



# Investor Presentation

March 2021

## **Important Disclosure**

The following presentation is for discussion purposes only. It is intended to give potential investors a brief overview of Ryan Mortgage Income Fund (“Ryan”). The historic returns discussed in the document are not indicative of future returns. If a potential investor is interested in Ryan, he/she should review Ryan’s Offering Memorandum (in particular the section outlining risk factors). We would also recommend potential investors review product with their financial advisor prior to investing. Furthermore, as highlighted in the Offering Memorandum section entitled “Conflict of Interest”, two directors of Ryan have a controlling and financial interest in Alpine Credits.

## Terminology

**MIC:** Mortgage Investment Corporation as defined by the Canadian Revenue Agency (CRA).

**Loan to Value (LTV):** The primary risk metric in the mortgage industry. It represents the total loans owing divided by the value of the property (at the time the mortgage was issued). For example, assume a client has a property worth of \$750k. The same client has a 1<sup>st</sup> mortgage of \$300k and a 2<sup>nd</sup> mortgage of \$100k. The LTVs would be as follows:

$$\begin{array}{l} \text{1st Mortgage LTV:} \qquad \qquad \qquad \frac{\$300,000}{\$750,000} \qquad \qquad \qquad = \mathbf{40.00\%} \end{array}$$

$$\begin{array}{l} \text{2nd Mortgage LTV:} \qquad \qquad \qquad \frac{(\$300,000 + \$100,000)}{\$750,000} \qquad \qquad \qquad = \mathbf{53.33\%} \end{array}$$

**Loss Provision:** The annual amount of profit held back in order to protect the portfolio from future losses.

**Annual Return:** Always net to shareholder (i.e. after our financial services fee).

## Ryan Mortgage Overview

- **Ryan Mortgage** was established in 1984.
- It is a Mortgage Investment Corporation (MIC) as per the Canadian Income Tax Act.
- All MICs are “Flow Through Investments” in which 100% of profits are distributed annually to the participating shareholders.
- Ryan Mortgage Income Fund focuses exclusively on Canadian residential mortgages.
- Over the past 10 years, Ryan Mortgage has consistently provided its shareholders with a positive yield ranging from 9.05% to 9.92%.

## Ryan Mortgage – Investment Objectives & Policies

### **Investment Objectives – Fiscal 2021**

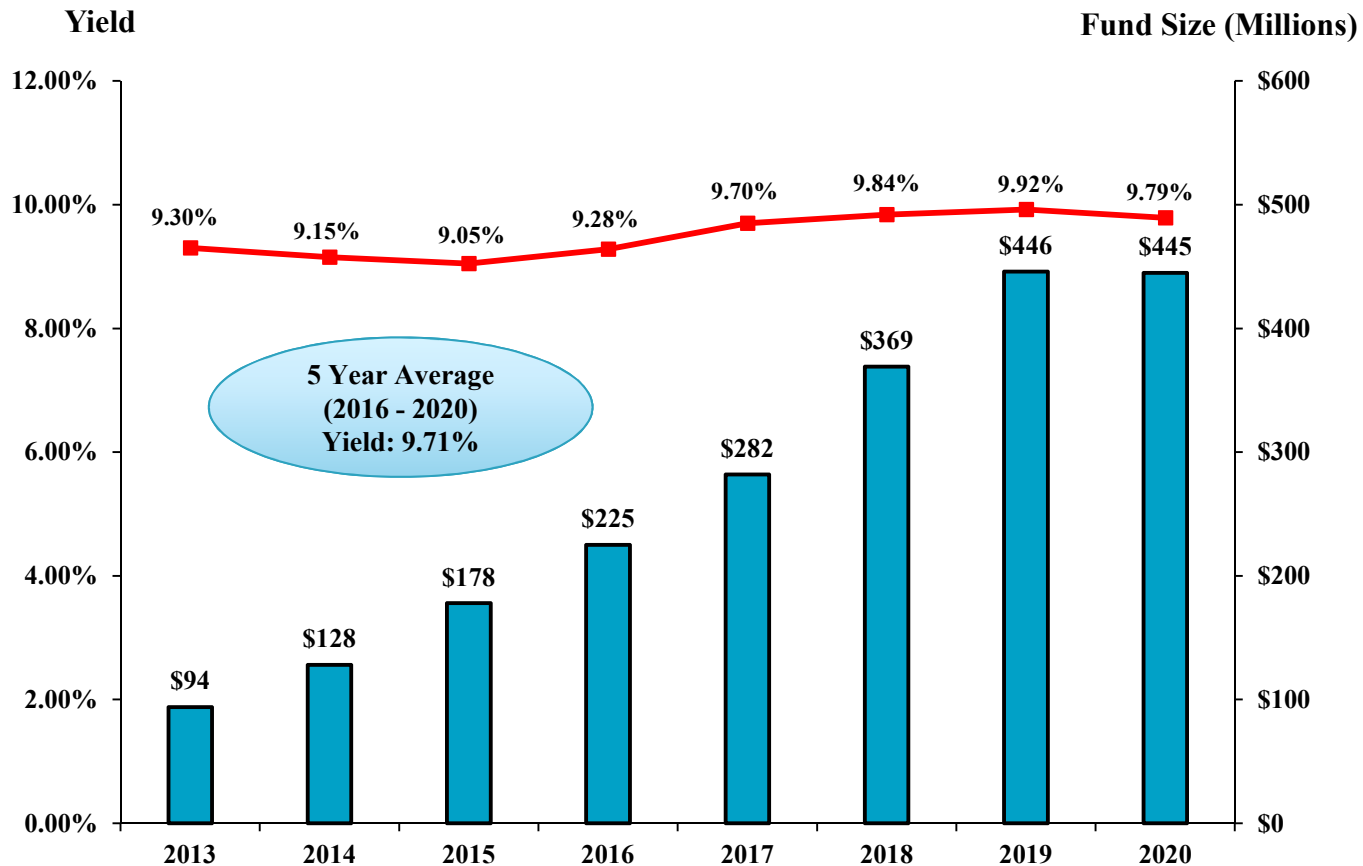
- To earn the preferred shareholders a net return of 9.25%.
- Capital preservation.
- Maintain a weighted average loan to value of less than 60% of the total mortgage portfolio (current loan to value is 56.9%).
- To maintain an average mortgage size below \$95,000.

### **Key Investment Guidelines\***

- All investments must be secured by mortgages on Canadian real estate.
- The loan to value on each individual mortgage may not exceed 75%.
- All mortgages require a recent independent property appraisal prior to investing.
- No more than 10% of the portfolio can be invested in commercial properties.
- No individual mortgage can account for more than 2% of the portfolio.

\*Unless otherwise approved by the Board of Directors

## Ryan Mortgage: Assets Managed & Annual Yield



*\*Fund Size and Yield as of Year End December 31st.  
2019 & 2020 Yield assuming reinvestment of all monthly dividends.  
Full details available by OM and Audited Financial Statements.*

## Fund Strategy: Mortgage Origination & Administration

- Critical to any mortgage fund's success is its ability to source high quality loans. Most industry mortgage funds rely on its relationship with 3<sup>rd</sup> party mortgage brokers to source their mortgages.
- Ryan's strategy is unique in that it bypasses the "middle man" and goes direct to borrowers via its Financial Services providers: Alpine Credits & Sequence Capital.\*
- Alpine Credits has been involved in the private mortgage market since 1969.
  - Recognized brand with significant advertising budget focused exclusively on private mortgages.
  - Proprietary IT & business systems.
  - Over 90 employees in a central location allowing for economies of scale to administer a very large volume of loans.
  - "Geographically Agnostic" marketing strategy - allowing Alpine Credits to shift markets based on current market conditions:
    - Advertising can be used in any province.
    - Loans officers are licensed in multiple provinces.

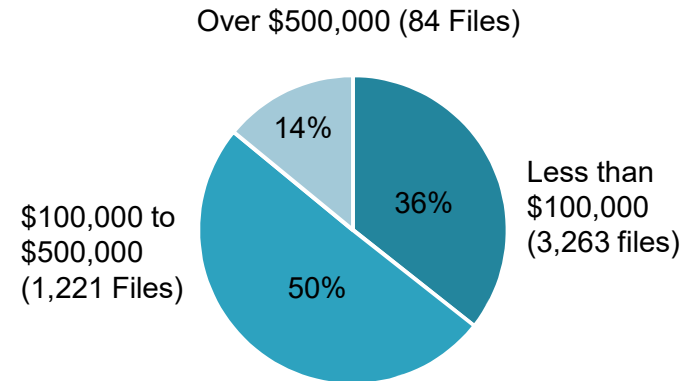
**This relationship with Alpine Credits provides Ryan Mortgage with a distinct competitive advantage over other Private Mortgage funds.**

\*Alpine Credits is owned by two directors of Ryan Mortgage.

## Fund Strategy: Risk Mitigation

- Our proprietary business model allows us to manage a very large volume of mortgages (currently 4,568).
- Our preference is to invest in a lot of small loans rather than a few large loans – reducing our exposure per file.
- On second mortgages, the fund managers tend to invest in smaller exposure loans.
- At \$98,000, we have one of the lowest exposures per file in the industry.

### Mortgage Size % Value

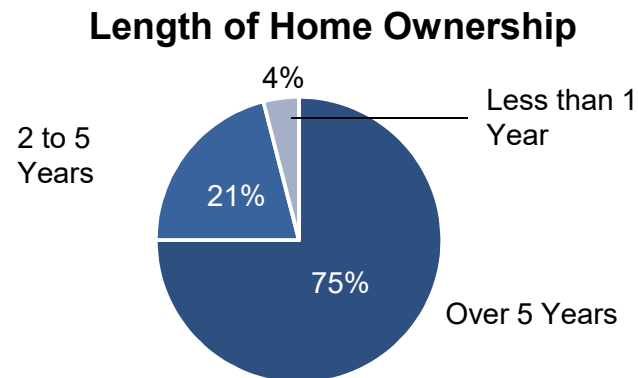


### Mortgage Exposure

Position	# Files	Total Value	LTV	Average Exposure
First	658	\$120M	50.0%	\$183k
Second	3,493	\$278M	60.4%	\$79k
Other	417	\$49M	53.5%	\$118k
<b>TOTAL</b>	<b>4,568</b>	<b>\$447M</b>	<b>56.9%</b>	<b>\$98k</b>

## Fund Strategy: Risk Mitigation

- We focus on residential real estate – in particular people’s primary residence.
  - All properties have an independent appraisal completed prior to funding.
  - Lower exposure and more liquid than commercial mortgages.
  - Primary residence tends to be more than simply an asset (average ownership ~ 12 years).



- The Fund is geographically diversified across BC (39%), Alberta (13%), Ontario (47%) and Quebec (1%) – reducing concentration risk in any one market.
- 99% of the fund’s mortgage terms are less than 2 years and 80% are less than 1 year.



## Risk Mitigation: Loss Protection

- Each year, the Board keeps what it believes to be an adequate loss provision in order to insulate the fund against future losses. This is in place for further risk mitigation in order to protect Ryan’s capital base.

Year	Portfolio Size Start of Year	Loss Provision Start of Year	Loss Provision as % Portfolio	Actual Loss End of Year	% Actual Loss vs. Portfolio Value
2014	\$93 M	\$2.3 M	2.40%	\$64,000	0.07%
2015	\$127 M	\$2.5 M	1.90%	\$680,000	0.53%
2016	\$178 M	\$3.8 M	2.10%	\$861,000	0.48%
2017	\$222 M	\$5.4 M	2.31%	\$451,000	0.20%
2018	\$282 M	\$6.4 M	2.28%	\$1,292,000	0.44%
2019	\$369 M	\$7.0 M	2.10%	\$1,015,000	0.28%
2020	\$446M	\$8.9 M	2.00%	\$628,000	0.14%
2021	\$445M	\$9.5 M	2.13%	TBD	TBD

## Capital Structure, Regulatory & Governance

- There are approximately \$405 Million preferred shares outstanding (~1,400 accounts).
- The Company has a very simple capital structure:
  - (i) 1 Preferred Share = \$1.00 = 1 Vote
  - (ii) Preferred Shares receive 100% profits
- Leverage is employed with an operating line of credit of \$90 Million priced at Prime + 0.75%.

### Regulatory Oversight

Province	Investors	Mortgage Lending Activities
BC	BC Securities Commission	British Columbia Financial Services Authority
AB	Alberta Securities Commission	Real Estate Council of Alberta
ON	not authorized to distribute	Financial Services Regulatory Authority of Ontario

- Management is also subjected to Monthly Bank Audits, Quarterly Board Reviews & an Annual Financial Statement Audit (MNP LLP).

## Fund Performance – Key Metrics

Since inception (1984) Ryan’s portfolio has always been profitable with minimal loan losses. Over the past 10 years Its returns have ranged from 9.05% to 9.92%.

Year	Portfolio Size	Yield	Losses Incurred	Losses Incurred as % Portfolio
2011	\$43 Million	9.10%	\$0	0%
2012	\$68 Million	9.25%	\$15,000	0.02%
2013	\$94 Million	9.30%	\$99,000	0.14%
2014	\$128 Million	9.15%	\$64,000	0.07%
2015	\$178 Million	9.05%	\$681,000	0.53%
2016	\$225 Million	9.28%	\$861,000	0.48%
2017	\$282 Million	9.70%	\$451,000	0.20%
2018	\$369 Million	9.84%	\$1,292,000	0.44%
2019	\$446 Million	*9.92%	\$1,015,000	0.28%
2020	\$445 Million	*9.79%	\$628,000	0.14%

*\*2019 & 2020 Yield, assuming reinvestment of all monthly dividends*

## Ryan Mortgage – Summary

<b>Established:</b>	1984
<b>Type of Fund:</b>	Mortgage Investment Corporation (MIC)
<b>Investment Focus:</b>	Canadian Residential Mortgages
<b>Taxation:</b>	Flow Through Investment (taxes paid at the personal level as interest income)
<b>Funds Under Management:</b>	\$447 Million
<b>Line of Credit:</b>	\$36 Million
<b>Most Recent Return (2019):</b>	9.79%
<b>5 Year Historic Return:</b>	9.71% (high: 10.61% low: 9.28%)
<b>Capital Structure:</b>	1 share = \$1.00 = 1 vote
<b>Insider Holdings**:</b>	19 Million Shares (4.9% of total shares)

\*\*Directors, Officers & their families.

## Ryan Mortgage – Board of Directors & Officers

### **Kurt Wipp, President & Director**

Kurt has over 20 years of experience in finance, marketing and business operations including roles involving private equity investments, structured finance, capital allocation and investment banking. He holds an MBA from studies at the University of British Columbia and Università Bocconi (Italy), a Joint Honors degree in Economics and Business from Simon Fraser University and has studied at various world-class business schools including the Wharton School of Business, Columbia University, Chicago School of Business and the Oxford Said Business School (UK).

### **Brent Wipp, Director**

Brent has been involved in the Western Canadian private mortgage market and consumer finance business since 1983 and has been on Manchester's board as a director since its inception. He holds a mortgage broker's license in Alberta and British Columbia and received his Diploma of Technology from Selkirk College.

### **Kevin Budd, Director**

Kevin is President of Pacific Southshore Ventures & Monashee Capital Corps. Kevin manages multiple investments in private business and provides M&A advisory and general corporate finance advisory. Prior to this, Mr. Budd was a Senior Officer and Vice President of Methanex Corporation whose responsibilities were leading transaction and capital markets activities. He holds an MBA from studies at the University of British Columbia and the London Business School (United Kingdom). He is a professional engineer and received an honors degree in Mechanical Engineering from Waterloo University.

### **Harvey Wipp, Director**

Harvey is the founder of Ryan Mortgage and Alpine Credits. He has in excess of 45 years experience in consumer loans and mortgage finance and is a licensed mortgage broker in both British Columbia and Alberta.

### **Victor Yates, Director**

Victor Yates has 46 years of financial, appraisal, real estate, building and development experience. He was a mortgage manager/appraiser for The Royal Trust Company before starting his own appraisal and development company. He is a retired AACI appraiser and is currently a director of Inter-Continental Mortgage Corporation, Continental Appraisals Ltd. and Hycroft Realty Limited. He is an entrepreneur having experience in the financial, building and development fields of residential and multifamily, manufactured homes, care facilities, commercial and tourist facilities throughout the province of British Columbia. He presently sits on the board of a publicly traded TSX exchange company.