



# RESCO Mortgage Investment Corporation

October 31st, 2021

This document contains key information you should know about RESCO Mortgage Investment Corporation (the "Corporation"). You can find more details about this in our Offering Memorandum. Ask your Exempt Market Dealer Representative for a copy or contact RESCO Mortgage Investment Corporation at 1-866-737-2611 or email [info@rescominc.ca](mailto:info@rescominc.ca)

## QUICK FACTS As October 31st, 2021

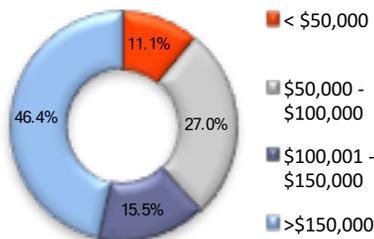
ISSUER	RESCO Mortgage Investment Corporation	MANAGEMENT FEE	Up to 1.50% per annum
SECURITIES	Class B Preferred Shares	UNIT PRICE	\$10.00 per share
INCEPTION DATE	March 31st, 2014	PORTFOLIO SIZE	\$64,005,821.10
FUND MANAGER	Radiance Mortgage Brokerage Inc. (Licence 12430)	CURRENT YIELD	8.00% per annum
MORTGAGE ADMINISTRATOR	5C Capital Inc. (Licence 12431)	DISTRIBUTIONS	Monthly on the 15th of each month
AUDITOR	Rosenswig McRae Thorpe LLP Chartered Accountant	MINIMUM INVESTMENT	\$10,000
SECURITIES LAWYER	Gowling WLG (Canada) LLP	SUBSEQUENT INVESTMENT	\$5,000
TRUSTEE	Olympia Trust / Western Pacific Trust / Computershare Trust	INVESTMENT PLANS	RRSP and TFSA Eligible

## WHAT DOES THE CORPORATION INVEST IN?

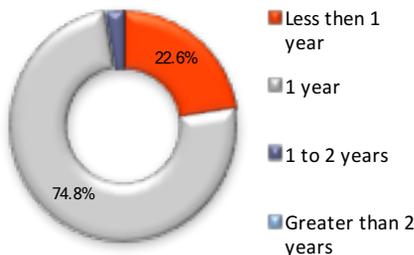
The Corporation invests primarily in first and second mortgages secured by residential properties located in major urban centres in Canada. Mortgage terms are typically 6 to 24 months which minimizes real estate price fluctuation risk, interest rate risk and duration risk.

RESCO MIC currently has 226 mortgages with a total principal outstanding of \$56,808,650.68, which comprises of 55 first mortgages, 166 second mortgages, and 5 third mortgages. The Corporation's mortgages are all secured by properties in Ontario, Manitoba and Alberta. Currently, 100% of the portfolio is in residential mortgages.

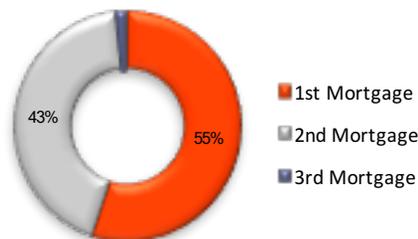
Mortgage Size



Mortgage Term



Mortgage Position (\$)



## RISK FACTORS

The value of the investment can go down as well as up. One way to gauge risk is to look at how much an investment's returns change over time which is called "volatility". Investments with higher volatility will have returns that change more over time. Since inception, RESCO MIC has been generating a steady and consistent return of 8% per annum, paid monthly.

Like most other investments such as stocks or mutual funds, this investment is not guaranteed by CDIC (Canada Deposit Insurance Corporation).

## INCOME TAX TREATMENT

You will have to pay income tax on any money you earned from an investment. How much you need to pay depends on the tax rates where you live and whether or not you hold investment in a registered plan, such as Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA). Keep in mind that if you hold your investment in a non-registered account, distributions are included in your taxable income, whether you choose to receive them in cash or have them reinvested. Distributions are considered as interest income and you will receive a T5 at the end of the year.



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### WHY INVEST?

Secured by Canadian real estate  
 Consistent yield of 8% per annum since inception  
 Low volatility that gives you peace of mind  
 Lack of developmental risk - portfolio consists of existing properties  
 Annual audit required by CRA under Income Tax Act Section 130.1  
 Minimum investment of only \$10,000

### THIS INVESTMENT IS FOR INVESTORS WHO:

Seek monthly income from their investment  
 Prefer investment secured by Canadian Real Estate  
 Want passive income with potential higher yield  
 Diversify their RRSP or TFSA investment portfolio with a fixed-income product  
 Plan to hold their investment for medium to long term  
 Does not require immediate access to their investment

### PORTFOLIO PERFORMANCE as of October 31st, 2021

This chart shows the rate of return to holders of the Corporation's Class B Preferred Shares each year since inception.

Performance based on an investment of \$150,000 since March 2014					
2016	2017	2018	2019	2020	Since Inception(\$)
8%	8%	8%	8%	8%	\$274,594.43

\*Rate of return is not guaranteed, terms and conditions may apply.

	Mortgage Amount	Weighted Average Interest Rate	Loan-to-Value
Ontario	\$56,461,707.00	9.37%*	68.88%
Manitoba	\$277,943.68	12.88%	81.53%
Alberta	\$69,000.00	14.99%	80.00%
TOTAL	\$56,808,650.68	9.41%*	69.07%

\*Estimate Adjusted Rate

### MARKET OVERVIEW

#### Bank of Canada Ends Bond-Buying, Accelerates Timing of Future Rate Hikes

The Bank of Canada recently announced it is ending its bond-buying stimulus program, a quantitative easing program implemented as a response to the initial COVID-19 wave in March of 2020. The program inserted hundreds of billions into the financial system to stimulate economic activity by reducing borrowing costs. Further, the BoC indicated it may hike rates as early as April 2021 in order to combat growing inflation. The current benchmark interest rate of 0.25% remained unchanged for the time being.

Related to an interest rate hike, mortgage rates are expected to increase in the new year. It is worth noting that even in an event of a rate hike, borrowing costs would remain significantly lower than in 2017 and 2018. Renewed immigration, increased employment, and new home buying incentive programs are expected to be mitigating factors to higher rates.

### ABOUT THE BOARD OF DIRECTORS

The Corporation is led by a group of financial professionals who each bring experience and expertise in their respective fields such as banking, mortgage lending, real estate development, risk management and portfolio management.

### FOR MORE INFORMATION ABOUT RESCO MIC

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### DISCLAIMERS

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