

Armada Mortgage

Quarterly Newsletter

A Message from the President

Dear Fellow Shareholders, Friends, and Family,

As we look towards a brighter 2022, we reflect on the past year. The real estate market in 2021 closely resembled 2020; one of significant price increases and low housing supply. Currently, COVID is seemingly more manageable, and everyone is looking forward to getting back on track with life.

Armada's mortgage portfolio reflects general housing trends. Recent data reports an increased number of Open Term mortgages due to sales and refinances, challenging our goal to stay in the line of credit. Similar to 2020, continuing nationwide staffing shortages are slowing funding paces amid the high volumes. There is pressure to lend at lower rates in order to keep up with rate competition in the industry as a whole, thus lenders are struggling to keep their funds invested, and risk tolerance has increased. The extreme valuation levels that homeowners and yield-hungry investors were willing to accept will probably shift into a lower gear in Q2, as the Bond Market yields rise and the major Banks match with mortgage rate increases.

Our 2021 portfolio had an increase in activity, with a volume of \$47.9M in mortgages funded versus the \$42M in 2020. Moreover, we had \$23M in mortgage discharges for 2021 versus \$16M in 2020; proving a challenging increase in turnover for 2021. Although, Armada keeps the LTV low at 47% for continued risk management efforts in our tumultuous housing market, and yet in spite of that, we expect our final return to be similar to last year! Armada's yield is expected to slowly rise as mortgage rates increase and make their way to the consumer. 2021 Audited Financial Statements will be out soon.

It has been a difficult year for all, but our staff have stayed strong and put in extended efforts to ensure Armada continues to sail smoothly. We hope that you can attend our zoom AGM presentation where we can elaborate on that progress - it would be great to see another full turnout! If you are not a current investor but would like to attend, please contact us for details, as we would be happy to hear from you.

Sincerely,
Gordon Hone

Goals Set for 2021 at last AGM:

- **Goal:** Preserve Shareholder Capital - LTV <60%
- **Goal:** Grow Armada's shareholder base - equity > 15%
- **Goal:** Utilize the 5 million TD line of Credit at >= 60%
- **Goal:** Maintain the average size of 1st & 2nd Mortgages
- **Goal:** Increase the number of 2nd mortgage to >=30%
- **Goal:** If conditions allow, distribute portfolio to 35% outside of BC

New Year and 2022

This year's TFSA limit remains at \$6,000 for Total Contribution Room since the inception of the TFSA at \$81,500 (earned interest is not included in this total).

Results in 2021:

- **Update:** Weighted average LTV was 47%
- **Update:** Shareholder Equity growth 12%
- **Update:** Avg. LOC Utilization was 29%
- **Update:** Avg. Mtg Size increased by 3%
- **Update:** 2nd Mtg make up 30% of portfolio
- **Update:** Portfolio Distribution outside BC = 36%; ON up from 27% to 30%, AB up from 3% to 6%

QUICK FACTS :

- Portfolio Weighted Average LTV 47%
- Average Mortgage \$229,621
- 2021 Projected Net Return to Investors 6.6%
- Monthly Dividend 5.5%

A FEW RECENT FUNDING'S

WE FUNDED \$9.3 MILLION IN NEW MORTGAGES IN THE LAST QUARTER.

| Principal | Position | Location | LTV |
|-----------|----------|-------------|-----|
| \$425,500 | 1st | Toronto | 50% |
| \$114,440 | 2nd | Maple Ridge | 44% |
| \$213,780 | 2nd | Abbotsford | 54% |
| \$344,000 | 1st | Kingston | 45% |
| \$442,967 | 1st | Chilliwack | 64% |
| \$196.621 | 2nd | Surrey | 47% |

PORTFOLIO DISTRIBUTION AS AT DEC. 30, 2021

| Region | Number of Mortgages | First Mortgage | Second Mortgage | Total Mortgage Value | Average LTV |
|--------------------------|---------------------|---------------------|---------------------|----------------------|---------------|
| Central Vancouver Island | 2 | \$210,176 | \$50,000 | \$260,176 | 47.76% |
| Fraser Valley | 44 | \$8,394,113 | \$2,262,424 | \$10,656,537 | 42.28% |
| Kamloops | 1 | \$ - | \$57,000 | \$57,000 | 57.24% |
| Kelowna | 8 | \$991,297 | \$420,003 | \$1,411,300 | 47.40% |
| North Fraser | 8 | \$1,087,923 | \$396,723 | \$1,484,646 | 47.81% |
| North Shore | 5 | \$665,943 | \$440,000 | \$1,105,943 | 47.73% |
| Richmond/Delta | 4 | \$ - | \$594,985 | \$594,985 | 49.27% |
| Surrey/White Rock | 26 | \$3,351,187 | \$2,413,929 | \$5,765,116 | 47.89% |
| Vancouver | 10 | \$1,814,251 | \$680,714 | \$2,494,965 | 38.04% |
| Vernon | 3 | \$600,862 | \$120,000 | \$720,862 | 51.70% |
| Victoria | 4 | \$760,000 | \$370,141 | \$1,130,141 | 53.07% |
| Alberta | 13 | \$2,071,308 | \$335,000 | \$2,406,308 | 53.22% |
| Hamilton | 4 | \$847,437 | \$172,900 | \$1,020,337 | 44.75% |
| Kitchener-Waterloo | 1 | \$ - | \$230,000 | \$230,000 | 59.56% |
| Ontario Other | 12 | \$2,350,326 | \$1,117,900 | \$3,468,226 | 46.18% |
| Ottawa | 2 | \$ - | \$247,000 | \$247,000 | 60.20% |
| Toronto CMA | 28 | \$4,983,904 | \$2,146,175 | \$7,130,079 | 47.11% |
| Total | 175 | \$28,128,727 | \$12,054,894 | \$40,183,621 | 46.91% |



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"Courage taught me no matter how bad a crisis gets... any sound investment will eventually pay off."
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- Carlos Slim Helu

Contact Us Today

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