MD&A

Management's Discussion and Analysis

Third Quarter
September 30, 2023

CANADA'S PREMIER NON-BANK LENDER™

Management's Discussion and Analysis

September 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 November 14, 2023.

Highlights

Atrium continued to demonstrate strong financial performance. For the quarter ended September 30, 2023, we had revenues of $25.4 million compared to $20.6 million in the comparable period, an increase of 23.2%. Net income was $11.0 million compared with $11.8 million in the comparable period, a decrease of 7.1%. Basic and diluted earnings per share were $0.25, compared to $0.27 basic and diluted earnings per share in the comparable period.

We declared a regular dividend of $0.075 per share for each month in the quarter and a total of $0.675 for the year to date, consistent with dividends of $0.675 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 $863.8 million of mortgages receivable as at September 30, 2023, an increase of 0.4% from December 31, 2022. During the quarter, $115.3 million of mortgage principal was advanced and $63.7 million was repaid. The portfolio has a weighted average remaining term of 10.5 months.

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

Revenues of $25.4 million, increase of 23.2% from comparative period

Earnings per share $0.25 basic and diluted

Strong, high quality mortgage portfolio

95.5% first mortgages

96.0% less than 75% loan-to-value

Mortgages receivable $863.8 million, up 5.7% over the quarter

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

Investment portfolio

Our mortgage portfolio consisted of 236 mortgage loans and aggregated $875.6 million at September 30, 2023, an increase of 1.1% from December 31, 2022.

	As at September 30, 2023			As at December 31, 2022		
Property Type (outstanding amounts in 000s)	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
High-rise residential[1]	21	$ 316,689	36.1%	20	$ 300,989	34.7%
Mid-rise residential[1]	25	199,477	22.8%	30	225,281	26.0%
Low-rise residential[1]	14	148,475	17.0%	14	128,244	14.8%
House and apartment[2]	144	112,973	12.9%	158	108,124	12.5%
Condominium corporation[3]	11	1,883	0.2%	12	2,189	0.3%
Residential portfolio	215	779,497	89.0%	234	764,827	88.3%
Commercial[4]	21	96,057	11.0%	26	101,435	11.7%
Mortgage portfolio	236	875,554	100.0%	260	866,262	100.0%
Accrued interest receivable		6,349			5,418	
Mortgage discount		(74)			(94)	
Unamortized origination fees		(279)			(506)	
Allowance for mortgage losses		(17,790)			(10,706)	
Mortgages receivable		$ 863,760			$ 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 September 30, 2023			As at December 31, 2022		
Loan type (outstanding amounts in 000s)	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
Term loans	227	$ 812,135	92.8%	252	$ 809,722	93.5%
Construction loans	9	63,419	7.2%	8	56,540	6.5%
	236	$ 875,554	100.0%	260	$ 866,262	100.0%

A summary of our mortgages by size is presented below.

	As at September 30, 2023			As at December 31, 2022		
Mortgage amount (outstanding amounts in 000s)	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
$0 - $2,500,000	162	$ 106,261	12.1%	182	$ 121,213	14.0%
$2,500,001 - $5,000,000	22	87,241	10.0%	26	101,884	11.8%
$5,000,001 - $7,500,000	15	93,561	10.7%	19	118,391	13.6%
$7,500,001 - $10,000,000	9	77,649	8.9%	7	58,103	6.7%
$10,000,001 +	28	510,842	58.3%	26	466,671	53.9%
	236	$ 875,554	100.0%	260	$ 866,262	100.0%

As of September 30, 2023, the average outstanding mortgage balance was $3.7 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 September 30, 2023, 89.3% 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 September 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	153	$ 632,981	72.3%	62.5%	11.74%
Non-GTA Ontario	54	39,811	4.5%	64.3%	9.69%
British Columbia	28	195,312	22.3%	55.2%	10.95%
Alberta	1	7,450	0.9%	71.0%	14.00%
	236	$ 875,554	100.0%	61.0%	11.49%

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 (95.5%), which is one of our core strategies.

As at September 30, 2023, the weighted average loan-to-value ratio in our mortgage portfolio was 61.0%, with 96.0% 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 September 30, 2023			
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average interest rate
(outstanding amounts in 000s)				
First mortgages				
Conventional	202	$ 805,336	92.1%	11.49%
Non-Conventional	15	28,347	3.2%	11.50%
Other	11	1,883	0.2%	7.45%
	228	835,566	95.5%	11.48%
Second and third mortgages				
Conventional	7	32,628	3.7%	12.16%
Non-conventional	1	7,360	0.8%	9.50%
	8	39,988	4.5%	11.67%
	236	$ 875,554	100.0%	11.49%

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 have a loan-to-value in excess of 75%.

The weighted average term remaining for our mortgage portfolio at September 30, 2023 is 10.5 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 September 30, 2023, the weighted average loan-to-value ratio of the mortgage portfolio was considerably lower than that, at 61.0%, compared to 59.4% at December 31, 2022.

A typical loan in our portfolio has an interest rate of 8.49% to 14.00% 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 9.49% to 12.50%.

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 September 30, 2023 was $47.1 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%.
- Maintain a debt to total assets ratio of not more than 0.55:1.00.
- 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 generated solid third quarter earnings of $11.0 million and EPS of $0.25 despite continued weakness in the real estate markets. The business continued to perform exceptionally well on a year-to-date basis with EPS of $0.91 pacing well ahead of $0.77 in the prior year. Earnings for the quarter were driven by a record high portfolio balance combined with a record high portfolio rate offset by an increase in the provision for mortgage losses. The gross mortgage portfolio of $875.6 million at quarter end exceeded the previous record of $866.3 million set at the 2022 year end. The pull back in lending from banks and other private lenders provided opportunities to source loans with favorable risk-reward profiles. Total principal advances of $115.3 million exceeded repayments of $63.7 million driving growth in the mortgage portfolio of $50.9 million over the quarter.

Elevated levels of interest rates, inflationary construction costs and slower economic growth; however, continued to add pressure on developers and individual buyers. Management believes that financial stress and illiquid real estate markets have increased credit risk across the industry and resulted in higher loan loss reserves recorded in the quarter. In late August, the company closed on the sale of its investment property in Saskatchewan for a slight gain above book value which will create additional funding capacity going forward. Despite challenging market conditions that are expected to persist over the coming quarters, the business continued to demonstrate resilience. Atrium continued to grow the portfolio, maintain a defensive posture in terms of risk appetite, and renewed its credit facility to enhance liquidity and funding capacity.

The mortgage portfolio rate at quarter end was a record 11.49% which is up from the previous record of 11.27% set in the second quarter. The main driver was the Bank of Canada rate increase of 25 bps on July 12, 2023 which translated into higher rates for borrowers as 89.3% of loans are based on floating rates at quarter end. The percentage of loans driven off floating rates has steadily increased from 75.4% at the beginning of the year. In addition, the fixed

rate component of the portfolio is largely comprised of single-family loans with an average term of 12 months. A portion of these loans also repriced higher over the quarter.

The weighted average rate on the credit facility was 7.48% over the third quarter which has increased from 5.13% over the prior year. This was driven by the timing and magnitude of Bank of Canada rate increases in the target overnight rate which have totaled 475 bps beginning in March 2022 and includes 75 bps in 2023 thus far. Overall, the credit facility represented just 24.0% of total funding sources at quarter end. Atrium remains well capitalized with equity capital of $491.8 million and convertible debentures of $157.2 million. The debentures are locked in at favorable rates for several years with $25.3 million first coming due in June 2024. On August 28, 2023, the company amended its credit facility to (i) extend the date of maturity to July 31, 2025 (ii) reset the accordion option to $60 million to increase the maximum availability to $375 million and (iii) improved our covenant terms to 0.55 debt-to-assets and 0.40 senior debt-to-assets from 0.50 and 0.35, respectively. The renewal of our facility will continue to provide an adequate source of growth and liquidity for the company.

The allowance for mortgages losses increased to $17.8 million or 2.03% of the gross mortgage portfolio at quarter end. The allowance increased from 1.50% over the previous quarter due to an assessment of higher credit risk in the mortgage portfolio. This was attributable to increases in both Stage 2 and Stage 3 loans which are assessed on an individual basis. Loans in Stage 2 increased from $77.1 million to $108.7 million due to an increase in defaults and deterioration of collateral values stemming from weaker real estate markets. Loans in Stage 3 increased to $22.7 million from $nil in the previous quarter due to lower recovery values expected from borrowers under distress situations. The expected credit loss model is used to assess Stage 1 loans on a collective basis. The Stage 1 allowance remained elevated given the outlook of macroeconomic factors including GDP growth, housing prices and unemployment, which are all expected to deteriorate over the coming quarters. Although resale values remained stable over the quarter, new home sales were down substantially and cap rates in most sectors continued to increase due to the combination of a weak economy and a continuation of high interest rates.

Management has been positioning the business to withstand a downturn in the credit cycle for some time. Our team is experienced working across difficult market conditions and has been focused on building a resilient mortgage portfolio as a first priority. The business will continue to maintain strict risk parameters on new deals and proactively monitor the existing portfolio for early signs of credit weakness. At quarter end, the LTV of the portfolio remained low at 61.0% and only 4.0% of the portfolio had an LTV in excess of 75%. Mortgages in first position represented 95.5% of the portfolio with lending focused in highly liquid urban markets with quality sponsors. While real estate market conditions will remain challenging over the coming quarters, we remain optimistic that we can capitalize on opportunities created by less competition and market dislocation. We also believe that the market fundamentals supporting the growth of housing developments have not changed and that strong demand will return once interest rates drop and the economy stabilizes. Atrium continued to generate strong returns for shareholders over the quarter despite challenging market conditions and is pacing ahead of our record performance last year. Management remains confident that the business can navigate through the current cycle with disciplined underwriting, proactive portfolio management and ensuring adequate funding capacity is in place.

Results of Operations

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

Financial summary *(unaudited)*

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Revenue	$ 25,412	$ 20,634	$ 72,667	$ 55,212
Mortgage servicing and management fees	(2,153)	(2,056)	(6,259)	(6,395)
Other expenses	(241)	(292)	(1,017)	(828)
Impairment of investment property held for sale	–	–	–	(1,832)
Recovery of (provision for) mortgage losses	(5,222)	(1,114)	(6,707)	316
Income before financing costs	17,796	17,172	58,684	46,473
Financing costs	(6,804)	(5,346)	(19,051)	(13,374)
Earnings and total comprehensive income	$ 10,992	$ 11,826	$ 39,633	$ 33,099
Basic earnings per share	$ 0.25	$ 0.27	$ 0.91	$ 0.77
Diluted earnings per share	$ 0.25	$ 0.27	$ 0.88	$ 0.76
Dividends declared	$ 9,854	$ 9,706	$ 29,461	$ 29,029

Mortgages receivable, end of period	$ 863,760	$ 850,920	$ 863,760	$ 850,920
Total assets, end of period	$ 864,894	$ 871,302	$ 864,894	$ 871,302
Shareholders' equity, end of period	$ 491,776	$ 480,462	$ 491,776	$ 480,462
Book value per share, end of period	$ 11.21	$ 11.12	$ 11.21	$ 11.12

Summary of quarterly results *(unaudited)*

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Revenue	$ 25,412	$ 23,548	$ 23,707	$ 23,159	$ 20,634	$ 18,201	$ 16,377	$ 15,767
Mortgage servicing and management fees	(2,153)	(2,052)	(2,054)	(2,131)	(2,056)	(2,461)	(1,878)	(1,778)
Other expenses	(241)	(332)	(444)	(270)	(292)	(212)	(324)	(249)
Impairment of investment property held for sale	–	–	–	–	–	–	(1,832)	–
Recovery of prior mortgage losses	220	–	157	50	–	200	800	–
Recovery of (provision for) mortgage losses	(5,442)	(690)	(952)	(1,230)	(1,114)	(583)	1,013	(20)
Income before financing costs	17,796	20,474	20,414	19,578	17,172	15,145	14,156	13,720
Financing costs	(6,804)	(6,045)	(6,202)	(6,345)	(5,346)	(4,470)	(3,558)	(2,981)
Net income and comprehensive income	$ 10,992	$ 14,429	$ 14,212	$ 13,233	$ 11,826	$ 10,675	$ 10,598	$ 10,739
Basic earnings per share	$ 0.25	$ 0.33	$ 0.33	$ 0.31	$ 0.27	$ 0.25	$ 0.25	$ 0.25
Diluted earnings per share	$ 0.25	$ 0.32	$ 0.31	$ 0.30	$ 0.27	$ 0.25	$ 0.25	$ 0.25
Dividends declared	$ 9,854	$ 9,822	$ 9,785	$ 19,707	$ 9,706	$ 9,675	$ 9,648	$ 12,620

Results of operations – Three months ended September 30, 2023

For the three months ended September 30, 2023, mortgage interest and fees revenues aggregated $25,211, compared to $20,393 in the comparative period, an increase of 23.6%. 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 third quarter of 2022. The higher weighted average interest rate was driven by higher benchmark market rates compared to the prior period. 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 11.49% at September 30, 2023, compared with 10.04% at September 30, 2022. We generated net rental income of $201 for the three months ended September 30, 2023 from our investment properties compared to net rental income of $241 for the three months ended September 30, 2022 as a result of the disposition of the 90 unit property in Regina in the current quarter.

Operating expenses, excluding the provision for mortgage losses for the three months ended September 30, 2023 were $2,394, compared to $2,348 in the comparative period, an increase of 2.0%. This increase is primarily due to higher mortgage servicing and management fees, offset by a decrease in professional fees. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $2,153 for the three months ended September 30, 2023, compared with $2,056 in the comparative period. This increase was due to a higher average mortgage portfolio balance in the period. Professional fees for the three month period ended September 30, 2023 of $24 decreased from $72 in the comparable period due to the reversal of legal fees accrued in the prior quarter. Other expenses include the recovery of prior mortgage losses of $(220) in the quarter compared to $nil 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 $5,442 in the quarter, for a total allowance of $17,790 at September 30, 2023 compared to $1,114 in the comparative period and a total allowance of $9,476 at September 30, 2022.

Financing costs for the three months ended September 30, 2023 were $6,804, compared to $5,346 in the same period of 2022, an increase of 27.3%. Coupon rate interest on convertible debentures was $2,156 for the three months ended September 30, 2023 compared to $2,151 for the comparative period. Accretion and other costs were $422 for the three months ended September 30, 2023 compared to $421 for the comparative period. Interest expense on the credit facility was $4,106 for the three months ended September 30, 2023, up from $2,614 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the third quarter of 2023 (7.48%) compared to the third quarter of 2022 (5.13%) as a result of increases in the prime rate and banker's acceptance rates between the periods as well as a higher average balance outstanding over the comparable period.

Net income and comprehensive income for the three months ended September 30, 2023 was $10,992, a decrease of 7.1% from net income and comprehensive income of $11,826 for the same period in the prior year. Basic and diluted earnings per common share were $0.25, for the three months ended September 30, 2023, compared with $0.27 basic and diluted earnings per share for the comparable period.

During the three months ended September 30, 2023, we funded mortgages receivable aggregating $120,777. Of those advances, $103,717 were first mortgages, representing 85.9% of the total loans funded. British Columbia

advances were $10,658, advances of $nil were on properties in Alberta, $13,488 were non-GTA Ontario and the remaining $96,631 were for mortgages on properties located in the Greater Toronto Area. There were $69,830 of repayments during the period.

Results of operations – Nine months ended September 30, 2023

For the nine months ended September 30, 2023, mortgage interest and fees revenues aggregated $72,040, compared to $54,902 in the comparative period, an increase of 31.2%. 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 nine 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 the 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 11.49% at September 30, 2023, compared with 10.04% at September 30, 2022. We generated net rental income of $627 for the nine months ended September 30, 2023 from our investment properties compared to net rental income of $310 for the nine months ended September 30, 2022. The increase was a result of an improvement in the vacancy rate and higher rents for the 90 unit property in Regina and the disposition of the 90 unit property in Regina. The comparable period also included repair costs incurred to the property in Regina.

Operating expenses, excluding the provision for mortgage losses and impairment of investment properties held for sale, for the nine months ended September 30, 2023 were $7,276, compared to $7,223 in the comparative period. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $6,259 for the nine months ended September 30, 2023, compared with $6,395 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 $(8) compared to a fair value adjustment of ($137) in the comparative period due to fluctuations in the share price during the periods. Director fees for the nine month period ended September 30, 2023 of $230 increased from $187 in the comparable period due to the appointment of a new director as well as travel expenses incurred by the directors in the current period. Professional fees for the nine month period ended September 30, 2023 of $193 increased from $184 in the comparable period due to increased audit fees. Operating expenses in the comparable period included an impairment of investment properties held for sale of $1,832 compared to $nil in the nine month period ended September 30, 2023. Recovery of prior mortgage losses in the nine month period ended September 30, 2023 was ($377) compared to ($1,000) in the comparable period. The provision for mortgage losses was $7,084 in the period, for a total allowance of $17,790 at September 30, 2023 compared to a provision of $684 in the comparative period for a total allowance of $9,476 at September 30, 2022.

Financing costs for the nine months ended September 30, 2023 were $19,051, compared to $13,374 in the same period of 2022, an increase of 42.4%. Coupon rate interest on convertible debentures was $6,476 for the nine months ended September 30, 2023 compared to $6,018 for the comparative period. This increase was a result of the March 18, 2022 convertible debenture issuance being only partially outstanding in the comparable period. Accretion and other costs were $1,243 for the nine months ended September 30, 2023 compared to $1,134 for the comparative period. Interest expense on the credit facility was $11,000 for the nine months ended September 30, 2023, up from $5,851 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the nine months of 2023 (7.06%) compared to the nine months of 2022 (3.91%) as a result of increases in the prime rate and banker's acceptance rates between the periods as well as a higher average balance outstanding over the comparable period.

Net income and comprehensive income for the nine months ended September 30, 2023 was $39,633, an increase of 19.7% from net income and comprehensive income of $33,099 for the same period in the prior year. Basic and diluted earnings per common share were $0.91 and $0.88 respectively for the nine months ended September 30, 2023, compared with $0.77 and $0.76 respectively for the comparable period in the previous year.

During the nine months ended September 30, 2023, we funded mortgages receivable aggregating $261,450. Of those advances, $242,910 were first mortgages, representing 92.9% of the total loans funded. British Columbia advances were $34,139, advances of $640 were on properties in Alberta, $18,127 were non-GTA Ontario and the remaining $208,544 were for mortgages on properties located in the Greater Toronto Area. There were $252,158 of repayments during the period.

Liquidity and capital resources

At September 30, 2023, we had borrowings under the credit facility (excluding unamortized and prepaid financing costs) of $209,046. 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. On August 28, 2023, the company entered into an amendment to its existing credit facility in order to, among other things, extend the maturity date, increase the accordion from $35,000 to $60,000, and favorably amend the financial covenants. At September 30, 2023, we had five series of convertible debentures outstanding, with a total book value of $157,197 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 September 30, 2023, total debt was 43.1% of total assets (December 31, 2022 – 45.6%).

Changes in financial position

Cash provided by investing activities during the nine month period ended September 30, 2023 consisted of principal repayments received of $238,166, less advances of principal on mortgage loan investments of $243,148 for net cash advances of mortgage loan investments of $4,982.

Borrowings under our operating credit facility (excluding unamortized and prepaid financing costs) decreased to $209,046 at September 30, 2023, from $223,959 at December 31, 2022, due to proceeds from the disposition of investment property.

Accounts payable and accrued liabilities, including accrued convertible debenture interest, were $5,000 at September 30, 2023 compared to $7,041 at December 31, 2022. Dividends payable were $3,289 at September 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 $477,793 at September 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 September 30, 2023 were as follows:

As at September 30, 2023	Total obligation	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
Borrowings under credit facility	$236,898	$15,192	$221,706	$ –	$ –
Accounts payable and accrued liabilities	3,759	3,759	–	–	–
Accrued convertible debenture interest	1,241	1,241	–	–	–
Dividends payable	3,289	3,289	–	–	–
Convertible debentures	191,338	33,592	73,983	7,556	76,207
Total contractual obligations	$436,525	$57,073	$295,689	$7,556	$76,207

We have commitments to advance additional funds under existing mortgages of $49,843 and for new mortgages of $18,499 at September 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 September 30, 2023, we had $12,349 (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 September 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 $2,137 for the three month and $6,184 (including HST) for the nine month period ended September 30, 2023 (three and nine month period ended September 30, 2022 – $2,017 and $5,885). 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 nine month period ended September 30, 2023, CMCC reimbursed the company for share-based payment expenses of $26 and $89 respectively related to grants under the company's DSIP (three and nine months period ended September 30, 2022 – $11 and $11).

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 nine month period ended September 30, 2023 was $51 (nine months ended September 30, 2022 – $49).

Certain of the company's mortgages receivable are shared with other investors. As at September 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 September 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 September 30, 2023 (December 31, 2022 – $8,350). During the three and nine month period ended September 30, 2023, the company recognized net mortgage interest and fees of $nil and $377 (three and nine month period ended September 30, 2022 – $303 and $1,091) 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 nine month period ended September 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 nine month period ended September 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.

Interest rate benchmark reform

Various interest rates that are deemed to be "benchmarks" including the Canadian Dollar Offered Rate (CDOR) have been subject to proposals for reform. Following announcements by regulators, CDOR will cease to be published following a final publication on June 28, 2024. In July 2023, the Canadian Alternative Reference Rate working group introduced a "no new CDOR or Banker's Acceptance loan" milestone date of November 1, 2023 to facilitate a tapered transition for the loan market. The company has incorporated these developments into its efforts to transition to the new benchmark rate. The credit facility has been amended to facilitate the transition to the new benchmark and the company does not expect the transition to have a material impact.

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 September 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 43,857,343 were issued and outstanding at September 30, 2023, and 43,914,534 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 September 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.