Financial statements of

Valmor Mortgage Investment Corporation

December 31, 2016

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Table of contents

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Independent Auditor's Report

To the Shareholders of
Valmor Mortgage Investment Corporation

We have audited the accompanying financial statements of Valmor Mortgage Investment Corporation, which comprise the statement of financial position as at December 31, 2016, and the statement of earnings and total comprehensive income, statement of changes in equity and statement of cash flows for the period from date of incorporation on June 28, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Valmor Mortgage Investment Corporation as at December 31, 2016, and its financial performance and cash flows for the period from date of incorporation on June 28, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
March 24, 2017
Calgary, Alberta

Valmor Mortgage Investment Corporation

Statement of earnings and total comprehensive income period from date of incorporation June 28, 2016 to December 31, 2016

(In Canadian dollars)

	December 31, 2016 (184 days)
	$
Revenue	**5**
Expenses	**5**
Earnings before income taxes	-
Deferred income tax recovery (Note 10)	**316**
Net earnings and total comprehensive income	**316**

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Statement of changes in equity
period from date of incorporation June 28, 2016
to December 31, 2016

(In Canadian dollars)

	Capital stock	Retained earnings	Total
	$	$	$
Balance, June 28 2016	-	-	-
Issuance of capital stock (Note 7)	10	-	10
Net earnings for the year and total comprehensive income	**-**	**316**	**316**
Balance, December 31, 2016	**10**	**316**	**326**

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Statement of financial position
as at December 31, 2016

(In Canadian dollars)

	December 31, 2016
	$
Assets	
Cash (Note 6)	**115,860**
Deferred income taxes (Note 10)	**316**
	116,176
Liabilities	
Class A shares (Note 8)	**115,850**
	115,850
Shareholders' equity	
Capital stock (Note 7)	**10**
Retained earnings	**316**
	326
	116,176

Approved by the Board

______________________________ Director

______________________________ Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Valmor Mortgage Investment Corporation

Statement of cash flows
period from date of incorporation June 28, 2016
to December 31, 2016
(In Canadian dollars)

	December 31, 2016 (184 days)
	$
Operating activities	
Net earnings	316
Finance income	(5)
Finance income received	5
Deferred tax recovery (Note 10)	(316)
	-
Financing activity	
Issuance of capital stock (Note 7)	10
Issuance of Class A shares (Note 8)	115,850
	115,860
Net increase in cash	115,860
Cash, beginning of period	-
Cash, end of year	115,860

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Nature of operations

Valmor Mortgage Investment Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on June 28, 2016. The address of the registered office and principal place of business is Suite 1800, 555 - 4th Avenue S.W. Calgary, Alberta T2P 3E7.

The Company operates as a mortgage investment corporation, carrying on the business of investing directly or indirectly in mortgages granted as security for loans to builders, developers and owners of commercial, industrial and residential real estate located in various provinces of Canada.

The Company invests in mortgages originated, structured and advanced by CareVest Capital Inc. (“CCI”) under an agreement with CCI.

The Company has appointed Carecana Management Corp. (“Carecana”) as its investment fund manager and restricted portfolio manager pursuant to a management agreement.

The financial statements were approved by the directors, Mr. Mike Helfer and Ms. Shauna Campbell, and authorized for issue on March 24 2017.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Basis of preparation

The financial statements have been prepared on a going concern basis and measured at historical cost except for financial instruments classified as at fair value through profit or loss (“FVTPL”), which are measured at fair value. These financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. Historical cost is based on the fair value of the consideration given in exchange at the transaction date.

General

The Company’s financial statements are prepared using the significant accounting policies described in Note 3. These policies have been applied throughout the year unless otherwise stated.

3. Significant accounting policies

Cash

The Company’s policy is to disclose bank deposit balances under cash, including cash and short-term investments in money market instruments (if held), net of outstanding bank overdrafts including cash held in trust by Carecana Settlement Corp. All components are liquid and any short-term investments have an original maturity of less than three months.

Revenue recognition

The Company purchases mortgage investments from CareVest Capital Inc. (“CCI”). Finance income is accounted for on an accrual basis and is measured at the fair value of the consideration received or receivable.

Finance income

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably**.** Interest revenue is accrued on a timely basis, by reference to the principal outstanding balance and at the terms of the mortgage commitment it relates to.

In the event of mortgage impairment, interest income will be recognized using the rate of interest used to discount the future cash flows in measuring the impairment.

3. Significant accounting policies (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions are not recognized for future operating losses.

Financial instruments

Financial assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (“FVTPL”), which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company has classified its financial assets as follows:

Cash	Loans and receivables

Effective interest method

The effective interest method is a method of calculating the amortized cost of financial assets and liabilities and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets - loans and receivables

Cash is classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets - impairment of financial assets

At each reporting date, the Company assesses whether there is any evidence that a financial asset or group of financial assets is impaired. The Company reviews the carrying amounts of its financial assets recorded at amortized cost to determine whether there is objective evidence that those financial assets have suffered an impairment loss. A financial asset, or group of financial assets, is impaired when objective evidence demonstrates that the estimated future cash flows for the financial asset or group of financial assets have been negatively impacted. If an impairment loss has occurred, the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - impairment of financial assets (continued)

future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in profit and loss and classified as an impairment expense.

Financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If the impairment is later recovered, the recovery is credited to profit and loss and classified as finance income.

Financial assets - derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset. A transfer is considered to have occurred if the Company transfers the contractual rights of the cash flows, or if it retains the rights to the contractual cash flows, but assumes an obligation to pay these cash flows to another recipient. If it is determined that the Company has transferred a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the Company will derecognize it. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the Company will continue to recognize the asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities - classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. The Company has classified non-voting preferred shares retractable at the option of the holder as liabilities.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has classified its financial liabilities as follows:

Class A shares	Other financial liabilities

Equity

Capital stock is recorded at the value of the shares issued. Costs directly related to the issuance of shares are reported as a reduction from equity, net of tax effects.

Dividends are included under liabilities in the period in which the dividend is declared and approved by the Board of Directors, until they are paid by the Company.

Class A shares

Class A shares, which are retractable and redeemable, are initially recorded at fair value, net of any costs that are directly related to the issuance of the shares. International Accounting Standard 39, Financial Instruments: Recognition and Measurement (“IAS 39”), requires the preferred shares to be recorded at the retraction price. The shares are subsequently measured and recorded at the retraction price. The retraction price is calculated using the net asset value (“NAV”). The dividends on these preferred shares and any retraction gains or losses are recognized in profit or loss.

3. Significant accounting policies (continued)

Dividends

Dividends paid on preferred shares are accounted for as an expense of the Company and comprise the interest earned less all expenses of the Company.

4. Future accounting changes

IFRS 9, Financial Instruments

IFRS 9, “Financial Instruments” (“IFRS 9”), issued by the IASB on November 12, 2009 and subsequently revised in July 2014, will replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard outlines the criteria used to determine whether debt instruments are measured at amortized cost, fair value or at fair value through OCI. The new standard also requires an expected credit loss model for impairment of financial assets to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of IFRS 9 on its Financial Statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), issued by the IASB in May, 2014, will replace IAS 18 “Revenue” (“IAS 18”). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It sets out the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. A five step approach to recognizing revenue is prescribed by IFRS 15 and focusses on control of the goods or services being transferred to the customer. Enhanced disclosure requirements are also required by the new standard. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company has not yet determined the impact of IFRS 15 on its Financial Statements.

5. Critical accounting judgments and key source of estimation uncertainty

In the application of the Company’s significant accounting policies, which are described in Note 3, the Company will be required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company’s accounting policies, the directors have made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements.

Critical judgments in applying accounting policies

Financial instruments

The Company’s accounting policies relating to financial instruments are included in Note 9. The critical judgments inherent in these policies relate to applying the criteria set out in IAS 39 to designate financial instruments as either FVTPL, loans and receivables, or other financial liabilities. The measure of each financial instrument is based on their classification.

(In Canadian dollars)

5. Critical accounting judgments and key source of estimation uncertainty (continued)

Critical accounting estimates and assumptions

These are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management has not had to make any estimates or assumptions at this point in time.

6. Cash

For the purposes of the statement of cash flows, cash includes cash on deposit and cash held-in-trust. Cash at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	December 31, 2016
	$
Operating deposit bank account	**524**
Cash held in trust (Note 10)	**115,336**
	115,860

7. Capital stock

Authorized, unlimited number

Voting shares redeemable

Issued	**December 31, 2016**
	$
1,000 voting shares	**10**

Voting shares are fully paid, without a par value and carry one vote per share and redeemable at the option of the Company.

8. Class A shares

Authorized, unlimited number

Class A shares, non-voting, purchasable for cancellation, retractable and redeemable

Class B shares, non-voting, purchasable for cancellation, retractable and redeemable

Class C shares, non-voting, purchasable for cancellation, retractable and redeemable

Class F shares, non-voting, purchasable for cancellation, retractable and redeemable

Class I shares, non-voting, purchasable for cancellation, retractable and redeemable

Issued	**December 31, 2016**
	$
11,702 Class A shares	**115,850**

Class A, B, C, F, and I shares are not entitled to vote. The Class A, B, C, F, and I shares are entitled to receive distributions. Any distribution declared on the respective class of shares will be payable out of that class of shares pro rata portion of the funds available with respect to all classes of shares. Class A, B, C, F and I shares can be purchased for cancellation or redeemable, at the option of the Company. Class A, B, C, F and I shares are retractable at the option of the holder.

In the event of a liquidation, dissolution or winding up or distribution of assets of the Company, pari passu with the voting shares, the holders of i) the Class A shares shall be entitled to receive from the assets of the Company for each Class A share an amount, in cash or property, equal to the NAV per Class A share, ii) the Class B shares shall be entitled to receive from the assets of the Company for each Class B Share an amount, in cash or property, equal to the NAV per Class B share, iii) the Class C shares shall be entitled to receive from the assets of the Company for each Class C share an amount, in cash or property, equal to the NAV per Class C share, iv) the Class F shares shall be entitled to receive from the assets of the Company for each Class F share an amount, in cash or property, equal to the NAV per Class F share, and v) the Class I shares shall be entitled to receive from the assets of the Company for each Class I share an amount, in cash or property, equal to the NAV per Class I share. The Class A shares shall rank equally with each other and the Voting Shares, but in priority to any shares ranking junior to the Class A shares.

Cancellation rights

The Company may at any time purchase shares for cancellation at a price per share not exceeding the NAV per share of that class of share on the business day immediately prior to such purchase.

Redemption rights

The Company may redeem at any time and from time to time in its sole discretion, by providing written redemption notice to the holder, any outstanding class of shares on payment in cash for each share of an amount not less than the NAV per share, calculated as at the end of the business day immediately preceding the redemption date.

Retraction provisions

Each holder of shares shall be entitled to present and surrender for retraction at any time during a quarterly retraction notice period, in respect of all or any part of shares registered. Each retracting shareholder who elects to present a retraction request to the Company for retracting shares must deliver a valid retraction request in the form specified by the Company, to such place or places in Canada as shall be specified by the Company from time to time. The retracting shareholder must surrender the original share certificates issued, if any, for the retracting shares. Retracting shareholders whose

8. Class A shares (continued)

retracting shares are surrendered for retraction will be entitled to receive a retraction price per retraction share equal to the amount of the applicable NAV per share calculated as of the last business day of the month immediately preceding the applicable retraction date, less the early retraction charges if applicable. Payment of the proceeds of retraction will be made on or before the last business day of the month following the retraction date.

For any retraction date of the Company, the Company will not accept for retraction retracting shares representing more than 3% of the aggregate shares of each class outstanding on the first day of the applicable retraction notice period (the “Quarterly Limit”). In the event that the number of retracting shares tendered for retraction in respect of a retraction date exceeds the Quarterly Limit, unless such limits are waived by the Board of Directors pursuant to the articles of the Company, the Company shall retract the Quarterly Limit for the applicable retraction date on a pro rata basis. Pro rata calculations shall be rounded up to the next whole share amount as no fractional shares are permitted. Retracting shareholders who have submitted retracting shares to be tendered for retraction that exceed the Quarterly Limit ("Excess Quarterly Retracting Shares") do not need to re-submit a retraction request for the Excess Quarterly Retracting Shares for any subsequent retraction notice periods until the annual limit is reached for a given retraction date. Subject to the annual limit set forth in the articles of the Company, Excess Quarterly Retracting Shares will automatically be included in the next retraction date, and will be subject to the provisions set forth in the articles of the Company.

During any given calendar year of the Company, the Company will also not accept for retraction on any retraction date within such calendar year of the Company, retracting shares representing more than 12% of the aggregate shares of each class outstanding on January 1st of such calendar year (the "Annual Limit"). The Company will not accept further retraction requests for the balance of the calendar year once the Annual Limit has been reached. In the event that the number of retracting shares tendered for retraction in respect of a retraction date exceeds the Annual Limit ("Excess Annual Retracting Shares"), unless such limits are waived by the Board of Directors pursuant to the articles of the Company, the Company shall retract the Annual Limit on a pro rata basis. The pro rata amount will be paid over the remaining retraction dates in the calendar year and will be subject to the Quarterly Limit as set forth in the articles of the Company. Pro rata calculations shall be rounded up to the next whole share amount as no fractional shares are permitted. Any retracting shareholder holding Excess Annual Retracted Shares not retracted or paid in the calendar year will require a new retraction request to be submitted during the Company's next calendar year, and the new retraction request will be subject to the provisions set forth in the articles of the Company. The Company or Carecana shall notify shareholders via Carecana’s website once the Annual Limit in respect of a given calendar year of the Company is reached.

NAV

The NAV of the Company at any time means the aggregate value of all assets of the Company less the value of all liabilities of the Company at such time (including any accrual of any performance fee provided for in the management agreement); provided that, for the purposes only of calculating the NAV, the liabilities will be reduced by the stated capital of any shares to the extent that such stated capital is included in the value of liabilities of the Company.

9. Financial instruments and risk management

Financial instruments

<u>Fair value of financial instruments</u>

In determining the fair value of financial instruments, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect market-driven or market-based information obtained from independent sources, while unobservable inputs reflect the Company’s estimate about market data. Based on the observability of significant inputs used, the Company classifies its fair value measurements in accordance with a three-level hierarchy. This hierarchy is based on the quality and reliability of the information used to determine fair value.

(In Canadian dollars)

9. Financial instruments and risk management (continued)

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities. Since the valuations are based on quoted prices that are readily available in an active market, they do not entail a significant degree of judgment.

Level 2: Valuations are based on observable inputs other than quoted prices.

Level 3: Valuations are based on at least one unobservable input that is supported by little or no market activity and is significant to the fair value measurement.

In assigning the appropriate levels, the Company performs a detailed analysis of the financial assets and liabilities. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. The level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Therefore, an item may be classified in Level 3 even though there may be other significant inputs that are readily observable.

The carrying value of cash approximates its fair value due to its short-term nature and its fair value has been categorized as Level 1.

The carrying values of Class A shares are measured and recorded at the retraction price which approximates their fair values.

There were $Nil transfers (2015 – N/A) into or out of Level 3 of the fair value hierarchy during the year.

A reconciliation of preferred shares at December 31, 2016 is as follows:

	2016
Class A shares, June 28, 2016	-
Issuance of Class A shares	115,850
Retraction of Class A shares	-
Class A shares, December 31, 2016	**115,850**

Risk management

The Company holds various financial instruments and its activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company’s directors have overall responsibility for the establishment and oversight of the Company’s risk management framework.

i) <u>*Credit risk*</u>

The Company’s principal financial asset is cash, the carrying amount of which represents the Company’s exposure to credit risk in relation to financial assets.

In order to reduce its risk, the Company has adopted investment restrictions that it will not:

a) make any investment or conduct any activity that would result in the Company failing to qualify as a mortgage investment corporation within the meaning of the Tax Act;

b) invest in securities other than mortgages, mortgage related investments and authorized interim investments;

c) guarantee securities or obligations of any person or Company;

d) borrow amounts greater than 30% of its total assets;

e) engage in securities lending;

f) engage in derivative transactions for any purpose, other than derivative transactions to hedge interest rate risk and not for speculative purposes; or

g) invest in asset-backed commercial paper or in securitized pools of sub-prime mortgages.

(In Canadian dollars)

9. Financial instruments and risk management (continued)

Risk management (continued)

i) *Credit risk (continued)*

The Company assesses the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Mortgages receivable are fully secured by a charge against the underlying assets. Mortgages receivable have a high credit quality as the Company only invests in mortgage receivables with counterparties that have been independently reviewed by CCI and are considered to be in good credit standings and have the ability to make both principal and interest payments as required. Accordingly, the Company views the credit risk on these amounts as normal for the industry.

The credit risk on cash on deposit is with Canadian chartered banks with high credit ratings assigned by Moody's and Standard and Poor's.

The carrying amount of financial assets represents the maximum credit exposure, and therefore the credit risk at the reporting date was as follows:

	December 31, 2016
	$
Cash	**115,860**

Although the Company seeks to manage its credit risk exposure, there can be no assurance that the Company will be successful in eliminating the potential adverse impact of such risks.

ii) *Liquidity risk*

The Ultimate responsibility for liquidity risk management rests with management which has established an appropriate liquidity risk management for the management of the Company's short, medium, and long-term funding and liquidity management requirements. The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The Company had the following financial liabilities at the reporting date:

				2016
	Carrying value	**Current**	**Due between 61 to 365 days**	**Due greater than 365 days**
	$	**$**	**$**	**$**
Class A shares (Note 8)	**115,850**	**-**	**-**	**115,850**
	115,850	**-**	**-**	**115,850**

(In Canadian dollars)

10. Income taxes

Deferred income tax reflects the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	2016
	$
Deferred income tax asset	
Non-capital loss carry-forwards	**1,170**
Tax rate	**27.00%**
	316

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and during the loss carry-forward periods. Management considers the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. Due to future expected operating results, management has determined that it is probable that the recorded deferred income tax assets will be realized. The Company has tax loss carry-forwards of $1,170 which expire by 2036.

11. Related party transactions

The Company is established to invest in mortgages originated, structured and advanced by CCI under an agreement with CCI. The entities are related by virtue of common shareholders. Under this agreement, CCI receives a mortgage administration fee of 0.15% per annum, plus applicable taxes, of the gross outstanding aggregate principal balance of all mortgages in the mortgage portfolio, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month.

The Company has appointed Carecana as its sole and exclusive investment fund manager and restricted portfolio manager pursuant to a management agreement. The entities are related by virtue of common management and shareholders. Under this agreement, Carecana receives a management fee of 1.35% per annum, plus applicable taxes, of the gross assets of the Company attributable to the Class A shares, calculated daily, aggregated and paid monthly in arrears and prorated for any partial month. Also, Carecana receives a performance fee equal to 20% of the amount by which the net return for that year of the Class A shares exceeds the product of (a) the average month-end NAVs during such year, and (b) the average of the two-year Government of Canada bond yield on the last day of each calendar month during the year plus 400 basis points. The performance fee is payable within 30 days following the end of each fiscal year and shall be prorated for any partial years.

The Company has appointed CVC Market Point Inc. as its agent to sell the shares under the offering memorandum. The entities are related through common shareholders. In return for the agent's services, the Company has agreed to pay the agent a commission of up to 1.0% of the gross proceeds of each share sold through the agent. The commission is payable only on completed sales and will be paid to the agent within three weeks following the closing date of each sale.

Carecana Settlement Corp., a Company related through common shareholders, holds the funds in trust for interest earned from mortgage investments, interest paid to investors throughout the period and idle funds available for investment. Any amounts receivable or payable at period-end remain in trust. Advances and repayments are made to and from Carecana Settlement Corp. throughout the period at the request of the Company.

11. Related party transactions (continued)

During the year, the Company entered into the following transactions with related companies:

	Expenses
	2016
	$
Agency Fee	
CVC Market Point Inc.	1,170
	1,170

Agency fees are recorded as share issuance costs, reducing the amount of share capital.

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company has no key management personnel compensation to report. No directors or officers are compensated by the Company nor through Carecana as the manager.

12. Capital disclosures

The Company defines capital as Class A shares and capital stock as recognized in the financial statements. The Company's management of capital is to safeguard the Company's ability to continue as a going concern in order to provide shareholders with sustainable income while preserving capital for distribution or reinvestment by investing in mortgages receivable commensurately with the Company's investment policies.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets.