costs	(6,045)	(6,202)	(6,345)	(5,346)	(4,470)	(3,558)	(2,981)	(2,840)
Net income and comprehensive income	$ 14,429	$ 14,212	$ 13,233	$ 11,826	$ 10,675	$ 10,598	$ 10,739	$ 10,555
Basic earnings per share	$ 0.33	$ 0.33	$ 0.31	$ 0.27	$ 0.25	$ 0.25	$ 0.25	$ 0.25
Diluted earnings per share	$ 0.32	$ 0.31	$ 0.30	$ 0.27	$ 0.25	$ 0.25	$ 0.25	$ 0.25
Dividends declared	$ 9,822	$ 9,785	$ 19,707	$ 9,706	$ 9,675	$ 9,648	$ 12,620	$ 9,601

Results of operations – Three months ended June 30, 2023

For the three months ended June 30, 2023, mortgage interest and fees revenues aggregated $23,319, compared to $18,274 in the comparative period, an increase of 27.6%. Virtually all our revenues are mortgage interest; therefore, the increase in revenue is due to a higher weighted average interest rate in the current quarter and a higher mortgage portfolio balance this quarter compared to the second quarter of 2022. The higher weighted average interest rate was driven by higher benchmark market rates compared to the prior year. A variety of other factors can affect the changes in the weighted average interest rate of our mortgage portfolio from quarter to quarter. No single factor is determinative or material for the mortgage portfolio as a whole, however, such factors include, but are not limited to, the timing of changes in the prime rate of interest, the timing and dollar amount of mortgages advanced and/or repaid in the period, the types of properties on which mortgage loans are advanced and/or repaid in the period, the location of the underlying properties on which mortgage loans are advanced and/or repaid, the types of mortgage loans advanced and/or repaid during the period and whether the mortgage loans advanced and/or repaid during the period are conventional or non-conventional mortgages. The weighted average interest rate on our mortgage portfolio was 11.27% at June 30, 2023, compared with 8.90% at June 30, 2022. We generated net rental income of $229 for the three months ended June 30, 2023 from our investment properties compared to net rental loss of $73 for the three months ended June 30, 2022 as a result of an improvement in the vacancy rate and higher rents in the current quarter. The comparable period included repairs costs incurred to one of the properties.

Operating expenses, excluding the provision for mortgage losses and recovery of prior mortgage losses for the three months ended June 30, 2023 were $2,384, compared to $2,673 in the comparative period, a decrease of 10.8%. This decrease is primarily due to lower mortgage servicing and management fees and offset by an increase in professional fees. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $2,052 for the three months ended June 30, 2023, compared with $2,461 in the comparative period. This decrease was due a one-time catch-up of mortgage servicing fees incurred for mortgages that were serviced by third parties in the comparable period. Other expenses include a fair value adjustment on deferred share units of ($68) compared to a fair value adjustment of ($116) in the comparative quarter due to fluctuations in the share price between the quarters. Professional fees for the three month period ended June 30, 2023 of $109 increased from $69 in the comparable period due to increased legal fees associated with recovering proceeds from a loan in default. The recovery of prior mortgage losses was $nil in the quarter compared to ($200) in the comparative period. These amounts represent settlements from guarantors to recover a portion of losses on loans incurred from prior years. The provision for mortgage losses was $690 in the quarter, for a total allowance of $12,348 at June 30, 2023 compared to $583 in the comparative period and a total allowance of $8,362 at June 30, 2022.

Financing costs for the three months ended June 30, 2023 were $6,045, compared to $4,470 in the same period of 2022, an increase of 35.2%. Coupon rate interest on convertible debentures was $2,163 for the three months ended June 30, 2023 compared to $2,145 for the comparative period. Accretion and other costs were $411 for the three months ended June 30, 2023 compared to $406 for the comparative period. Interest expense on the credit facility was $3,375 for the three months ended June 30, 2023, up from $1,800 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the second quarter of 2023 (6.96%) compared to the second quarter of 2022 (3.65%) as a result of increases in the prime rate and banker's acceptance rates between the periods.

Net income and comprehensive income for the three months ended June 30, 2023 was $14,429, an increase of 35.2% from net income and comprehensive income of $10,675 for the same period in the prior year. Basic and diluted earnings per common share were $0.33 and $0.32, respectively, for the three months ended June 30, 2023, compared with $0.25 basic and diluted earnings per share for the comparable period.

During the three months ended June 30, 2023, we funded mortgages receivable aggregating $69,169. Of those advances, $68,705 were first mortgages, representing 99.3% of the total loans funded. British Columbia advances were $15,258, advances of $146 were on properties in Alberta, $2,592 were non-GTA Ontario and the remaining $51,173 were for mortgages on properties located in the Greater Toronto Area. There were $90,466 of repayments during the period.

Results of operations – Six months ended June 30, 2023

For the six months ended June 30, 2023, mortgage interest and fees revenues aggregated $46,829, compared to $34,509 in the comparative period, an increase of 35.7%. Virtually all our revenues are mortgage interest, therefore, the increase in revenue is due to a higher weighted average interest rate in the current period and a higher average mortgage portfolio balance this period compared to the first six months of 2022. A variety of factors affect the changes in the weighted average interest rate of our mortgage portfolio from quarter to quarter. No single factor is determinative or material for the mortgage portfolio as a whole, however, such factors include, but are not limited to, changes in prime rate of interest, the dollar amount of mortgages advanced and/or repaid in the period, the types of properties on which mortgage loans are advanced and/or repaid in the period, the location of the underlying properties on which mortgage loans are advanced and/or repaid, the types of mortgage loans advanced and/or repaid during the period and whether the mortgage loans advanced and/or repaid during the period are conventional or non-conventional mortgages. The weighted average interest rate on our mortgage portfolio was 11.27% at June 30, 2023, compared with 8.90% at June 30, 2022. We generated net rental income of $426 for the six months ended June 30, 2023 from our investment properties compared to net rental income of $69 for the six months ended June 30, 2022. The increase was a result of an improvement in the vacancy rate and higher rents in the period. The comparable period included repairs costs incurred to one of the properties.

Operating expenses, excluding the provision for mortgage losses and impairment of investment properties held for sale, for the six months ended June 30, 2023 were $4,882, compared to $4,875 in the comparative period. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $4,106 for the six months ended June 30, 2023, compared with $4,339 in the comparative period. This decrease was due a one-time catch-up of mortgage servicing fees incurred for mortgages that were serviced by third parties in the comparable period. We incurred a fair value adjustment on deferred share units of $16 compared to a fair value adjustment of ($111) in the comparative period due to fluctuations in the share price during the quarters. Professional fees for the six month period ended June 30, 2023 of $169 increased from $112 in the comparable period due to increased legal fees associated with recovering proceeds from a loan in default. Operating expenses in the comparable period included an impairment of investment properties held for sale of $1,832 compared to $nil in the six month period ended June 30, 2023. Recovery of prior mortgage losses in the six month period ended June 30, 2023 was ($157) compared to ($1,000) in the comparable period. The provision for mortgage losses was $1,642 in the period, for a total allowance of $12,348 at June 30, 2023 compared to a recovery of ($430) in the comparative period for a total allowance of $8,362 at June 30, 2022.

Financing costs for the six months ended June 30, 2023 were $12,247, compared to $8,028 in the same period of 2022, an increase of 52.6%. Coupon rate interest on convertible debentures was $4,320 for the six months ended June 30, 2023 compared to $3,867 for the comparative period. This increase was a result of the March 18, 2022 convertible debenture issuance being only partially outstanding in the prior period. Accretion and other costs were $821 for the six months ended June 30, 2023 compared to $713 for the comparative period. Interest expense on the credit facility was $6,894 for the six months ended June 30, 2023, up from $3,238 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the first half of 2022 (6.84%) compared to the first half of 2022 (3.28%) as a result of increases in the prime rate and banker's acceptance rates between the periods.

Net income and comprehensive income for the six months ended June 30, 2023 was $28,641, an increase of 34.6% from net income and comprehensive income of $21,273 for the same period in the prior year. Basic and diluted earnings per common share were $0.66 and $0.63 respectively for the six months ended June 30, 2023, compared with $0.50 basic and diluted earnings per share for the comparable period in the previous year.

During the six months ended June 30, 2023, we funded mortgages receivable aggregating $140,674. Of those advances, $139,193 were first mortgages, representing 98.9% of the total loans funded. British Columbia advances were $23,482, advances of $640 were on properties in Alberta, $4,639 were non-GTA Ontario and the remaining $111,913 were for mortgages on properties located in the Greater Toronto Area. There were $182,329 of repayments during the period.

Liquidity and capital resources

At June 30, 2023, we had borrowings under the credit facility (excluding unamortized and prepaid financing costs) of $179,189. The credit facility, currently authorized for up to $315,000 (December 31, 2022 – $315,000), is provided by a syndicate of five major chartered banks, drawn through a combination of bankers' acceptances and bank loans to

minimize our borrowing costs. At any time during the term of the credit facility, the company has the right to increase the credit facility by up to an additional $35,000 (such that the total maximum availability would be up to $350,000).

At June 30, 2023, we had five series of convertible debentures outstanding, with a total book value of $156,785 and a face value (and maturity value) of $163,300. For additional information on the operating credit facility and the debentures, please refer to Notes 7 and 9, respectively, of our accompanying interim consolidated financial statements.

The growth in our mortgage portfolio since inception has been financed by the issuance of common shares, issuance of convertible debt, and through the operating credit facility. We expect to be able to generate sufficient funds for future growth in net mortgage loan investments by utilizing those three sources of funds. As at June 30, 2023, total debt was 41.2% of total assets (December 31, 2022 – 45.6%). Our policy and our banking arrangements both require that debt not exceed 50.0% of total assets.

Changes in financial position

Cash provided by investing activities during the six month period ended June 30, 2023 consisted of principal repayments received of $174,417, less advances of principal on mortgage loan investments of $127,889 for net cash repayments of mortgage loan investments of $46,528.

Borrowings under our operating credit facility (excluding unamortized and prepaid financing costs) decreased to $179,189 at June 30, 2023, from $223,959 at December 31, 2022, due to the decrease in our mortgage portfolio.

Accounts payable and accrued liabilities, including accrued convertible debenture interest, were $4,382 at June 30, 2023 compared to $7,041 at December 31, 2022. Dividends payable were $3,277 at June 30, 2023, down from $13,217 at December 31, 2022 due to the special dividend for 2022 that was paid on February 28, 2023 of $0.23 per share.

Share capital increased to $476,046 at June 30, 2023 from $471,882 at December 31, 2022, primarily due to the issuance of common shares under the dividend reinvestment plan.

Contractual obligations

Contractual obligations due at June 30, 2023 were as follows:

As at June 30, 2023	Total obligation	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
Borrowings under credit facility	$188,106	$188,106	$ –	$ –	$ –
Accounts payable and accrued liabilities	3,466	3,466	–	–	–
Accrued convertible debenture interest	916	916	–	–	–
Dividends payable	3,277	3,277	–	–	–
Convertible debentures	193,496	33,927	74,860	7,556	77,153
Total contractual obligations	$389,261	$229,692	$74,860	$ 7,556	$ 77,153

We have commitments to advance additional funds under existing mortgages of $67,039 and for new mortgages of $45,550 at June 30, 2023 (December 31, 2022 – $76,625, $1,693, respectively). Generally, outstanding commitments are expected to be funded within the next 24 months. Our experience, however, has been that a portion of the unfunded amounts on existing mortgages will never be drawn.

Off-balance sheet arrangements

As at June 30, 2023, we had $9,452 (December 31, 2022 – $12,158) of letters of credit (LCs) outstanding which were issued under our operating credit facility. The maximum available by way of LCs under our operating credit facility at June 30, 2023 was $25,000 (December 31, 2022 – $25,000). LCs represent irrevocable assurances that our banks will make payments in the event that a borrower of the company cannot meet its obligations to third parties. LCs carry the same credit risk, recourse and collateral security requirements as mortgages extended to customers. $601 of cash was received, and is recorded in accounts payable and accrued liabilities for letters of credit on mortgages that are discharged (December 31, 2022 – $3,551).

Transactions with related parties

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are measured at fair value.

The manager is responsible for our day-to-day activities. We incurred management and mortgage servicing fees from a subsidiary of the manager of $2,033 for the three month and $4,047 (including HST) for the six month period ended June 30, 2023 (three and six month period ended June 30, 2022 – $1,990 and $3,868). Mr. Robert G. Goodall

is a director and part of the key management personnel of the manager, received compensation from the manager, and is also a director of Atrium. The management agreement between us and the manager contains provisions for the payment of termination fees to the manager in the event that the management agreement is terminated in certain circumstances. The manager also acts as broker for our mortgages. The manager receives origination fees from the borrowers of up to 1% of the amount being funded; origination fees in excess of 1% are split between the manager and Atrium.

During the three and six month period ended June 30, 2023 CMCC reimbursed the company for share-based payment expenses of $31 and $63 respectively related to grants under the company's DSIP (three and six months period ended June 30, 2022 – $nil and $nil).

Under an employee share purchase plan (ESPP) for the company's common shares, participants, including employees of CMCC, may contribute up to an annual maximum to the ESPP and CMCC matches 50% of the participants' contributions. The total amount matched by CMCC for the six month period ended June 30, 2023 was $33 (six months ended June 30, 2022 – $32).

Certain of the company's mortgages receivable are shared with other investors. As at June 30, 2023, companies owned by a director and/or officer of the company were not co-invested in any syndicated mortgage receivable (December 31, 2022 – one syndicated mortgage receivable of $22,000, of which the company's share was $21,000, of which $19,750 had been funded).

As at June 30, 2023, the company had nil mortgages receivable (December 31, 2022 – two) from borrowers over which a director and or officer of the company has joint control, with the company's share of the gross commitments totaling $nil (December 31, 2022 – $9,200), of which $nil had been funded at June 30, 2023 (December 31, 2022 – $8,350). During the three and six month period ended June 30, 2023, the company recognized net mortgage interest and fees of $62 and $377 (June 30, 2022 – three mortgages receivable; three and six month period ended June 30, 2022 – $275 and $512) from borrowers over which a director and or officer of the company has joint control.

Critical accounting estimates and policies

Our interim consolidated financial statements for the three and six month period ended June 30, 2023 are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS), as set out in Part I of the CPA Canada *Handbook*. The preparation of interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

The most subjective of these estimates relate to:

(a) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);

(b) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;

(c) the measurement of fair value, cost of disposal and the value in use of investment properties;

(d) the measurement of the liability and equity components of the convertible debentures which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature; and

(e) the measurement of fair value of the purchased or originated credit-impaired financial assets reflecting the lifetime expected credit losses.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Economic uncertainties that began from the onset of the COVID-19 pandemic continue to persist. This has resulted in a challenge of reliably estimating the impact on financial results and condition of the company in future periods. Accordingly, there is inherently more uncertainty associated with the estimates, judgements and assumptions made by management in the preparation of the interim consolidated financial statements. It is not possible to forecast with certainty the extent to which the economic impact will affect the company's operations and financial results in the near-term and long-term. Areas of the company's business that could potentially be adversely impacted include, but are not limited to, mortgage interest rates, mortgage interest and fees revenue, rental income, allowance for mortgage losses and valuation of investment properties. Management continues to monitor and assess the impacts of these economic uncertainties on its estimates, judgements and assumptions.

Mortgages receivable

Mortgages receivable are a financial asset and are recognized initially at fair value and are subsequently carried at amortized cost using the effective interest method. All our mortgages receivable are held in a single business model. We have concluded that our business model is to hold mortgages receivable to collect contractual cash flows that represent SPPI.

Mortgages receivable and commitments are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses. For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions. Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significant over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) mortgages receivable on single-family residences and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received. The ECL methodology was modified to include an overlay adjustment to account for the uncertainty and difficulty in forecasting future economic conditions which began at the onset of the COVID-19 pandemic and continue to persist.

Mortgages receivable are presented on the interim consolidated statements of financial position net of the allowance for mortgage losses. A loss on a mortgage is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until it is virtually certain of collection. For further information see Note 3 (a) and (c) of our interim consolidated financial statements for the three and six month period ended June 30, 2023.

Revenue recognition

Mortgage interest and fees revenues are recognized in the statement of income and comprehensive income using the effective interest method, except mortgage interest and fees revenue on purchased or originated credit-impaired financial assets. Mortgage interest and fees revenues include our share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3.

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (or, where appropriate, a shorter period) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

Mortgage interest and fees revenue on purchased or originated credit-impaired financial assets is recognized in the interim consolidated statements of income and comprehensive income using the credit-adjusted effective interest rate, reflecting the expected credit losses, to the financial asset from initial recognition.

Convertible debentures

The convertible debentures can be converted into our common shares at the option of the investor. They are compound financial instruments with two components: a financial liability, and a call option which is an equity instrument. The fair value of the liability component is measured as of the date that the debentures were issued, and the equity instrument is valued on that date based upon the difference between the fair value of the debenture and the fair value of the liability component.

The measurement of the fair value of the liability component is based upon market rates of interest on similar debt instruments without the conversion feature. Expenses of issue are allocated between the two components on a pro-rata basis. The book value of the debt is accreted up to its face value over the life of the financial liability using the effective interest method, which provides for the application of a constant interest rate over the term of the debt. The value of the equity component is not re-measured subsequent to its initial measurement date.

Income taxes

We are, and intend to maintain our status as, a MIC, and as such are not taxed on income provided that it flows through to our shareholders as dividends during the year or within 90 days after December 31 each year. It is our policy to pay such dividends to our shareholders to remain non-taxable. Accordingly, no provision for current or future income taxes is required.

Future changes in accounting policies

Various pronouncements have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the interim consolidated financial statements. None of the standards issued to date are expected to have a material effect on the interim consolidated financial statements.

Controls and procedures

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument (NI) 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

We designed the DC&P and ICFR, the latter of which was using the framework in *Internal Control – Integrated Framework* (published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and as revised in 2013) to provide reasonable assurance (i) that material information relating to us is made known to our CEO and CFO during the reporting period; (ii) that information required to be disclosed by us in our filings under securities legislation is recorded, processed, summarized and reported within the required time periods; (iii) regarding the reliability of financial reporting and preparation of interim consolidated financial statements for external purposes in accordance with Canadian GAAP.

Our CEO and CFO evaluated the design effectiveness of the DC&P and ICFR, as defined by NI 52-109, as of June 30, 2023. Based on this evaluation, they concluded that the designs of the DC&P and ICFR were effective as of that date. NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No such change to ICFR has occurred during the most recently completed year.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Because of the inherent limitations in any control system, no evaluation of control can provide absolute assurance that all control weaknesses including, for example, any instances of fraud, have been detected. Inherent limitations include: (i) that management's assumptions and judgements could ultimately prove to be incorrect as conditions and circumstances vary; (ii) the impact of any undetected errors; and (iii) controls may be circumvented through the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of control is also based upon assumptions as to the likelihood of future events and there is no assurance that any design will succeed in achieving its goals under future conditions.

Outstanding share data

Our authorized capital consists of an unlimited number of common shares, of which 43,698,588 were issued and outstanding at June 30, 2023, and 43,744,438 were issued and outstanding as at the date hereof. In addition, as at the date hereof, 1,693,440, 2,211,540, 1,949,152, 1,971,430 and 2,402,986 common shares are issuable upon conversion or redemption or in respect of repayment at maturity of the outstanding 5.30%, 5.50%, 5.60%, 5.00% and the 5.10% convertible debentures, using the conversion price of $14.94, $15.60, $14.75, $17.50 and $16.75 respectively, for each common share.

We also have an employee share purchase plan, a deferred share incentive plan and a dividend reinvestment plan pursuant to which common shares are issued from time to time.

Risks and uncertainties

We are subject to many risks and uncertainties that may limit our ability to execute our strategies and achieve our objectives. We have processes and procedures in place in an attempt to control or mitigate certain risks, while others cannot be or are not mitigated. Material risks that cannot be mitigated include a significant decline in the general real estate market, interest rates changing markedly, being unable to make mortgage loans at rates consistent with rates historically achieved, not having adequate mortgage loan opportunities presented to us, and not having adequate sources of debt or equity financing available.

Under various federal, provincial and municipal laws, an owner or operator of real property could become liable for the cost of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. In rare circumstances where a mortgage is in default, we may take possession of real property and may become liable for environmental issues as a mortgagee in possession. As part of the due diligence performed in respect of our mortgage loan investments, we obtain a Phase I environmental audit on the underlying real property provided as security for a mortgage, unless the manager has determined that a Phase I environmental audit is not necessary.

Please also refer to "Forward-looking information," below, and the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2022 which is incorporated herein by reference and is available at www.sedarplus.ca and at www.atriummic.com.

Forward-looking information

From time to time in our public communications we provide forward-looking statements. Such statements are disclosures regarding possible events, conditions, results of operations or changes in financial position that are based upon assumptions and expectations. These are not based upon historical facts but are with respect to management's beliefs, estimates, and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans", "continue" or similar expressions suggesting future outcomes or events. Forward-looking statements regarding earnings, possible mortgage losses, and mortgage portfolio growth are based upon assumptions regarding performance of the economy in general and real estate markets in particular. Forward-looking statements generally assume that our revenues and expenses continue to follow current trends, and that current trends in our mortgage portfolio growth continue.

All forward-looking statements reflect management's current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A or elsewhere. Those risks and uncertainties include risks associated with mortgage lending, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters and the general economic environment. For other risks and uncertainties, please refer to "Risks and uncertainties" above, and the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2022 which is available at www.sedarplus.ca and at www.atriummic.com. That list is not exhaustive, as other factors could adversely affect our results, performance or achievements. The reader is cautioned against undue reliance on any forward-looking statements.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. We will not publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, unless required to do so by law.

Responsibility of management and the board of directors

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, our audit committee and board of directors provide an oversight role with respect to our public financial disclosures, and have reviewed and approved this MD&A and the interim consolidated financial statements as at June 30, 2023.

Dividend Reinvestment Plan

We have a Dividend Reinvestment Plan (DRIP) which is available to holders of our common shares. The DRIP allows participants to have their monthly cash dividends reinvested in additional common shares, at a discount of 2% from the market price.

Additional information

Additional information about Atrium, including our Annual Information Form for the year ended December 31, 2022, is available on SEDAR+ at www.sedarplus.ca. You may also obtain further information about us from our website at www.atriummic.com, by telephone at (416) 867-1053, or by email at info@atriummic.com.

Interim Consolidated

Financial Statements

Second Quarter
June 30, 2023

CANADA'S PREMIER NON-BANK LENDER™

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands of Canadian dollars)

	Notes	June 30 2023	December 31 2022
Assets			
Mortgages receivable	5	$ 817,421	$ 860,374
Investment properties	6	14,302	14,302
Prepaid expenses		194	104
Total assets		$ 831,917	$ 874,780
Liabilities			
Borrowings under credit facility	7	$ 178,463	$ 222,994
Accounts payable and accrued liabilities	8, 12	3,466	6,125
Accrued convertible debenture interest		916	916
Dividends payable		3,277	13,217
Convertible debentures	9	156,785	155,964
Total liabilities		342,907	399,216
Shareholders' equity			
Share capital	10	476,046	471,882
Deferred share incentive plan units		960	712
Equity component of convertible debentures		3,786	3,786
Contributed surplus		1,588	1,588
Retained earnings (deficit)		6,630	(2,404)
Total shareholders' equity		489,010	475,564
Total liabilities and shareholders' equity		$ 831,917	$ 874,780
Commitments	*7, 14(d)*		

The accompanying notes are an integral part of these interim consolidated financial statements.

Approved on behalf of the board of directors:

"Robert Goodall"
Robert Goodall, Director

"Mark Silver"
Mark Silver, Director

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(in thousands of Canadian dollars, except for number of common shares)

	Notes	Share capital Number	Share capital Amount	Deferred share incentive plan units	Equity component of convertible debentures	Contributed surplus	Retained earnings (deficit)	Total shareholders' equity
Balance, December 31, 2021		42,807,014	$ 465,491	$ 866	$ 2,222	$ 1,588	$ –	$ 470,167
Shares issued under dividend reinvestment plan	10	217,545	2,891	–	–	–	–	2,891
Shares issued under employee share purchase plan	10	7,404	95	–	–	–	–	95
Shares issued under deferred share incentive plan	11	16,431	213	(213)	–	–	–	–
Share-based payments	11	–	–	172	–	–	–	172
Equity component of convertible debentures issued	9	–	–	–	1,640	–	–	1,640
Issue costs attributable to equity component of convertible debentures issued	9	–	–	–	(76)	–	–	(76)
Net income and comprehensive income		–	–	–	–	–	21,273	21,273
Dividends declared		–	–	–	–	–	(19,323)	(19,323)
Balance, June 30, 2022		43,048,394	$ 468,690	$ 825	$ 3,786	$ 1,588	$ 1,950	$ 476,839
Shares issued under dividend reinvestment plan	10	253,382	2,775	–	–	–	–	2,775
Shares issued under employee share purchase plan	10	9,036	98	–	–	–	–	98
Shares issued under deferred share incentive plan	11	25,183	319	(319)	–	–	–	–
Share-based payments	11	–	–	206	–	–	–	206
Net income and comprehensive income		–	–	–	–	–	25,059	25,059
Dividends declared		–	–	–	–	–	(29,413)	(29,413)
Balance, December 31, 2022		43,335,995	$ 471,882	$ 712	$ 3,786	$ 1,588	$ (2,404)	$ 475,564
Shares issued under dividend reinvestment plan	10	354,040	4,066	–	–	–	–	4,066
Shares issued under employee share purchase plan	10	8,553	98	–	–	–	–	98
Share-based payments	11	–	–	248	–	–	–	248
Net income and comprehensive income		–	–	–	–	–	28,641	28,641
Dividends declared		–	–	–	–	–	(19,607)	(19,607)
Balance, June 30, 2023		43,698,588	$ 476,046	$ 960	$ 3,786	$ 1,588	$ 6,630	$ 489,010

Dividends amounted to $0.45 per share for the six month period ended June 30, 2023 (six month period ended June 30, 2022 – $0.45; year ended December 31, 2022 – $1.13).

The accompanying notes are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

(in thousands of Canadian dollars, except for per share amounts)

		Three months ended June 30		Six months ended June 30	
	Notes	2023	2022	2023	2022
Revenues					
Mortgage interest and fees	8	$ 23,319	$ 18,274	$ 46,829	$ 34,509
Rental income (loss)	6	229	(73)	426	69
Total revenues		23,548	18,201	47,255	34,578
Operating expenses					
Mortgage servicing and management fees	8	2,052	2,461	4,106	4,339
Transfer agent, regulatory fees and investor relations		69	79	169	174
Share-based payments	8, 11	97	85	185	172
Professional fees		109	69	169	112
Directors' expense	8, 12	88	63	159	125
Administration and general		37	32	78	64
Adjustment to fair value of deferred share units	8, 12	(68)	(116)	16	(111)
Impairment of investment property held for sale	6	–	–	–	1,832
Recovery of prior mortgage loss		–	(200)	(157)	(1,000)
Provision for (recovery of) mortgage losses	5(b)	690	583	1,642	(430)
Total operating expenses		3,074	3,056	6,367	5,277
Income before financing costs		20,474	15,145	40,888	29,301
Financing costs					
Interest on convertible debentures	9	2,574	2,551	5,141	4,580
Interest and other financing charges	7, 12	3,471	1,919	7,106	3,448
Total financing costs		6,045	4,470	12,247	8,028
Net income and comprehensive income for the period		$ 14,429	$ 10,675	$ 28,641	$ 21,273
Earnings per common share					
Basic	13	$ 0.33	$ 0.25	$ 0.66	$ 0.50
Diluted	13	$ 0.32	$ 0.25	$ 0.63	$ 0.50

The accompanying notes are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Cash provided by (used in):				
Operating activities				
Net income and comprehensive income for the period	$ 14,429	$ 10,675	$ 28,641	$ 21,273
Adjustments to determine net cash flows provided by (used in) operating activities				
Share-based payments	128	85	248	172
Mortgage interest and fees earned	(23,319)	(18,274)	(46,829)	(34,509)
Mortgage interest and fees received	21,200	15,866	41,633	30,384
Interest on convertible debentures expensed	2,574	2,551	5,141	4,580
Interest and other financing charges expensed	3,471	1,919	7,106	3,448
Adjustment to fair value of deferred share units	(68)	(116)	16	(111)
Impairment of investment property held for sale	–	–	–	1,832
Provision for (recovery of) mortgage losses	690	583	1,642	(430)
Recovery of prior mortgage loss	–	(200)	(157)	(1,000)
Changes in operating assets and liabilities				
Prepaid expenses	(4)	114	(90)	37
Accounts payable and accrued liabilities	(436)	1,080	(2,738)	1,599
Additions to unamortized origination fees	117	267	136	544
Cash provided by operating activities	18,782	14,550	34,749	27,819
Investing activities				
Cash advances of mortgages receivable	(62,640)	(223,861)	(127,889)	(363,525)
Cash repayments of mortgages receivable	86,550	199,508	174,417	316,062
Cash provided by (used in) investing activities	23,910	(24,353)	46,528	(47,463)
Financing activities				
Advances under credit facility	67,415	190,000	126,980	396,446
Repayments under credit facility	(96,000)	(187,500)	(171,750)	(384,350)
Interest and fees on convertible debentures paid	(2,488)	(2,622)	(4,320)	(3,427)
Interest and other financing charges paid	(3,319)	(2,326)	(6,804)	(3,835)
Issuance of common shares	48	47	98	95
Issuance of convertible debentures	–	–	–	40,250
Convertible debenture issue costs	–	–	–	(1,861)
Cash dividends paid	(8,348)	(8,322)	(25,481)	(19,409)
Cash provided by (used in) financing activities	(42,692)	(10,723)	(81,277)	23,909
Increase (decrease) in cash	–	(20,526)	–	4,265
Cash, beginning of period	–	24,791	–	–
Cash, end of period	$ –	$ 4,265	$ –	$ 4,265

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS

Atrium Mortgage Investment Corporation (the "company") is a corporation domiciled in Canada, incorporated under the *Ontario Business Corporations Act*. The address of the company's registered head office and principal place of business is Suite 900, 20 Adelaide Street East, Toronto, Ontario M5C 2T6.

The company is a Mortgage Investment Corporation (MIC) as defined in Section 130.1(6) of the Canada *Income Tax Act* (ITA). Accordingly, the company is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder.

The company's common shares are listed on the Toronto Stock Exchange (TSX) under the symbol AI and its convertible debentures are listed under the symbols AI.DB.C, AI.DB.D, AI.DB.E, AI.DB.F and AI.DB.G.

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and follow International Accounting Standard (IAS) 34, *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) as set out in Part I of the *CPA Canada Handbook – Accounting*. These interim consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements for the year ended December 31, 2022. Material accounting policies have been consistently applied in the preparation of these interim consolidated financial statements, which were authorized for issuance by the board of directors on August 3, 2023.

(b) New and amended standards and interpretations

Effective January 1, 2023, the company adopted the narrow-scope amendments to IAS 1, *Presentation of Financial Statements*, IFRS Practice Statement 2, *Making Materiality Judgements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies, and clarify how to distinguish changes in accounting policies from changes in accounting estimates. These amendments had no material impact on the interim consolidated financial statements.

(c) Basis of measurement

These interim consolidated financial statements are prepared on the historical cost basis.

(d) Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, which is also the company's functional currency. Dollars are expressed in thousands except for per share amounts or where the context requires otherwise.

(e) Principles of consolidation

These interim consolidated financial statements include the accounts of the company and Canadian Properties LP, which is considered to be a subsidiary for financial reporting purposes. Consolidation commenced the date the company obtained control and continues until control ceases. The company has consolidated the subsidiary from August 5, 2016, the date of its formation. All transactions and balances between the company and the subsidiary have been eliminated, including unrealized gains and losses, if any.

NOTE 2 – BASIS OF PRESENTATION (continued)

(f) Use of estimates and judgements

The preparation of interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

The most subjective of these estimates relate to:

(a) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
(b) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;
(c) the measurement of fair value, costs of disposal and the value in use of investment properties;
(d) the measurement of the liability and equity components of the convertible debentures which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature; and
(e) the measurement of fair value of the purchased or originated credit-impaired financial assets reflecting the lifetime expected credit losses.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Economic uncertainties that began from the onset of the COVID-19 pandemic continue to persist. This has resulted in a challenge of reliably estimating the impact on financial results and condition of the company in future periods. Accordingly, there is inherently more uncertainty associated with the estimates, judgements and assumptions made by management in the preparation of the interim consolidated financial statements. It is not possible to forecast with certainty the extent to which the economic impact will affect the company's operations and financial results in the near-term and long-term. Areas of the company's business that could potentially be adversely impacted include, but are not limited to, mortgage interest rates, mortgage interest and fees revenue, rental income (loss), allowance for mortgage losses and valuation of investment properties. Management continues to monitor and assess the impacts of these economic uncertainties on its estimates, judgements and assumptions.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

(a) Financial instrument assets – initial recognition and measurement

Financial instrument assets are initially recognized when the company becomes a party to a contract. On initial recognition, the measurement category is determined, based on: (i) the business model under which the asset is held, and (ii) the contractual cash flow characteristics of the instrument.

Upon initial recognition, financial assets are measured as either:

- Fair value through profit and loss (FVTPL) – which is the required measurement classification for instruments that are held for trading and derivative assets;
- Amortized cost – if the instrument is held within a business model whose objective is to collect contractual cash flows and the cash flows represent SPPI;
- Fair value through other comprehensive income (FVOCI) – which is required for debt instruments held in a dual-purpose business model, to collect contractual cash flows and to sell the instruments and can be irrevocably elected at initial recognition provided they have not been designated as FVTPL and are not held for trading; or
- Designated as FVTPL – available on initial recognition provided certain criteria are met.

All of the company's mortgages receivable are held in a single business model. The company has concluded that its business model is to hold mortgages receivable to collect contractual cash flows for the following reasons:

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

(a) Financial instrument assets – initial recognition and measurement (continued)

- The performance of the mortgage portfolio is assessed on the basis of effective yield, and not on a fair value basis, whether realized or unrealized.
- Neither key management compensation nor remuneration paid to the company's manager is based on the fair values of mortgages receivable.
- Historically the company has not sold, and in the future has no expectations to sell, any of its mortgages receivable. While the company may decrease its interest in a syndicated mortgage receivable by transferring its interest, at its amortized cost carrying amount, to another lender in the syndicate, such transfers are consistent with the business model of holding mortgages receivable to collect contractual cash flows.

The returns earned by the company on its mortgages receivable are interest rates that are set at levels to provide an acceptable profit margin based on the time value of money and credit risk, although other basic lending risks (for example, the location and quality of the underlying collateral) may also be built-in. There are no factors that give rise to variation in the return on the company's mortgages receivable other than the time value of money, credit risk and other basic lending risks. Interest rates, or the credit spread for variable rate mortgages, are set for the full term of the mortgage, which is considered SPPI because the rate is still based on the time value of money and credit risk. The majority of the mortgages receivable can be prepaid after an initial closed period with no penalty, subject to the borrower providing advance written notice according to the terms of their mortgage so the return therefore represents SPPI.

Mortgages receivable are initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method. See Note 3(d) Financial instruments – revenue recognition.

Purchased or originated credit-impaired financial assets are initially recognized at fair value and are subsequently carried at amortized cost using the credit-adjusted effective interest rate.

(b) Financial instrument liabilities – initial recognition and measurement

Financial liabilities are measured as either:

- FVTPL – which is required for any financial instrument liabilities that are held for trading and for derivative liabilities;
- Designated as FVTPL – available on initial recognition if either: the instrument includes one or more embedded derivatives and the host contract is not a financial asset; or if the designation meets certain criteria;
- Designated as at fair value – if the instrument does not meet the criteria and is designated as at FVTPL and is not otherwise required to be measured as FVTPL, it can still be irrevocably designated at initial recognition as at fair value, meaning that changes in fair value related to changes in own credit risk are presented in other comprehensive income and other changes in fair value are presented in net income; or
- Amortized cost – which is the default category and is also used for any host contract that is a financial instrument liability.

The company's borrowings under credit facility, accounts payable and accrued liabilities, except for the liability for the deferred share unit plan, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures are measured at amortized cost. These financial instrument liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The liability for the deferred share unit plan is measured at FVTPL. This financial instrument liability is initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recorded in net income and comprehensive income in the period in which they arise.

(c) Financial instruments – impairment of assets

Loan commitments and letters of credit (collectively commitments) and mortgages receivable are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. The three stages are as follows:

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments – impairment of assets (continued)

Credit stage and financial assets included	Impairment loss recognized
Stage 1 – commitments and mortgages receivable on initial recognition and existing assets that have not shown a significant increase in credit risk since initial recognition	12-month ECL – portion of lifetime ECLs that represent the ECL from possible default events within the next 12 months
Stage 2 – commitments and mortgages receivable that have experienced a significant increase in credit risk since initial recognition and up to the date of approval of the interim consolidated financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss
Stage 3 – impaired commitments and mortgages receivable for which there is objective evidence of impairment at the date of approval of the interim consolidated financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss

Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses.

For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. There is a presumption in IFRS 9, *Financial Instruments* (IFRS 9) that credit risk has increased significantly once payments are 30 days past due. However, for single-family residential mortgages receivable, the company's historical experience is that mortgages receivable can become 30 days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgages receivable to move to Stage 2. For single-family residential mortgages receivable that are not 30 days past due, a significant increase in credit risk may still be evidenced by the presence of one or more additional risk factors. For all other mortgages receivable, a significant increase in credit risk is considered to have occurred if payments are 30 days past due or if one or more additional risk factors are present.

The additional risk factors used in assessing credit risk include:

- changes in the financial condition of the borrower;
- responsiveness of the borrower;
- other borrower specific information that may be available, without consideration of collateral;
- current economic conditions: interest rates, housing prices, real estate market statistics and employment statistics; and
- supportable forward-looking information: macro-economic factors, such as forecast real estate values and interest rate forecasts.

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgement.

The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

The company considers a commitment or mortgage receivable to be in default if payments are greater than 90 days past due for single-family residential mortgages receivable or 30 days past due for all other mortgages receivable, or if an event of default has occurred under the terms of the mortgage commitment, including: non-payment of property taxes, a material adverse change in the financial position of the borrower and/or guarantors or a material adverse change in the property given as security. These definitions are consistent with industry practice.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments – impairment of assets (continued)

Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significantly different over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) single-family residential mortgages receivable and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received. The ECL methodology was modified to include an overlay adjustment to account for the uncertainty and difficulty in forecasting future economic conditions which began at the onset of the COVID-19 pandemic and continue to persist. The financial reports of other lenders and financial institutions were reviewed to inform and modify the company's estimates and determine the overlay adjustment.

Mortgages receivable are presented on the interim consolidated statements of financial position net of the allowance for mortgage losses. A loss on a mortgage receivable is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until virtually certain of collection.

Purchased or originated credit-impaired financial assets are identified as credit-impaired at the time of origination based on specific characteristics of the asset, including financial difficulty of the borrower or issuer, borrower credit history or a past due event. Originated credit-impaired financial assets are accounted for based on the present value of expected cash flows as opposed to their contractual cash flows. Any changes in expected cash flows over the life of the originated credit-impaired financial asset are recognized in net income and comprehensive income.

(d) Financial instruments – revenue recognition

Mortgage interest and fees revenue are recognized in the interim consolidated statements of income and comprehensive income using the effective interest method, except mortgage interest and fees revenue on purchased or originated credit-impaired financial assets. Mortgage interest and fees revenue include the company's share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3 (see Note 3(c) Financial instruments – impairment of assets).

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (which is the contractual life, if a shorter period is not expected) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses (see Note 3(c) Financial instruments – impairment of assets). The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

Mortgage interest and fees revenue on purchased or originated credit-impaired financial assets are recognized in the interim consolidated statements of income and comprehensive income using the credit-adjusted effective interest rate, reflecting the expected credit losses, to the amortized cost of the financial assets from initial recognition.

(e) Financial instruments – derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the asset expire. When the company exercises its security and takes title to the underlying real estate, a mortgage receivable is derecognized on the date of foreclosure.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

(f) Investment properties

Investment properties are properties over which the company has taken title through exercise of its security interest. Such properties are accounted for under IAS 40, *Investment Property*. An investment property is recognized on the date of acquisition through foreclosure and is measured initially at cost, which is the book value of the respective mortgage receivable net of any related allowance for mortgage losses, plus any directly attributable expenditures and transaction costs. Any costs subsequently incurred to complete the construction or development of a property are capitalized. After initial recognition, investment properties are measured using the cost model. Depreciation commences from the date the property is substantially complete and is recognized when the property's carrying amount exceeds its residual value. The carrying value of investment properties are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment property may exceed its recoverable amount.

If the higher of the fair value less cost of disposal and the value in use of an investment property (its recoverable amount) is less than its carrying amount, then an impairment loss is recognized for the excess. Any impairment loss, or gain or loss realized on disposal, is recognized in the interim consolidated statements of income and comprehensive income.

(g) Convertible debentures

Convertible debentures can be converted into common shares of the company at the option of the investor. They are compound financial instruments with two components: a financial liability, and a call option which is an equity instrument. The fair value of the liability component is measured as of the date that the convertible debentures were issued, and the equity instrument is valued on that date based upon the difference between the fair value of the convertible debenture and the fair value of the liability component. The measurement of the fair value of the liability component is based upon market rates of interest on similar debt instruments without the conversion feature. Expenses of issue are allocated between the two components on a pro-rata basis. The book value of the debt is accreted up to its face value over the life of the financial liability using the effective interest method, which applies a constant interest rate over the term of the debt. The value of the equity component is not remeasured subsequent to its initial measurement date.

(h) Income taxes

The company qualifies as a MIC under the ITA, and as such is not taxed on income provided that its taxable income is distributed to its shareholders in the form of dividends within 90 days after December 31 each year. It is the company's policy to pay such dividends to remain non-taxable. Accordingly, no provision for current or deferred income taxes is required.

(i) Earnings per common share

Basic earnings per common share is calculated by dividing earnings during the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the income and comprehensive income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive items such as convertible debentures and deferred share incentive plan.

(j) Share-based payments

The company has an equity-settled share-based compensation plan for grants to eligible directors, officers, and senior management under its deferred share incentive plan that vest over a number of years. Grants are measured based upon the fair value of the awards granted, using the volume-weighted average trading price of the company's common shares on the TSX for the five trading days prior to the date of the grant.

NOTE 3 – MATERIAL ACCOUNTING POLICIES (continued)

(k) Deferred share unit plan

The company has a cash-settled deferred share unit plan for non-executive directors pursuant to which each non-executive director is required to receive one-half of their director compensation in the form of deferred share units. Each non-executive director can elect to receive the remaining one-half of their director compensation in deferred share units or cash or a combination thereof. The deferred share units represent a financial liability as they can only be settled in cash when the non-executive directors cease to serve in any capacity with the company. As such, the deferred share units are initially recognized at their fair value, using the volume-weighted average trading price of the company's common shares on the TSX for the five trading days prior to the last day of the reporting period, as directors' expense with a corresponding amount recorded in accounts payable and accrued liabilities. The liability is subsequently remeasured to its fair value at each period end with the change in fair value during the period recognized as an operating expense.

NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS

Various pronouncements have been issued by the IASB or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the interim consolidated financial statements. None of the standards issued to date are expected to have a material effect on the interim consolidated financial statements.

NOTE 5 – MORTGAGES RECEIVABLE

(a) Mortgage portfolio

	As at June 30, 2023			As at December 31, 2022		
Property type	Number	Outstanding amount	% of Portfolio	Number	Outstanding amount	% of Portfolio
High-rise residential	19	$ 279,332	33.9%	20	$ 300,989	34.7%
Mid-rise residential	27	216,913	26.3%	30	225,281	26.0%
Low-rise residential	13	129,371	15.7%	14	128,244	14.8%
House and apartment	139	102,490	12.4%	158	108,124	12.5%
Condominium corporation	11	1,980	0.2%	12	2,189	0.3%
Residential portfolio	209	730,086	88.5%	234	764,827	88.3%
Commercial	21	94,521	11.5%	26	101,435	11.7%
Mortgage portfolio	230	824,607	100.0%	260	866,262	100.0%
Accrued interest receivable		5,572			5,418	
Mortgage discount		(79)			(94)	
Unamortized origination fees		(331)			(506)	
Allowance for mortgage losses		(12,348)			(10,706)	
Mortgages receivable		$ 817,421			$ 860,374	

The mortgage portfolio has maturity dates between 2023 and 2032 with a weighted average remaining term of 10.6 months at June 30, 2023 (December 31, 2022 – 10.9 months). The portfolio has a weighted average interest rate (which excludes lender fees earned by the company) of 11.27% as at June 30, 2023 (8.90% as at June 30, 2022; and 10.77% as at December 31, 2022).

Within the mortgage portfolio, at June 30, 2023, there were 31 mortgages receivable aggregating to $210,174 (25.5% of the mortgage portfolio) in which the company has a subordinate position in a syndicated mortgage receivable (December 31, 2022 – 38 mortgages receivable aggregating to $231,318; 26.7% of the mortgage portfolio). Additional analysis of the mortgage portfolio, including by location of underlying property and type of mortgage, is set out in the "Investment Portfolio" section of the Management's Discussion and Analysis for the three and six month period ended June 30, 2023.

NOTE 5 – MORTGAGES RECEIVABLE (continued)

(a) Mortgage portfolio (continued)

A majority of the mortgages receivable have an initial closed period, after which the borrower may repay the principal at any time prior to maturity, without penalty, subject to providing advance written notice according to the terms of their mortgage.

Principal repayments based on contractual maturity dates are as follows:

Six months ending December 31, 2023	$ 328,477	39.8%
Years ending December 31, 2024	308,185	37.4%
2025	110,491	13.4%
2026	76,067	9.2%
2027	–	0.0%
Thereafter	1,387	0.2%
	$ 824,607	100.0%

(b) Allowance for mortgage losses

The gross carrying amounts of mortgages receivable and the allowance for mortgage losses by property type are as follows:

As at June 30, 2023

Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High-rise residential	$ 233,297	$ 46,035	$ –	$ 279,332
Mid-rise residential	216,913	–	–	216,913
Low-rise residential	108,609	20,762	–	129,371
House and apartment	92,172	10,318	–	102,490
Condominium corporation	1,980	–	–	1,980
Commercial	94,521	–	–	94,521
Mortgage portfolio	$ 747,492	$ 77,115	$ –	$ 824,607
Allowance for mortgage losses				
High-rise residential	$ 3,640	$ 156	$ –	$ 3,796
Mid-rise residential	3,288	–	–	3,288
Low-rise residential	1,662	1,536	–	3,198
House and apartment	875	28	–	903
Condominium corporation	5	–	–	5
Commercial	1,158	–	–	1,158
Mortgage portfolio	$ 10,628	$ 1,720	$ –	$ 12,348

As at December 31, 2022

Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
High-rise residential	$ 300,989	$ –	$ –	$ 300,989
Mid-rise residential	225,281	–	–	225,281
Low-rise residential	104,578	23,666	–	128,244
House and apartment	105,798	2,326	–	108,124
Condominium corporation	2,189	–	–	2,189
Commercial	101,435	–	–	101,435
Mortgage portfolio	$ 840,270	$ 25,992	$ –	$ 866,262
Allowance for mortgage losses				
High-rise residential	$ 3,454	$ –	$ –	$ 3,454
Mid-rise residential	2,597	–	–	2,597
Low-rise residential	1,335	1,734	–	3,069
House and apartment	786	5	–	791
Condominium corporation	7	–	–	7
Commercial	788	–	–	788
Mortgage portfolio	$ 8,967	$ 1,739	$ –	$ 10,706

NOTE 5 – MORTGAGES RECEIVABLE (continued)

(b) Allowance for mortgage losses (continued)

The allowance for mortgage losses at June 30, 2023 is $12,348 (December 31, 2022 – $10,706). Of this allowance, $10,628 (December 31, 2022 – $8,967) represents management's estimate of the ECLs on mortgages receivable in the company's portfolio that have not experienced a significant increase in credit risk since initial recognition (Stage 1). The ECL was assessed individually for each mortgage receivable and commitment classified as Stage 2 and 3 and management estimated the ECL as $1,720 for mortgages receivable classified as Stage 2 and $nil for Stage 3 at June 30, 2023 (December 31, 2022 – $1,739 and $nil, respectively).

The changes in the allowance for mortgage losses are shown in the following table:

	Six months ended June 30, 2023			
	Stage 1	Stage 2	Stage 3	Total
Opening balance, January 1, 2023	$ 8,967	$ 1,739	$ –	$ 10,706
Allowance for mortgage losses				
Transfers to Stage 1 (1)	1,675	(1,675)	–	–
Transfers to Stage 2 (1)	(227)	227	–	–
Transfers to Stage 3 (1)	–	–	–	–
Net remeasurement (2)	291	1,458	–	1,749
Mortgage advances	381	–	–	381
Mortgage repayments	(459)	(29)	–	(488)
Balance, June 30, 2023	$ 10,628	$ 1,720	$ –	$ 12,348

(1) Transfers between stages which are presumed to occur before any corresponding remeasurement of the allowance.

(2) Net remeasurement represents the change in the expected credit loss related to changes in model inputs or assumptions, including changes in macro-economic conditions, and changes in measurement following a transfer between stages. It also includes overlay adjustments as a result of economic uncertainties.

During the six months ended June 30, 2023, the allowance for mortgage losses for mortgages classified as Stage 1 increased due to changes in assumptions in the expected credit loss model and overlay adjustment due to economic uncertainties. The allowance for mortgage losses classified as Stage 2 decreased due to a lower ECL assessment of the individual loans at period end compared to the beginning of the period. The ECL is assessed individually for Stage 2 and Stage 3 mortgages receivable.

	Six months ended June 30, 2022			
	Stage 1	Stage 2	Stage 3	Total
Opening balance, January 1, 2022	$ 7,458	$ 178	$ 2,803	$ 10,439
Allowance for mortgage losses				
Transfers to Stage 1 (1)	1	(1)	–	–
Transfers to Stage 2 (1)	–	–	–	–
Transfers to Stage 3 (1)	–	–	–	–
Net remeasurement (2)	565	5	(1,156)	(586)
Mortgage advances	1,549	–	–	1,549
Mortgage repayments	(1,241)	(152)	–	(1,393)
Write-off	–	–	(1,647)	(1,647)
Balance, June 30, 2022	$ 8,332	$ 30	$ –	$ 8,362

(1) Transfers between stages which are presumed to occur before any corresponding remeasurement of the allowance.

(2) Net remeasurement represents the change in the expected credit loss related to changes in model inputs or assumptions, including changes in macro-economic conditions, and changes in measurement following a transfer between stages. It also includes post-model overlays and adjustments as a result of the economic uncertainty related to the worldwide COVID-19 pandemic.

During the six months ended June 30, 2022, the allowance for mortgage losses for mortgages classified as Stage 1 increased due to an increase in the mortgage portfolio balance and changes in assumptions in the expected credit loss model. The allowance for mortgage losses classified as Stage 2 decreased due to a decrease in the balances of loans in this stage and changes in assumptions in the expected credit loss model. The allowance for mortgage losses classified as Stage 3 decreased due to the partial repayment and write-off during the quarter of the loan classified as Stage 3 at March 31, 2022. The ECL is assessed individually for Stage 2 and Stage 3 mortgages receivable.

NOTE 6 – INVESTMENT PROPERTIES AND INVESTMENT PROPERTY HELD FOR SALE

	Six months ended June 30, 2023			Year ended December 31, 2022		
	Investment properties	Investment property held for sale	Total	Investment properties	Investment property held for sale	Total
Beginning of period						
Gross carrying amount	$ 14,302	$ –	$ 14,302	$ 1,101	$ 15,033	$ 16,134
Impairment	–	–	–	–	–	–
Balance, beginning of period	14,302	–	14,302	1,101	15,033	16,134
Recovery of acquisition costs	–	–	–	–	–	–
Impairment	–	–	–	–	(1,832)	(1,832)
Reclassification[1]	–	–	–	13,201	(13,201)	–
Balance, end of period	$ 14,302	$ –	$ 14,302	$ 14,302	$ –	$ 14,302

(1) Reclassification included cumulative impairment of $2,638.

Investment properties consist of a four unit property in Leduc, Alberta and a 90 unit property in Regina, Saskatchewan. During the six month period ended June 30, 2023, the value in use was estimated using a net operating income analysis. The analysis included estimates of gross rental income, vacancy rates, operating and management expenses and capitalization rates. Increases (decreases) in gross rental income will result in a higher (lower) value in use of the investment property. Increases (decreases) in the vacancy rates, operating and management expenses or capitalization rates will result in a lower (higher) value in use of the investment property.

During the year ended December 31, 2022, the company made the decision to delist the 90 unit property in Regina, Saskatchewan from the sales market due to a higher than usual vacancy rate at the beginning of the period and to allow for the completion of maintenance work on the property. After considering the above and other real estate transactions under negotiation in Regina, Saskatchewan at that time, as well as, the economic conditions in Saskatchewan, the company estimated that the carrying value of the Regina, Saskatchewan property exceeded its recoverable amount by $1,832, an impairment was recognized, and the Regina, Saskatchewan property was reclassified as investment property at its carrying value of $13,201. The value in use was estimated using a third-party valuation that considered a net operating income analysis, including estimates of gross rental income, vacancy rates, operating and management expenses and capitalization rates, as well as, available market evidence and comparable transactions.

	Three months ended June 30		Six months ended June 30	
Rental income (loss)	**2023**	**2022**	**2023**	**2022**
Revenue	$ 332	$ 286	$ 655	$ 552
Property operating costs	(103)	(359)	(229)	(483)
Rental income (loss)	$ 229	$ (73)	$ 426	$ 69

NOTE 7 – CREDIT FACILITY

At June 30, 2023, the company had a credit facility from a syndicate of five Canadian financial institutions of $315,000 (December 31, 2022 – $315,000) at a formula rate that varies with bank prime and the market bankers' acceptance rate. At any time during the term of the credit facility, the company has the right to increase the credit facility by up to an additional $35,000 (such that the total maximum availability would be up to $350,000). Drawings under the credit facility may be by way of a bank loan (including an overdraft facility of up to $5,000 (December 31, 2022 – $5,000)), bankers' acceptances or letters of credit (LCs). LCs represent irrevocable assurances that the company's banks will make payments in the event that a borrower of the company cannot meet its obligations to third parties. LCs carry the same credit risk, recourse and collateral security requirements as mortgages extended to customers. The committed credit facility was effective December 1, 2020, has a term to March 11, 2024, and is subject to certain conditions of drawdown and other covenants.

NOTE 7 – CREDIT FACILITY (continued)

The credit facility is secured by a lien over all of the company's assets by means of a general security agreement. The amount that may be drawn down under the credit facility is determined by the aggregate value of mortgages receivable that are acceptable to the lender. At June 30, 2023, the maximum balance available to be drawn on the credit facility was $315,000 (December 31, 2022 – $315,000). Under the terms of the credit facility, covenants must be met in respect of shareholders' equity, debt to total assets and interest coverage. At June 30, 2023 and December 31, 2022, the company was in compliance with these covenants.

The annualized weighted average interest rate for the six months period ended June 30, 2023 was 6.84% (4.57% for the year ended December 31, 2022).

Credit facility	**June 30 2023**	**December 31 2022**
Bankers' acceptances	$ 175,000	$ 210,000
Bank loan	2,000	11,000
Overdraft facility	2,189	2,959
Unamortized and prepaid financing costs	(726)	(965)
Borrowings under credit facility	178,463	222,994
Letters of credit(1)	9,452	12,158
Total credit facility utilization	$ 187,915	$ 235,152

(1) $601 of cash was received, and is recorded in accounts payable and accrued liabilities, for letters of credit on mortgages that are discharged (December 31, 2022 – $3,551).

Interest on the credit facility is included in financing costs and calculated using the effective interest method. Included in interest and other financing charges for the three and six month period ended June 30, 2023 is interest on the credit facility of $3,375 and $6,894 (three and six month period ended June 30, 2022 – $1,800 and $3,238) and bank fees and amortization of financing costs of $81 and $169 (three and six month period ended June 30, 2022 – $109 and $189).

NOTE 8 – RELATED PARTY TRANSACTIONS

The company pays mortgage servicing and management fees to Canadian Mortgage Capital Corporation (CMCC), which is the manager of the company, and responsible for its day-to-day management. The majority beneficial owner and Chief Executive Officer (CEO) of the manager is also CEO of the company. During the three and six month period ended June 30, 2023, the company incurred mortgage servicing and management fees of $2,033 and $4,047 (three and six month period ended June 30, 2022 – $1,990 and $3,868). The management agreement between the company and CMCC contains provisions for the payment of termination fees to the manager in the event that the management agreement is terminated in certain circumstances. Amounts due to related party of $788 (December 31, 2022 – $717) are included in accounts payable and accrued liabilities and are due to CMCC, are in the normal course of business, are non-interest bearing, due on demand and are paid within 30 days of each period end.

During the six month period ended June 30, 2023, CMCC reimbursed the company for a portion of share-based payments (see Note 11 – Share-based payments).

Under an employee share purchase plan (ESPP) for the company's common shares, participants, including employees of CMCC, may contribute up to an annual maximum to the ESPP and CMCC matches 50% of the participants' contributions. The total amount matched by CMCC for the six month period ended June 30, 2023 was $33 (six month period ended June 30, 2022 – $32).

Certain of the company's mortgages receivable are shared with other investors. As at June 30, 2023, companies owned by a director and/or officer of the company were not co-invested in any syndicated mortgage receivable (December 31, 2022 – one syndicated mortgage receivable of $22,000, of which the company's share was $21,000, of which $19,750 had been funded).

As at June 30, 2023, the company had nil mortgages receivable (December 31, 2022 – two) from borrowers over which a director and or officer of the company has joint control, with the company's share of the gross commitments totaling $nil (December 31, 2022 – $9,200), of which $nil had been funded at June 30, 2023 (December 31, 2022 – $8,350). During the three and six month period ended June 30, 2023, the company recognized net mortgage interest and fees of $62 and $377 (June 30, 2022 – three mortgages receivable; three and six month period ended June 30, 2022 – $275 and $512) from borrowers over which a director and or officer of the company has joint control.

NOTE 8 – RELATED PARTY TRANSACTIONS (continued)

Key management includes directors and officers of the company. Compensation expenses for key management personnel include:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Directors' fees [(1)] (Note 12)	$ 71	$ 63	$ 142	$ 125
Share-based payments to directors (Note 11)	38	30	76	60
Share-based payments to officers (Note 11)	18	19	39	39
	$ 127	$ 112	$ 257	$ 224

(1) The cumulative adjustment for the fair value of deferred share units issued under the deferred share unit plan was $(67) as at June 30, 2023 (year ended December 31, 2022 – $(83)) (see Note 12 – Deferred Share Unit Plan).

Related party transactions are in the normal course of business and are recorded at the amount of consideration established and agreed to by the related parties.

NOTE 9 – CONVERTIBLE DEBENTURES

	Convertible debenture					
	5.10% AI.DB.G	5.00% AI.DB.F	5.60% AI.DB.E	5.50% AI.DB.D	5.30% AI.DB.C	Total
Six month period ended June 30, 2023						
Issued and outstanding face value	$ 40,250	$ 34,500	$ 28,750	$ 34,500	$ 25,300	$ 163,300
Book value –						
Convertible debentures, beginning of period	$ 37,194	$ 32,006	$ 28,108	$ 33,683	$ 24,973	$ 155,964
Accretion for the period	236	201	141	135	108	821
Convertible debentures, end of period	$ 37,430	$ 32,207	$ 28,249	$ 33,818	$ 25,081	$ 156,785

	Convertible debenture					
	5.10% AI.DB.G	5.00% AI.DB.F	5.60% AI.DB.E	5.50% AI.DB.D	5.30% AI.DB.C	Total
Year ended December 31, 2022						
Issued and outstanding face value	$ 40,250	$ 34,500	$ 28,750	$ 34,500	$ 25,300	$ 163,300
Book value –						
Convertible debentures, beginning of period	$ –	$ 31,608	$ 27,827	$ 33,416	$ 24,758	$ 117,609
Issued	40,250	–	–	–	–	40,250
Equity component	(1,640)	–	–	–	–	(1,640)
Issue costs	(1,861)	–	–	–	–	(1,861)
Issue costs attributed to equity component	76	–	–	–	–	76
Accretion for the period	369	398	281	267	215	1,530
Convertible debentures, end of period	$ 37,194	$ 32,006	$ 28,108	$ 33,683	$ 24,973	$ 155,964

On March 18, 2022, the company completed a public offering of 5.10% convertible debentures for gross proceeds of $35,000. On March 23, 2022, the company received gross proceeds of $5,250 from the exercise in full of the over-allotment option on the 5.10% convertible debentures.

NOTE 9 – CONVERTIBLE DEBENTURES (continued)

	Convertible debenture				
	5.10% AI.DB.G	5.00% AI.DB.F	5.60% AI.DB.E	5.50% AI.DB.D	5.30% AI.DB.C
Maturity date	March 31, 2029	Dec. 31, 2028	March 31, 2025	Dec. 31, 2025	June 30, 2024
Initial term	7 years	7 years	6 years	7 years	7 years
Conversion at option of shareholder at:	$16.75/share	$17.50/share	$14.75/share	$15.60/share	$14.94/share
Interest payments date:	March 31, Sept. 30	June 30, Dec. 31	March 31, Sept. 30	June 30, Dec. 31	June 30, Dec. 31
Redeemable at the company's option at par plus accrued interest, provided the weighted average trading price of common shares is not less than 125% of conversion price from:	March 31, 2025	Dec. 31, 2024	March 31, 2022	Dec, 31, 2021	June 30, 2020
to:	March 31, 2027	Dec. 31, 2026	March 31, 2024	Dec. 31, 2023	June 30, 2022
Redeemable at the company's option at par plus accrued interest and unpaid interest after:	March 31, 2027	Dec. 31, 2026	March 31, 2024	Dec. 31, 2023	June 30, 2022

Interest costs related to the convertible debentures are recorded in financing costs using the effective interest method and consist of the following:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Coupon rate interest on convertible debentures	$ 2,163	$ 2,145	$ 4,320	$ 3,867
Accretion and other costs	411	406	821	713
Interest on convertible debentures	$ 2,574	$ 2,551	$ 5,141	$ 4,580

NOTE 10 – SHARE CAPITAL

The company is authorized to issue an unlimited number of common shares without par value. Common shares rank equally with each other and have no preference, conversion, exchange or redemption rights. Common shares participate pro-rata with respect to any dividends paid, including distributions upon termination and dissolution.

The company has an optional dividend reinvestment plan (DRIP) for shareholders, whereby participants may reinvest cash dividends in additional common shares of the company at the volume-weighted average price for five days prior to distribution, less a 2% discount. During the three and six month period ended June 30, 2023, 127,931 and 354,040 common shares were issued under the company's DRIP (three and six month period ended June 30, 2022 – 105,238 and 217,545), using reinvested dividends of $1,463 and $4,066 (three and six month period ended June 30, 2022 – $1,342 and $2,891). Shares issued under the DRIP are issued by the company from treasury.

On June 13, 2023, the company announced that the TSX had accepted a notice filed by the company of its intention to make a normal course issuer bid ("NCIB") with respect to its common shares. The notice provides that the company may purchase up to 4,176,336 common shares during the twelve month period commencing June 24, 2023 and ending on June 23, 2024. The company did not purchase any common shares under the NCIB during the period ended June 30, 2023.

Under the ESPP, each participant may contribute up to an annual maximum to the ESPP, and CMCC matches 50% of the participant's contribution. Thus, the company does not bear any of the cost of the ESPP, as it is reimbursed by CMCC and the participants.

NOTE 11 – SHARE-BASED PAYMENTS

Grants are provided to directors and certain employees of the manager under the company's deferred share incentive plan ("DSIP"). The DSIP units vest annually over three years. Common shares are issued to participants on the vesting date of each tranche of the DSIP units, unless a participant elects to defer the issuance. In addition, income deferred share incentive plan ("IDSIP") units are credited to holders of DSIP units granted before 2017 based upon dividends paid on common shares. The fair value of share-based compensation was based upon the volume-weighted average market price of the common shares five days prior to the grant dates of September 1, 2022 ($13.31) and August 11, 2022 ($11.92).

NOTE 11 – SHARE-BASED PAYMENTS (continued)

	Six months ended June 30, 2023			Year ended December 31, 2022		
	DSIP units	IDSIP units	Total	DSIP units	IDSIP units	Total
Balance, beginning of period	87,566	10,368	97,934	82,983	13,636	96,619
Units granted	–	–	–	41,000	–	41,000
Units earned	–	1,385	1,385	–	2,496	2,496
Units cancelled	–	–	–	(567)	–	(567)
Common shares issued	–	–	–	(35,850)	(5,764)	(41,614)
Balance, end of period	87,566	11,753	99,319	87,566	10,368	97,934

Share-based payments expense:	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
September 1, 2022 grant	$ 58	$ –	$ 106	$ –
August 11, 2022 grant[(1)]	–	–	–	–
September 2, 2021 grant	26	52	49	104
September 1, 2020 grant	7	17	14	34
September 3, 2019 grant	–	8	–	16
September 1, 2018 grant	–	–	–	–
September 1, 2016 grant	1	2	2	5
September 1, 2015 grant	2	3	6	6
September 1, 2014 grant	2	2	5	5
August 30, 2013 grant	1	1	3	2
	$ 97	$ 85	$ 185	$ 172

(1) During the three and six month period ended June 30, 2023, CMCC reimbursed the company for share-based payment expenses of $31 and $63, respectively related to grants under the company's DSIP (three and six month period ended June 30, 2022 – $nil and $nil).

NOTE 12 – DEFERRED SHARE UNIT PLAN

The board of directors established a deferred share unit plan ("DSUP") effective January 1, 2020 pursuant to which each non-executive director is required to receive one-half of their director compensation in the form of deferred share units ("DSUs"). Each non-executive director can elect to receive the remaining one-half of their director compensation in DSUs or cash or a combination thereof. DSUs are credited to the director DSUP accounts quarterly, in arrears, in an amount equal to the non-executive director's remuneration elected to be paid in DSUs divided by the fair value of the common shares on the last day of the quarter. The fair value is equal to the volume-weighted average trading price of the company's common shares on the TSX for the five trading days immediately preceding that day. Dividend equivalents are credited to a non-executive director's DSUP account as if dividends were paid on each DSU held by a non-executive director on the dividend record date and reinvested in additional DSUs at the fair value on the dividend payment date.

DSUs can only be exercised when the non-executive director ceases to serve in any capacity with the company. Payment will be made, at the election of the non-executive director, in either cash or common shares of the company purchased in the market, net of applicable taxes or other amounts required to be withheld or deducted, based on the fair value of the company's common shares on or about the date of the payment. Amounts owed in relation to this plan of $822 (December 31, 2022 – $642) are included in accounts payable and accrued liabilities. DSU compensation expense is recognized in directors' expense, dividends earned on outstanding DSUs are recognized in interest and other financing charges and the adjustment to fair value of units issued under the DSUP is recognized as an operating expense.

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Directors' fees paid in DSUs	$ 60	$ 54	$ 120	$ 108
Dividends on DSUs	15	10	43	21
Adjustment to fair value of DSUs	(68)	(116)	16	(111)
	$ 7	$ (52)	$ 179	$ 18

NOTE 12 – DEFERRED SHARE UNIT PLAN (continued)

	Six months ended June 30 2023	Year ended December 31 2022
Outstanding DSUs, beginning of period	60,358	38,080
Granted	10,478	18,663
Reinvested	3,678	3,615
Balance, end of period	74,514	60,358

NOTE 13 – EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share –				
Numerator				
Net income and comprehensive income for the period	$ 14,429	$ 10,675	$ 28,641	$ 21,273
Denominator				
Weighted average common shares outstanding	43,633,144	42,979,296	43,536,960	42,920,636
Basic earnings per share	$ 0.33	$ 0.25	$ 0.66	$ 0.50
Diluted earnings per share –				
Numerator				
Net income and comprehensive income for the period	$ 14,429	$ 10,675	$ 28,641	$ 21,273
Interest on convertible debentures	2,574	2,551	5,141	4,580
Net income and comprehensive income for diluted earnings per share	17,003	13,226	33,782	25,853
Denominator				
Weighted average common shares outstanding	43,633,144	42,979,296	43,536,960	42,920,636
Convertible debentures	10,228,549	10,228,549	10,228,549	9,197,626
Deferred share incentive plan	87,566	80,485	87,566	81,727
Income deferred share units	11,523	14,711	11,149	14,359
Weighted average common shares outstanding – diluted basis	53,960,782	53,303,041	53,864,224	52,214,348
Diluted earnings per share	$ 0.32	$ 0.25	$ 0.63	$ 0.50

NOTE 14 – FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets comprise mortgages receivable and are classified and measured at amortized cost. Financial liabilities comprise borrowings under credit facility, accounts payable and accrued liabilities, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures. The liability for the deferred share unit plan included in accounts payable and accrued liabilities is measured at FVTPL. All other financial liabilities are measured at amortized cost.

NOTE 14 – FINANCIAL INSTRUMENTS (continued)

(b) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All financial assets are classified and measured at amortized cost. Their carrying values approximate their fair values due to their relatively short-term maturities and due to the fact that the majority of the mortgages receivable have floating interest rates. The fair value of borrowings under credit facility approximates book value since it bears interest at floating rates. The accounts payable and accrued liabilities, excluding the liability for the deferred share unit plan, dividends payable and accrued convertible debenture interest carrying values approximate their fair values due to the short-term nature of the items. The liability for the deferred share unit plan is measured at fair value using Level 1 inputs. The deferred share units are measured at fair value on the day they are credited to the directors' DSUP accounts, with fair value equal to the volume-weighted average trading price of the company's common shares on the TSX for the five trading days immediately preceding that day, and are remeasured using fair value at each reporting date.

The fair value of convertible debentures at the time of issue is established using Level 2 inputs. The fair value of convertible debentures has been determined based on the closing prices of the convertible debentures on the TSX on the respective dates.

Convertible debentures	June 30 2023	December 31 2022
Fair value	$ 150,942	$ 144,982
Less book value of equity component	(3,786)	(3,786)
	$ 147,156	$ 141,196
Book value of financial liability component	$ 156,785	$ 155,964

(c) Credit risk

Mortgages receivable and issued letters of credit are exposed to credit risk. Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment, resulting in a financial loss to the company. The maximum exposure to credit risk related to mortgages receivable, including letters of credit outstanding, at June 30, 2023 is $827,283 (December 31, 2022 – $873,132).

The company mitigates the credit risk by maintaining strict credit policies including due diligence processes, credit limits, documentation requirements, review and approval of new and renewed mortgages receivable by the board of directors or a subgroup thereof, quarterly review of the entire portfolio by the board of directors, and other credit policies approved by the board of directors. Credit risk is approved by the board of directors. These credit policies and processes have been consistently applied throughout the two year period ended June 30, 2023.

All mortgages receivable are secured by the underlying real estate, plus other credit enhancements, which may include guarantees from the borrowers, personal guarantees from the borrower's shareholder(s) and/or cross guarantees from related entities. The quality of the mortgage collateral is primarily driven by the location and type of underlying property and type of mortgage receivable. For further information, refer to Note 5(a) – Mortgage portfolio and to the "Investment Portfolio" section of the Management's Discussion and Analysis for the three and six month period ended June 30, 2023. Management continuously monitors real estate values to ensure that the quality of the collateral underlying the remaining mortgage portfolio remains adequate.

At June 30, 2023, the largest borrower group accounted for 6.03% of the mortgage portfolio (December 31, 2022 – 5.74%). See Note 5(a) – Mortgage portfolio and Note 5(b) – Allowance for mortgage losses for a breakdown of mortgages receivable and the allowance for mortgage losses by property type.

NOTE 14 – FINANCIAL INSTRUMENTS (continued)

(d) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations when due. The primary sources of liquidity risk are the requirements to fund commitments for new mortgages, advances on existing mortgages receivable, as well as obligations under the company's credit facility. The company's liquidity risk is managed on an ongoing basis in accordance with the policies and procedures in place that reduce the risk to an acceptable level. Policies and procedures include continuous monitoring of expected cash flows, reviewing credit requirements with the company's bankers, issuing convertible debentures or common shares in the public markets from time to time as required, and staggering the maturities of convertible debentures when they are issued.

From time to time the company has arranged temporary increases in its credit facility with its banks in order to manage liquidity requirements, and expects to be able to continue to do so in the future if required. The company's significant financial liabilities include borrowings under credit facility, accounts payable and accrued liabilities, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures. The borrowings under credit facility are drawn upon as required to discharge accounts payable and accrued liabilities, fund loan activity, as well as to pay out dividends on a monthly basis. The company's agreement with the lender is that the operating line will not be called provided that all covenants are met and that any significant excess cash is used to pay down the borrowings under credit facility.

As at June 30, 2023, management considers that it has adequate procedures in place to manage liquidity risk.

As at June 30, 2023	Carrying value	Contractual cash flow	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
Borrowings under credit facility[1]	$179,189	$188,106	$188,106	$ –	$ –	$ –
Accounts payable and accrued liabilities[2]	3,466	3,466	3,466	–	–	–
Accrued convertible debenture interest	916	916	916	–	–	–
Dividends payable	3,277	3,277	3,277	–	–	–
Convertible debentures[3]	156,785	179,194	94,485	7,556	77,153	–
Total	343,633	374,959	290,250	7,556	77,153	–
Unadvanced mortgage commitments[4]	–	112,589	112,589	–	–	–
Total contractual liabilities	$343,633	$487,548	$402,839	$ 7,556	$77,153	$ –

Notes:

(1) Includes interest assuming the outstanding balance is not repaid until maturity on March 11, 2024.

(2) For purposes of contractual cash flows, the DSUs owing to non-executive directors are assumed to be repaid within the third quarter of 2023.

(3) The 5.30% debentures are assumed but not required to be repaid in the third quarter of 2023; 5.50% debentures are assumed but not required to be repaid December 31, 2023; 5.60% debentures are assumed but not required to be repaid March 31, 2024; 5.00% debentures are assumed but not required to be repaid December 31, 2026; and the 5.10% debentures are assumed but not required to be repaid March 31, 2027.

(4) Unadvanced mortgage commitments include additional funds on existing mortgages receivable and new mortgage commitments. The experience of the company has been that a portion of the unadvanced amounts on existing mortgages receivable will never be drawn.

(e) Interest rate risk

The company is exposed to interest rate risk in that an increase in interest rates will result in increased interest expense due to its borrowings under credit facility being set at a variable rate and mortgages receivable are set at a combination of fixed and floating rates. The financial structure of the company results in relatively moderate interest rate risk because the majority of the company's financing is through common shares and convertible debentures, with a moderate amount of borrowings under the credit facility that bear floating interest rates.

If interest rates on debt had been one percentage point higher (lower) during the three month period ended June 30, 2023, income and comprehensive income would have been reduced (increased) by approximately $968 during the period, assuming that no changes had been made to the interest rates at which new mortgage loans were entered into. However, if new mortgage loans had been entered into at higher (lower) interest rates, the resulting reduction of income and comprehensive income would have been less than (greater than) $968.

NOTE 15 – CAPITAL MANAGEMENT

The company defines capital as total debt plus shareholders' equity, as shown below:

	June 30 2023	December 31 2022
Borrowings under credit facility	$ 178,463	$ 222,994
Convertible debentures	156,785	155,964
Total debt	335,248	378,958
Shareholders' equity	489,010	475,564
Capital employed	$ 824,258	$ 854,522

The company's objectives for managing capital are to preserve shareholders' equity, provide shareholders with stable dividends, and to use leverage in a conservative manner to improve return to shareholders. The company finances growth of its portfolio by issuing common shares and debt. In addition, a small amount of equity is raised every month through the employee share purchase plan and through a dividend reinvestment plan for shareholders.

As bank borrowings increase, the company could expect to raise further funds through public offerings of convertible debentures or common shares, and through private placements of debt. The borrowings under credit facility are subject to external covenants as set out in Note 7 – Credit facility. There has been no change in the company's capital management objectives since the prior year.

NOTE 16 – SUBSEQUENT EVENTS

On July 12, 2023, the company issued 45,850 common shares ($488) to shareholders under its dividend reinvestment plan.

Subsequent to period end, the company accepted a conditional offer to sell the 90 unit property in Regina, Saskatchewan. Net proceeds for the transaction are expected to approximate the carrying amount of the property as at June 30, 2023. Assuming all conditions are met, the sale transaction is anticipated to be completed before the end of the third quarter. This property was classified as an investment property as at June 30, 2023 and December 31, 2022.

Corporate Directory

Board of Directors

Mark L. Silver
Chair of the Board,
Atrium Mortgage
Investment Corporation
President, Optus Capital Corporation

Robert G. Goodall
CEO and President,
Atrium Mortgage
Investment Corporation

Peter P. Cohos [1,4]
President,
Copez Properties Ltd.

Robert H. DeGasperis
President,
Metrus Properties Inc.

Andrew Grant [4]
President,
PCI Holdings Corp.

Maish Kagan [2]
President,
Canal Group

Nancy H. O. Lockhart [2,3]
Director, George Weston Ltd.
Director, Choice Properties REIT

Jennifer Scoffield CPA, CA
Director, Dream Industrial REIT

1. Chair of Audit Committee
2. Member of Audit Committee
3. Chair of Compensation, Nominating and Governance Committee
4. Member of Compensation, Nominating and Governance Committee

Management

Robert G. Goodall
CEO and President

John Ahmad CPA, CA
CFO and Corporate Secretary

Richard Munroe
COO

Bram Rothman
Managing Director – Ontario

Phil Fiuza
Managing Director –
Ontario, Residential

Marianne Dobslaw
Managing Director –
British Columbia

Sunny Sarai
Managing Director –
British Columbia,
Residential

Transfer Agent

Computershare Trust Co. of Canada
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9th Floor, North Tower
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T. (800) 564-6253

For Convertible Debentures
TSX Trust Company
2001 Robert-Bourassa
Blvd, Suite 1600
Montreal, QC H3A 2A6

Auditors

Crowe Soberman LLP
1100 – 2 St. Clair Ave. E.
Toronto, ON M4T 2T5
T. (416) 964-7633

Share Listing

Common shares,
TSX: AI

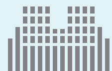
Convertible debentures 5.30%,
TSX: AI.DB.C

Convertible debentures 5.50%,
TSX: AI.DB.D

Convertible debentures 5.60%,
TSX: AI.DB.E

Convertible debentures 5.00%,
TSX: AI.DB.F

Convertible debentures 5.10%,
TSX: AI.DB.G



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