This Offering Memorandum is confidential. By their acceptance hereof, prospective subscribers agree that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein.

January 30, 2024 Continuous Offering

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

(“**NHIT**” or the “**Trust**”)

$1.00 per Unit

Minimum Subscription: $25,000 subject to compliance with applicable securities laws

DISCLAIMERS

The offering (the “**Offering**”) is being made with reliance on certain exemptions from the prospectus filing requirements available under the securities laws of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and the Territories of Yukon, Nunavut and the Northwest Territories. The securities offered herein will not be listed on any stock exchange and will be subject to the applicable resale and transfer restrictions under applicable securities laws and the governing documents of the Trust. These securities will not be offered for sale in the United States of America. These securities are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under that Act or any other legislation.

This Offering Memorandum constitutes a private offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully sold and therein only by those entities permitted to sell such securities. This Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus, advertisement or public offering of the securities referred to herein. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See ITEM 9: RISK FACTORS.

Neighbourhood Holdings Capital Management Ltd. (“**NHCM**”) may act as an exempt market dealer for the purposes of selling Series I Units of the Trust, or other series as approved by the Manager. The Trust is a “connected issuer” and “related issuer” of NHCM, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, by virtue of NHCM’s role as an exempt market dealer engaged to sell Series I Units or other series as approved by the Manager offered hereby and based on the fact that the Manager and NHCM have common directors, officers and securityholders. Please refer to the following sections contained within this Offering Memorandum for additional information: ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS and ITEM 9: RISK FACTORS – Conflicts of Interest.

You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 12: PURCHASERS' RIGHTS.

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the securities offered hereby. Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment. This is a risky investment. The securities offered hereby will be issued only on the basis of information contained in this Offering Memorandum, including any Marketing Materials, and no other information or representation is authorized or may be relied upon as having been authorized by NHIT. Persons who will be acquiring securities pursuant to this Offering Memorandum will not have the benefit of the review of this Offering Memorandum by the securities commissions or similar authorities in Canada. Any subscription for the securities offered hereby made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of said person.

All marketing materials related to each distribution under this Offering Memorandum which are delivered or made reasonably available to a prospective purchaser before the termination of the distribution (the "**Marketing Materials**") are incorporated into and form part of this Offering Memorandum.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I
Confidential Offering Memorandum

Date:	January 30, 2024
The Trust	
Name:	Neighbourhood Holdings Income Trust I
Head Office:	440-355 Burrard Street Vancouver, BC V6C 2G8 (604) 568-4063 https://www.neighbourhoodholdings.com/ investors@neighbourhoodholdings.com
Currently listed or quoted:	**These securities do not trade on any exchange or market.**
Reporting issuer:	No
The Offering	
Securities offered:	Trust units (each, a "**Unit**" and together, the "**Units**") designated as either Series A, Series F or Series Ix (each, a "**Series**"). Units are being offered hereby on a continuous basis. Each Unit represents an equal, undivided beneficial interest in NHIT. Each Unit shall have the attributes and characteristics as referenced in ITEM 2.8: MATERIAL AGREEMENTS – TRUST AGREEMENT.
Price per security:	$1.00
Minimum/Maximum offering:	**There is no minimum. You may be the only purchaser. The maximum offering under the Offering Memorandum is $50,000,000.**
Minimum subscription amount:	The minimum subscription amount that may be subscribed for by any one subscriber is $25,000.
Minimum Commitment:	Purchasers may request to redeem any or all of their Units upon giving at least 90 days' prior notice to the Trustee, subject to certain conditions. Redemption requests received prior to the first anniversary of the investment shall be subject to a 4% early redemption fee (refer to the Redemption of Units subheading in ITEM 2.8: MATERIAL AGREEMENTS – TRUST AGREEMENT for details).
Payment terms:	The aggregate subscription price is payable upon subscription, by certified cheque, electronic funds transfer, by bank draft or through the Fundserv Network.
Proposed closing date(s):	The first of each month.
Income tax consequences:	**There are important tax consequences to these securities.** The Units will be qualified investments for inclusion in a Canadian RRSP, RRIF, RESP, TFSA, RDSP, FHSA or DPSP subject to the Trust maintaining its status as a mutual fund trust or a registered investment for purposes of

	the Tax Act (refer to ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS).
Compensation Paid to Sellers and Finders	A person has received or will receive compensation for the sale of securities under this Offering (refer to ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS).
Connected Issuer:	The Trust is a "connected issuer" and "related issuer" of NHCM, as such terms is defined in National Instrument 33-105 – *Underwriting Conflicts*, by virtue of NHCM's role as an exempt market dealer engaged to sell Series I Units or other series as approved by the Manager offered hereby and based on the fact that the Manager and NHCM have common directors, officers and securityholders (refer to ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS and ITEM 9: RISK FACTORS – Conflicts of Interest).
Resale Restrictions:	You will be restricted from selling your Units for an indefinite period, and Units are subject to transfer restrictions (refer to ITEM 12: RESALE RESTRICTIONS).
Payments to Related Party	Some of your investment will be paid to a related party of the issuer (refer to ITEM 1.2: USE OF AVAILABLE FUNDS).
Redemption or Retraction Right	You will have a right to require the issuer to repurchase its securities from you, but this right is qualified by restrictions and fees. As a result, you might not receive the amount of proceeds that you want (refer to ITEM 5.1: TERMS OF SECURITIES).
Purchasers' Rights:	You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have a right to damages or to cancel the agreement (refer to ITEM 12: PURCHASERS' RIGHTS).

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment (refer to ITEM 9: RISK FACTORS).

Table of Contents

DEFINITIONS

“**Alberta Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**British Columbia Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**CGP**” has the meaning ascribed to it in ITEM 3.2: MANAGEMENT EXPERIENCE.

"**Custodian**" means Computershare Trust Company of Canada.

"**Declaration of Trust**" has the meaning ascribed to it in ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS - STRUCTURE.

“**Deferred Plans**” has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

“**Distributable Cash Flow**” is equal to the sum of all amounts received by the Trust for or in respect of the relevant Distribution Period, including all mortgage interest, dividends, proceeds from the disposition of investments, and repayments of indebtedness, as well as all amounts received by the Trust in any prior Distribution Period to the extent not previously distributed, net of: (i) all costs and expenses (other than Trust Fees) of the Trust that may have reasonably be considered to have accrued and becoming owing in respect of, or which relate to, the applicable Distribution Period; (ii) any amounts that the Manager may reasonably consider to be necessary to provide for the payment of any costs and expenses of the Trust, as provided for in the Trust Agreement, and (iii) all amounts payable in cash that relate to the redemption or repurchase of Units and that have become payable by the Trust in such Distribution Period or prior Distribution Period.

“**Distribution**” means a distribution from the Trust to Unitholders.

“**Distribution Period**” means each calendar month or such other periods as determined by the Manager from time to time.

“**DPSP**” has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

“**DRIP**” means NHIT’s distribution reinvestment plan, as amended from time to time.

“**EBIT**” means, for any particular period, the Trust's earnings before interest and income taxes determined in accordance with GAAP.

“**Fair Market Value**” as determined by the Trustee, means the price in an open and unrestricted market between informed and prudent parties, acting at arm’s length and under no compulsion to act, expressed in terms of money or money’s worth.

“**First Mortgage**” means a first mortgage charge over Real Property.

“**FLI**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**GAAP**” means generally accepted accounting principles in Canada, from time to time.

“**Initial Closing**” means the first closing of subscriptions and issuance of Units to Purchasers pursuant to this Offering Memorandum.

“**Initial Limited Partner**” or “**CFT**” means Conconi FT Holdings Ltd.

“**Limited Partner**” means a limited partner of the Partnership.

“**Loan to Value**” **or** “**LTV**” means the amount of the loan expressed as a percentage of the original property value.

“**LPA**” or “**Limited Partnership Agreement**” means the fourth amended and restated limited partnership agreement made as of November 24, 2023 among Neighbourhood Holding Company Ltd., as General Partner, and the Limited Partners, as such agreement was amended, modified, supplemented or restated from time to time.

"Manager" means Neighbourhood Holding Company Ltd., a British Columbia company.

“**Management Agreement**” means the management agreement made as of December 31, 2023 between the Manager and the Trust.

“**Meeting**” has the meaning ascribed to it in ITEM 2.8: MATERIAL AGREEMENTS.

“**Mortgage**” means a mortgage security registered against Real Property.

“**Net Income**” means, with respect to a particular fiscal period of the Trust, the net income of the Trust calculated in accordance with the Tax Act.

“**New Brunswick Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**Newfoundland Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**NHCM**” has the meaning ascribed to it in the DISCLAIMERS section.

“**NHLP**” or the “**Partnership**” means Neighbourhood Holdings Limited Partnership.

“**NHLP Unit**” means all of the units representing units in the capital of the Partnership, and “**NHLP Unit**” means any of them.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**Nova Scotia Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**Offering**” has the meaning ascribed to it in the DISCLAIMERS section.

“**Offering Memorandum**” means this offering memorandum.

“**Ontario Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**Prime**” means the variable annual rate of interest established and adjusted by the Trust's bankers from time to time.

“**PEI Act**” has the meaning ascribed to it in ITEM 12: PURCHASERS’ RIGHTS.

“**Proportionate Share**” means, when used to describe a Unitholder's interest in or share of any amount, means the amount allocated to the series multiplied by a fraction, the numerator of which is the number of Units of that series registered in the name of that Unitholder and the denominator of which is the total number of Units of that series then outstanding (if such Unitholder holds units of more than one series, then such calculation is made in respect of each series of Units of the Trust and aggregated).

"**Purchasers**" means purchasers of Units under this Offering Memorandum.

"**Real Property**" means a fee simple or leasehold interest in real property in Canada.

"**Redemption Date**" means the date specified on a Redemption Notice on which the Units of the Unitholder requesting the redemption are to be redeemed.

"**Redemption Notice**" has the meaning ascribed to it in ITEM 2.8: MATERIAL AGREEMENTS – Trust Agreement.

"**Retraction Date**" has the meaning ascribed to it in ITEM 2.8: MATERIAL AGREEMENTS – Trust Agreement.

"**Retraction Notice**" has the meaning ascribed to it in ITEM 2.8: MATERIAL AGREEMENTS – Trust Agreement.

"**RDSP**" has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

"**RESP**" has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

"**Reorganization**" has the meaning ascribed to it in ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS - STRUCTURE.

"**Reorganization Agreement**" has the meaning ascribed to it in ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS - STRUCTURE.

"**RRIF**" has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

"**RRSP**" has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

"**Saskatchewan Act**" has the meaning ascribed to it in ITEM 12: PURCHASERS' RIGHTS.

"**Second Mortgage**" means a second mortgage charge over Real Property.

"**Series**" means Units designated as either Series A, Series F or Series Ix.

"**Series A Unit**" means a Series A Unit issued by the Trust.

"**Series Expenses**" means the fees payable monthly in arrears equal to:

(a) in respect of the Series A Units, an operating expense fee comprised of:

    (i) an administration fee equal to 1/12th of 75 bps of the assets under management of the Trust multiplied by the Proportionate Share of the Series A Units as at each monthly Valuation Date; and

(ii) a carry fee equal to 10% of the Trust's EBIT for the immediately preceding month multiplied by the Proportionate Share of the Series A Units as at each monthly Valuation Date; and

(iii) a trailer fee equal to 1/12th of 1.00% of the Fair Market Value of the Series A Units held by such Unitholder as at each monthly Valuation Date (the "**Series A Trailer Fees**");

(b) in respect of the Series F Units, an operating expense fee comprised of:

(i) an administration fee equal to 1/12th of 75 bps of the assets under management of the Trust multiplied by the Proportionate Share of the Series F Units as at each monthly Valuation Date; and

(ii) a carry fee equal to 10% of the Trust's EBIT for the immediately preceding month multiplied by the Proportionate Share of the Series F Units as at each monthly Valuation Date; and

(c) in respect of the Series Ix Units:

(i) an administration fee equal to 1/12th of 75 bps of the assets under management of the Trust multiplied by the Proportionate Share of the Series I Units as at each monthly Valuation Date;

(ii) a carry fee equal to 10% of the Trust's EBIT for the immediately preceding month multiplied by the Proportionate Share of the Series I Units as at each monthly Valuation Date; and

(iii) a trailer fee equal to 1/12th of X% of the Fair Market Value of the Series I Units held by such Unitholder as at each monthly Valuation Date, where "**X**" is determined based on the Minimum Investment Amount of such Unitholder, as follows (the "**Series I Trailer Fees**", and together with the Series A Trailer Fees, the "**Trailer Fees**"):

Minimum Investment (in thousands)	$25 *(Series 1)*	$100 *(Series 2)*	$200 *(Series 3)*	$500 *(Series 4)*	$1,000 *(Series 5)*	$2,000 *(Series 6)*	$5,000 *(Series 7)*	$15,000 *(Series 8)*	$30,000 *(Series 9)*	$50,000 *(Series 10)*
X	1.00%	0.85%	0.75%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%

"**Series F Unit**" means a Series F Unit issued by the Trust.

"**Series I1 Unit**" means a Series I1 Unit issued by the Trust.

"**Series I2 Unit**" means a Series I2 Unit issued by the Trust.

"**Series I3 Unit**" means a Series I3 Unit issued by the Trust.

"**Series I4 Unit**" means a Series I4 Unit issued by the Trust.

"**Series I5 Unit**" means a Series I5 Unit issued by the Trust.

"**Series I6 Unit**" means a Series I6 Unit issued by the Trust.

"**Series I7 Unit**" means a Series I7 Unit issued by the Trust.

"**Series I8 Unit**" means a Series I8 Unit issued by the Trust.

“**Series I9 Unit**” means a Series I9 Unit issued by the Trust.

“**Series I10 Unit**” means a Series I10 Unit issued by the Trust.

“**Series Ix Units**” means, collectively, and “**Series Ix Unit**” means any one of, the Series I1 Units, the Series I2 Units, the Series I3 Units, the Series I4 Units, the Series I5 Units, the Series I6 Units, the Series I7 Units, the Series I8 Units, the Series I9 Units and the Series I10 Units issued by the Trust.

“**Services Agreement**” means the services agreement between the Manager and SGGG pursuant to which SGGG provides unitholder record-keeping services to the Trust as further described in ITEM 2.8: MATERIAL AGREEMENTS.

“**SGGG**” means SGGG Fund Services Inc.

“**Syndicated Credit Facility**” means the $250,000,000 loan granted to the Trust by a syndicate of lenders, as further described in ITEM 2.8: MATERIAL AGREEMENTS.

“**Subscription Agreement**” means a subscription agreement for Units in the forms set out in the applicable schedules hereto or in such other form as the Manager shall prescribe from time to time.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

“**TFSA**” has the meaning ascribed to it in ITEM 7: INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR DEFERRED PLANS.

“**Trust**” means Neighbourhood Holdings Income Trust I.

"**Trust Agreement**" has the meaning ascribed to it in ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS - STRUCTURE.

“**Trust Fees**” means the fees payable by the Trust to the Manager for the Manager's services management, administration and other fees, as more particularly set forth in the Management Agreement.

“**Trustee**” or "**Trustees**", as the context requires, means the trustee or trustees of the Trust at the relevant time, initially being TSX Trust Company.

“**Unitholder**” means a person whose name appears on the register of Unitholders established and maintained pursuant to the Trust Agreement, as a holder of Unit(s).

“**Units**” means all of the units representing units in the capital of the Trust, and “**Unit**” means any of them.

“**Valuation Date**” means such date as the Manager may designate in its sole discretion, which initially shall be the first calendar day of a month.

FORWARD LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results, performance and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the completion of this Offering, the ability of the Trust to achieve its investment objectives, the ability of the Trust to generate necessary returns, the maintenance by the Trust of prevailing interest rates at favourable levels, the ability of borrowers to service their obligations under Mortgages, the ability of the Manager and the Trustee to effectively perform their obligations to the Trust, anticipated costs and expenses, competition, and changes in general economic conditions.

These forward-looking statements should not be relied upon as representing the Trust’s views as of any date subsequent to the date of this Offering Memorandum. Although the Trust has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Trust. Additional factors are noted under ITEM 9: RISK FACTORS.

Item 1: Use of Available Funds

1.1 Funds

Units will be offered on a continuous basis. The following table describes the available funds from two hypothetical fundraising scenarios:

	Assuming minimum offering of $0	Assuming maximum offering of $50,000,000
A. Amount to be raised by this Offering	NIL	$50,000,000
B. Selling commissions and fees	NIL	NIL
C. Estimated offering costs (including legal, accounting and audit)	$25,000	$25,000
D. Available funds: D = A - (B + C)	($25,000)	$49,975,000
E. Additional sources of funding required	NIL	NIL
F. Working capital deficiency	NIL	NIL
G. Total: G = (D + E) - F	($25,000)	$49,975,000

No selling agent is paid a commission or a fee by the Trust in connection with the sale of Units under this Offering. Any commissions or fees charged as part of the Trailer Fees payable in connection with monthly Distributions are paid or directed to the relevant party by the Trust (refer to ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS).

1.2 Use of Available Funds

The Trust will use the total available funds raised from this Offering primarily to invest in Mortgages. The Manager anticipates the portfolio of Mortgages held by the Trust will follow the following guidelines:

- Primarily target First Mortgages, with Second Mortgages generally being restricted to 15% or less of the portfolio.
- Target an average loan-to-value ratio for the portfolio that is below 65%, diversified across BC, AB, MB, ON, QC and other provinces from time to time.
- Mortgage terms will generally be interest only for 12-36 months depending on the specific attributes of each opportunity and market conditions at the time.

The Trust will use the total available funds for the placement of Mortgages in accordance with its investment objectives and strategies set out herein.

Description of intended use of available funds in order of priority	Assuming min. offering of $0	Assuming max. offering of $50,000,000
Placement of Mortgages	($25,000)	$49,975,000

The proportion of the Trust's assets invested in Mortgages may vary as follows:

Asset Class	Targeted Maximum Percentage of Fund Assets	Targeted Minimum Percentage of Fund Assets
First Mortgages	100%	85%
Second Mortgages	15%	0%

In addition to the above, the Manager may use a portion of the available funds from this Offering to reduce the balance on the Trust's operating facility with its syndicate of lenders.

Item 2: Business of the Issuer and Other Information and Transactions

2.1 Structure

The Trust was initially formed on May 24, 2019 pursuant to a Declaration of Trust between Taylor Little, as initial trustee, and Robert Conconi, as settlor (the "**Declaration of Trust**"). The Trust is an unincorporated, open-ended limited-purpose trust. At the time of its formation, the Trust was established for the principal purpose of investing in Class M Units of NHLP, which investment funds were used by NHLP to conduct its business of providing income to investors by investing in Mortgages.

On November 6, 2023, the Trust and NHLP entered into a reorganization agreement (the "**Reorganization Agreement**") pursuant to which the Trust and NHLP agreed to undertake a reorganization to combine their organizational structure (the "**Reorganization**"). Pursuant to the terms of the Reorganization Agreement, among other things: (a) all NHLP Units outstanding on December 31, 2023, other than NHLP Units held by the Trust, were exchanged by the holders thereof for Units of the Trust, and (b) all of NHLP's property, assets, undertakings, debts and liabilities were distributed to the Trust and NHLP was dissolved on December 31, 2023. In connection with the Reorganization, the Declaration of Trust was amended and restated pursuant to the new Trust Agreement dated December 31, 2023 (the “**Trust Agreement**”) by and between the Manager and the Trustee to: (i) permit the Trust to directly hold the assets and liabilities of NHLP following the completion of the Reorganization, including the residential mortgage assets of NHLP, (ii) appoint the Trustee as the trustee of the Trust, (iii) appoint the Manager as the manager of the Trust, and (iv) otherwise adopt such changes as are necessary or appropriate in the context of the Trust becoming the direct investment vehicle following the completion of the Reorganization.

The Trust is not, will not be deemed to be and will not be treated as, a partnership, limited partnership, society, syndicate, association, joint venture, company, corporation or joint stock company, nor will the Trustee, the Manager or the Unitholders or any of them or any person be, or be deemed to be, treated in any way whatsoever as liable or responsible hereunder as partners, joint venturers or as that of principal and agent or as members of an association, partnership, limited partnership, society or syndicate, or shareholders of a company, corporation or other joint stock company. The relationship of the Unitholders to the Trustee will be solely that of beneficiaries of the Trust, and their rights will be limited to those expressly conferred upon them by the Trust Agreement.

Management and control of the Trust is vested in the Trustee and the Manager, and the Trustee and the Manager are authorized and obligated to carry on the activities and affairs of the Trust in accordance with the Trust Agreement and the Management Agreement.

The head office of the Trust is located at 440-355 Burrard Street Vancouver, BC V6C 2G8.

2.2 The Business

Objectives

The Trust’s objectives are to provide income to investors by investing in Mortgages. The Trust seeks to provide its Unitholders with stable income while preserving invested capital through the efficient sourcing and management of a diverse pool of mortgage investments in Canada.

The Trust does not actively employ resources to seek or originate mortgages for investment, but instead relies on the Manager to seek Mortgage investment opportunities originated by third party mortgage brokers. Pursuant to the terms of the Trust Agreement and the Management Agreement, the Manager is vested with the exclusive power to administer and manage the Trust and its property. The Manager is solely responsible for seeking and underwriting Mortgages based on the Trust's investment objectives. For further details on the Manager's powers and responsibilities, see ITEM 2.2: THE BUSINESS – The Manager and ITEM 2.8: MATERIAL AGREEMENTS.

For clarity, any reference in this Offering Memorandum to the Trust "originating Mortgages", "actively operating the lending business of the Trust", "operating the business of the Trust" or other such similar statements refers to the Manager engaging in such activities directly or indirectly on behalf of the Trust.

From the income generated by the Trust's investments, the Manager will calculate, allocate and distribute the Trust's earnings to Unitholders on a monthly basis in accordance with the Trust Agreement. The Manager also has the discretion to elect to pay any Distributions in the form of additional Units or fractions of Units. The Trust intends to distribute to Unitholders all Net Income as calculated in each taxation year so that the Trust will not be liable for income tax under Part I of the Tax Act in any taxation year.

Residential Mortgage Market

Mortgages are a common form of financing within the real estate industry in Canada. All Mortgages will be registered on title against residential real estate in Canada. In the event of a failure by the borrower to pay an amount owing under a Mortgage, the Manager, on behalf of the Trust, will take steps to protect its interests by taking enforcement action appropriate in the relevant jurisdiction to realize value on the underlying asset.

Investments

The primary investment goal of the Trust is to make prudent investments in Mortgages that are secured by single-family-residential properties in Canada, including detached homes, condominiums, duplexes, and other properties. The Trust will not finance commercial real estate, construction projects, bare land, hotels, or multi-family properties.

The Trust will not make any direct investments in Real Property, but may hold title to Real Property acquired as a result of any foreclosure proceedings associated with the enforcement of any Mortgages held by the Trust, where such foreclosure is deemed necessary to protect the Trust's investment following a default by the borrower under such Mortgage. In these circumstances, the Trust will act prudently with respect to the disposition of any such Real Property, with a view to maximizing its recovery under such Mortgage investment. Liquid investments may be held from time to time as market conditions and cash flows dictate.

The Trust's underwriting guidelines prohibit lending to related parties. For this purpose, a related party is a person or entity that is related to the Trust, including: a person, or a close member of that person’s family, who has control, joint control, or significant influence over the Trust, or is a member of its key management personnel.

Manager

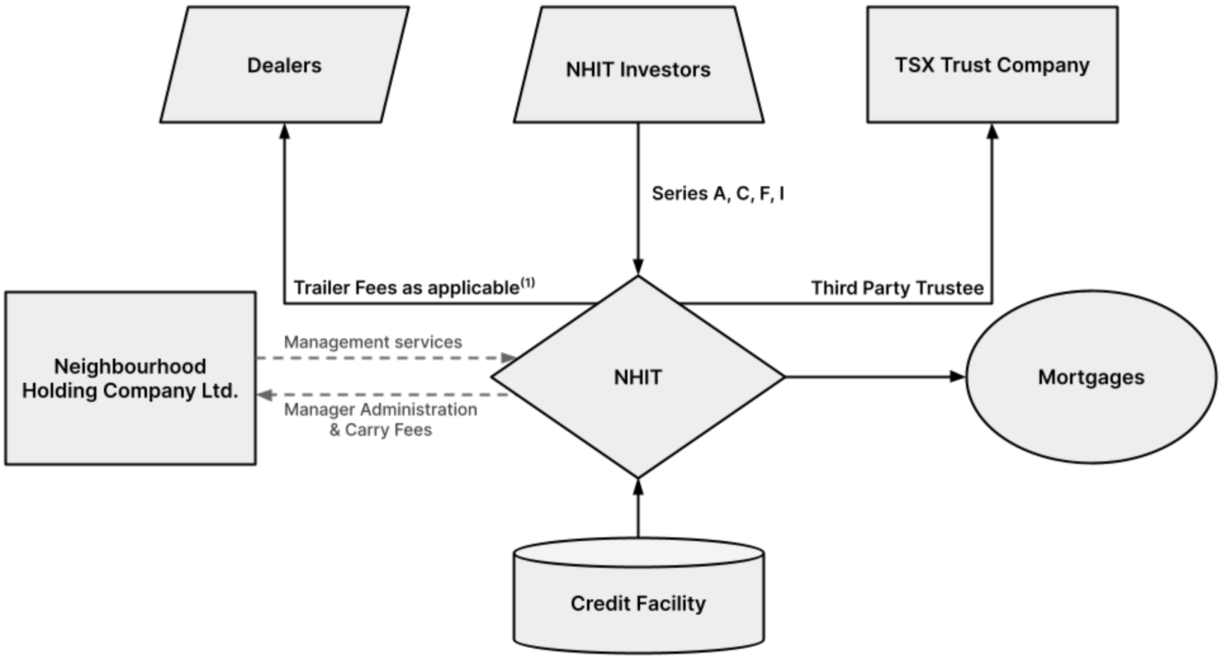
The Manager will manage the affairs of the Trust in accordance with the applicable terms and conditions of the Trust Agreement and the Management Agreement, and shall exercise its duties and responsibilities diligently and in good faith and with the degree of care, diligence and skill that a reasonably prudent professional mortgage investment manager would exercise in comparable circumstances.

To achieve its objectives, the Trust will benefit from the Manager's expertise and experience in sourcing, through third party mortgage brokers, underwriting and administrating Mortgage investments. Although the Manager is registered as a Mortgage Broker in the Province of British Columbia under the *Mortgage Brokers Act* (British Columbia), the Manager sources its deals through third party mortgage brokers or mortgage lenders. The Manager will have the exclusive right to arrange, underwrite and administer all investments as part of its services provided to the Trust in accordance with specific investment and operating policies established by the Board of Governors of the Trust from time to time. Refer to ITEM 3.2: MANAGEMENT EXPERIENCE – Board of Governors.

The Manager will be responsible for execution of the Trust's mortgage investment strategy, including the identification and selection of investment opportunities, related due diligence, negotiation, documentation, approval and ongoing management and administration of assets in the portfolio. All Mortgage investment opportunities will be subject to specific investment policies, and the operation of the Trust will also be subject to specific operating policies. Investment opportunities will be screened, and those selected by the Manager will be chosen based on their expected return at the time investments are made, relative to the risk characteristics and credit quality of each transaction.

The Manager was incorporated under the laws of the Province of British Columbia on October 23, 2015, under incorporation number BC1053122. The head office of the Manager is 440-355 Burrard Street Vancouver, BC V6C 2G8. The registered office of the Manager is Suite 1700 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. The Manager is controlled by Conconi Growth Partners Ltd., an entity that is majority owned by the directors of the Manager. Conconi Growth Partners Ltd. is also a “promoter” of the Trust (as such term is defined under applicable securities laws). Refer to the Manager Conflicts subheadings within ITEM 2.8: MATERIAL AGREEMENTS.

The chart below sets out the relationship between the Trust, Unitholders, the Manager, the Trustee, the Syndicated Credit Facility and the underlying mortgages.



(1) Monthly trailer fees are levied on the value of units held for Class A and I units, ranging from 0.10% to 1.00%, per annum.

2.3 Development of Business

The Trust was initially formed on May 24, 2019 to provide investors with a qualified investment for Deferred Plans that indirectly gave investors exposure to the lending business and operations of NHLP by investing in Class M Units of NHLP.

NHLP was formed on November 16, 2015. Concurrently with its formation, NHLP received, by way of a transfer of certain investments in mortgages carried at amortized cost by the Initial Limited Partner in the amount of $38,439,024 which approximates their fair market value. In exchange, 38,439,024 NHLP Units were issued to the Initial Limited Partner.

Pursuant to the Reorganization, the Trust assumed NHLP's business, and the Limited Partners exchanged all of their NHLP Units for Units of the Trust. For more details on the Reorganization, refer to ITEM 2: BUSINESS OF THE ISSUER AND OTHER INFORMATION AND TRANSACTIONS - STRUCTURE. As of January 1, 2024, the Trust's aggregate investments were $470,926,981, with total Units outstanding as of January 1, 2024 of 283,519,322. As at January 1, 2024, the Trustee held $0 of trust property on behalf of the Trust.

2.4 Long Term Objectives

The Manager actively manages the Partnership’s assets in order to maximize the risk adjusted return for investors in a constantly evolving residential real estate market. As the Trust grows, it will benefit from increased diversification, increased liquidity and economies of scale. The long term diversification targets for the Trust are as follows:

Asset Mix:	
First Mortgages	85% - 100%
Second Mortgages	0% - 15%
Geographic Diversification:	
BC	10% - 30%
Alberta	5% - 20%
Prairies	<5%
Ontario	30% - 70%
Quebec	10% - 30%
Atlantic Canada	<10%

Concentration:

The Trust has a policy to limit the maximum exposure to any single Mortgage to 2% of the total of the Trust assets; to the largest five Mortgages to 9% of the total Trust assets; and to the largest ten Mortgages to 15% of the total Trust assets.

2.5 Short Term Objectives

Actions to be taken	Target completion date or, if not known, number of months to complete	Cost to complete
During the 12-month period following the date of the Offering Memorandum, the Trust intends to invest the total available funds into Mortgages.	It is the intention of the Manager that the proceeds of the Initial Closing will be invested as quickly as is reasonably possible subject to the Manager's underwriting guidelines.	N/A

2.6 Insufficient Funds

Not applicable.

2.7 Additional Disclosure for Issuers Without Significant Revenue

Not applicable.

2.8 Material Agreements

Material Agreements of the Trust

The Trust has a number of material agreements, the most significant of which is the Trust Agreement dated December 31, 2023, which governs the Trust and the rights and obligations of the Trustee, the Manager and Unitholders. In addition to the Trust Agreement, the Trust has entered into the following material agreements:

Trust Agreement. The Trust Agreement has several key terms, including the following:

Management

The management and control of the Trust is generally vested in the Trustee, and the Trustee is authorized and obligated to carry on the activities and affairs of the Trust, with full, absolute and exclusive power, control and authority over the Trust's property and its affairs. As contemplated by the Trust Agreement and as further supplemented by the Management Agreement, the Trustee delegates specific powers enumerated within the Trust Agreement, as well as any of its other powers, control and authority required to exercise the foregoing, to the Manager.

The specific powers delegated to the Manager include, among other things, full authority and responsibility to administer and manage the undertaking, operations and affairs of the Trust, the preparation and filing of any offering memorandum, prospectus or similar document, the coordination and completion of any offerings of Units of the Trust, including the receipt of all subscriptions for Units in the Trust, the appointment of the Trust's advisers, such as its auditor and bankers, determining the terms and fees attributable to each series of Units, declaring and making distributions of Distributable Cash Flow to the Unitholders, and such other general supervisory and administrative functions on behalf of the Trust as required from time to time.

Notwithstanding the above, investment decisions in respect of the Mortgages to be held by the Trust are delegated specifically to the Board of Governors of the Trust. Refer to ITEM 3.2: MANAGEMENT EXPERIENCE – Board of Governors.

For greater certainty, the Trust Agreement sets out that the Trustee shall have no responsibility for administration or management of the affairs of the Trust save and except for carrying out written instructions delivered to it under the Trust Agreement.

Distribution Policy

The Trust intends to distribute all of its Distributable Cash Flow in each Distribution Period. Such distributions will be made net of all Series Expenses payable, if any, for each series of Units (but not Trust Fees). The Manager, in its discretion, acting reasonably, will in respect of each Distribution Period, allocate for distribution an amount equal to Distributable Cash Flow less any Series Expenses applicable to each Series, pro rata among the Series based on the number of Units outstanding in each Series. For clarity, Series Expenses will be applied to reduce the amount of Distributable Cash Flow allocable to each Series to which such Series Expenses relate, if any, as the Manager may determine in their sole discretion.

The Trust will distribute and make payable to Unitholders, in cash and/or additional Units, in each taxation year, a sufficient amount of its net income, net realized capital gains and any other applicable amounts for that taxation year so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

Redemption and Retraction of Units

Unitholders may request that their Units be redeemed or repurchased by the Trust provided such redemption or repurchase is in accordance with the Trust Agreement. Redemptions are processed on the first of every month (and settled on a T+9 business days basis) and Purchasers may redeem any or all of their Units upon giving 90 days' prior notice to the Trustee (such a notice, a "**Redemption Notice**"), provided that redemption requests received prior to the first anniversary of the investment shall be subject to a 4% early redemption fee.

The Manager may suspend or postpone the redemption of Units for a period of not more than 365 days during any period during which the Manager determines, in its sole discretion, that conditions exist which render impractical the sale of the assets of the Trust or impair the ability of the Manager to determine the

Fair Market Value of any of the Units to be redeemed. For greater certainty, the Manager would consider that conditions exist which render impractical the sale of assets of the Trust, and may therefore suspend the redemption of Units where such redemptions would result in: (A) more than 2% of the aggregate number of issued and outstanding Units as at the beginning of the applicable month to be redeemed during any one month; or (B) more than 15% of the average aggregate number of issued and outstanding Units of the Trust calculated in respect of the trailing 12-months at the time of the applicable redemption to be redeemed during the trailing 12-months.

If the Manager suspends the redemption of Units or payments in respect thereof as set forth above, such suspension may apply to all redemption requests received prior to the suspension unless payment has already been made, as well as to all requests received while the suspension is in effect. All Unitholders making such redemption requests will be advised by the Manager in writing forthwith of the suspension.

Redemption requests are irrevocable. Despite the foregoing, the Manager has the discretion to waive any conditions in respect of redemption requests, from time to time.

Upon the redemption of Units by a Unitholder, such Unitholder shall receive redemption proceeds equal to the Fair Market Value of such Units, plus the *pro rata* portion of any unpaid distributions that are payable on such Units in accordance with the terms of the Trust Agreement as of the Redemption Date, less such fees and other deductions permitted under the Trust Agreement. Proceeds of redemption (less applicable fees and deductions as provided herein) shall generally be paid within thirty (30) days following the relevant Redemption Date. All payments in respect of redemptions will be made by wire transfer only to the account of the registered Unitholder at the remitting bank/financial institution/dealer from which the original subscription was made, unless subsequently updated by the Unitholder, or to the intermediary where the units are held in a registered or non-registered plan, if applicable.

The Manager may adopt and amend a policy from time to time to deduct from the redemption proceeds otherwise payable such amount as the Manager determines reasonably reflects the administrative fees incurred by the Trust in connection with the issuance of the Units being redeemed and/or adopt and amend a policy that provides that the amount of the deduction from the redemption proceeds will depend upon the length of time the redeemed Units have been outstanding, which amount shall be retained by the Trust.

The Manager also has the right, in its sole discretion at any time, to repurchase all or any part of the Units held by a Unitholder by delivering a written retraction notice to such Unitholder (the "**Retraction Notice**"), at a price equal to the Fair Market Value of the Units as of the last day of the month during which the Retraction Notice was delivered, plus the pro rata portion of any unpaid distributions thereon which are payable on the Units in accordance with the terms of the Trust Agreement as of the date of delivery of the Retraction Notice. This right of retraction may only be exercised by the Manager if all liabilities of the Trust have been paid or there remains sufficient assets of the Trust, after exercise of the Retraction Right, to pay such liabilities.

The Retraction Notice shall set the date on which the Units set out in the Retraction Notice will be repurchased by the Trust (the "**Retraction Date**"), which date shall not be more than 60 days after delivery of the Retraction Notice, and the aggregate retraction proceeds payable by the Trust to each Unitholder. The retraction proceeds payable to each Unitholder at the price set forth in the Retraction Notice, less such fees and other deductions permitted under the Trust Agreement, and will be paid by the Manager within 10 days of the Retraction Date. All payments in respect of retractions will be made by wire transfer only to the account of the registered Unitholder at the remitting bank/financial institution/dealer from which the original subscription was made, unless subsequently updated by the Unitholder, or to the intermediary where the units are held in a registered or non-registered plan, if applicable.

Unitholder Meetings

The Manager may, at any time, call a meeting for the Unitholders to which all of the Unitholders as a whole or of any series of Units will be invited to attend. Unitholders holding not less than 50% of the votes attaching to all outstanding Units may also requisition a meeting of Unitholders by giving a written notice to the Manager and the Trustee setting out in detail the reason(s) for calling and holding such a meeting. Quorum for such meetings will be two or more Unitholders representing at least 10% of the Units or series then outstanding, as applicable.

Auditors, Registrar and Transfer Agent

The Manager will appoint an appropriate service provider to act as registrar and transfer agent of the Units. Such provider will be responsible for the maintenance of the register of Unitholders, record keeping, register management, Unit transaction and similar services. The purchase and redemption of Units will be processed directly by the Manager. The fiscal year end of the Trust is December 31. The auditors of the Trust are KPMG LLP.

Trustee Conflicts

The services of the Trustee or the Manager are not exclusive. The Trustee or the Manager may serve as the managers of other similar investment vehicles with similar investment objectives and may at certain times be simultaneously seeking to purchase or dispose of investments.

Management Agreement. Pursuant to the terms of the Management Agreement, all of powers, authorities and duties necessary to operate the business and affairs of the Trust are delegated by the Trust to the Manager. Additionally, the Management Agreement describes the types of services that the Manager provides to the Trust and the cost for those services. The services provided by the Manager to the Trust include: the provision of office space, office supplies, phone lines, etc., management services, mortgage administration services, mortgage underwriting services, marketing and deal origination, investor management, risk management, delinquency and foreclosure recovery and accounting and reporting. The fee for those services is equal to the Trust Fees.

SGGG Services Agreement. The Manager is party to a services agreement dated September 1, 2018 with SGGG pursuant to which SGGG provides unitholder record keeping services to the Trust in relation to the funds referred to the agreement.

Custodial Agreement. The Manager is party to a custodial agreement dated December 31, 2023 with the Custodian pursuant to which the Custodian agrees to act as custodian for all documents, agreements, instruments and security related to the first or second lien mortgage loan selected by the Manager for inclusion in such custodial arrangement.

Syndicated Credit Facility

In connection with the completion of the Reorganization, the Trust, as borrower, entered into a $250,000,000 credit agreement with a syndicate of lenders. The terms and conditions of the Trust's credit agreement are substantially similar to the terms and conditions of NHLP's credit agreement prior to the Reorganization, except for changes necessitated by the Reorganization and the inclusion of CORRA rate loans, consistent with market practice. The margin on Canadian prime rate loans is 0.60% and the margin on CORRA rate loans is 2.05% plus adjustment based on interest periods. The credit facility is comprised of a syndicated credit facility of $240,000,000 plus an operating facility of $10,000,000 and has a maturity date of December 7, 2025.

As at January 1, 2024, the balance outstanding on the syndicated credit facility was $184,246,165.

The Trust is required by its lenders to maintain various covenants, including a minimum amount of tangible net worth, a minimum amount of interest coverage and a maximum amount of debt to tangible net worth. Prior to the Reorganization, NHLP was in compliance with all such financial covenants during the most recently completed fiscal year. The Trust's borrowing is limited to the borrowing base in effect which is based on eligible mortgages receivable and calculated monthly.

Item 3: Compensation and Security Holdings of Certain Parties

3.1 Compensation and Securities Held

Summary of Compensation and Security Holdings – by Control

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Trust or related party in		Securities of the Trust held after completion of min. offering			Securities of the Trust held after completion of max. offering		
		Most recently completed financial year	**Anticipated for current financial year**	**Number[(2)(3)]**	**Type**	**%**	**Number**	**Type**	**%**
Alex Conconi[(1)], Vancouver	Director of Manager, as of November 2015	$NIL	$NIL	26,344,401	Units	9.29%	26,344,401	Units	7.90%
Taylor Little, Vancouver	Director of Manager, as of November 2015	$NIL	$NIL	103,467	Units	0.04%	103,467	Units	0.03%
Jared Stanley, Vancouver	Officer of Manager, as of November 2015	$NIL	$NIL	1,882	Units	0.001%	1,882	Units	0.001%

(1) Units held by Alex Conconi directly and indirectly through entities he exercises control and direction over.
(2) Units identified may be held by a related party to the listed party
(3) As of January 1, 2024

Summary of Compensation and Security Holdings – by Economic Proportionate Share

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Trust or related party in		Securities of the Trust held after completion of min. offering			Securities of the Trust held after completion of max. offering		
		Most recently completed financial year	**Anticipated for current financial year**	**Number[(1,2)]**	**Type**	**%**	**Number**	**Type**	**%**
Alex Conconi, Vancouver	Director of Manager, as of November 2015	$NIL	$NIL	11,074,173	Units	3.91%	11,074,173	Units	3.32%
Taylor Little, Vancouver	Director of Manager, as of November 2015	$NIL	$NIL	216,435	Units	0.08%	216,435	Units	0.06%
Jared Stanley, Vancouver	Officer of Manager, as of November 2015	$NIL	$NIL	24,597	Units	0.009%	24,597	Units	0.007%

(1) Units identified are by economic proportionate share that may be held by a related party or parties to the listed individual
(2) As of January 1, 2024

3.2 Management Experience

The senior management of the Manager has a broad background of investment and real estate experience which will be brought to bear on the activities undertaken by the Manager on behalf of the Trust. The following table discloses the principal occupations of the directors and senior officers of the Manager for the past five-plus years.

Full Legal Name	Principal occupation and description of experience associated with the occupation
Taylor Little	**Chief Executive Officer, Director of Manager**: Taylor is the CEO, co-founder, and Director of the Manager. He is also a Partner in Conconi Growth Partners ("**CGP**"), the parent company of the Manager. Taylor's extensive experience sitting on various company boards throughout his career—including the Conconi Family Foundation, Cycling BC, 7mesh Industries—has equipped him with the tools to make the best and most informed strategic decisions. Prior to joining Neighbourhood and CGP, Taylor was a lawyer in the Corporate and Securities Group of Stikeman Elliott LLP. Taylor holds a Bachelor of Arts degree from the University of Victoria, a Bachelor of Laws degree from the University of Alberta, and a Master of Laws degree from the University of London (all with Distinction). Taylor is in good standing with the Law Society of British Columbia and is a licensed submortgage broker in British Columbia.
Alex Conconi	**Founder, Chairman, Director of Manager**: Alex is the Founder, Chairman, and Director of the Manager. He is also the Founding Partner and President of CGP. Alex started his career as a licensed British Columbia submortgage broker in 2009, and founded ALT Mortgages in 2011, the predecessor to Neighbourhood Holdings. His long history in the mortgage industry, fascination with technology, and entrepreneurship guides his professional life towards companies that will have a lasting impact in the industries in which they operate. Alex holds a Bachelor of Science in Economics (with Distinction) from the University of Victoria and a Master of Science in Finance degree from Simon Fraser University.
Jared Stanley	**Senior Director of Originations**: Jared Stanley is the Senior Director of Originations of the Manager. His role is integral to the company's operations in the residential mortgage loan sector. Jared has been with Neighbourhood Holdings since its formation in 2015, and brings with him over 15 years of experience in the mortgage industry. His responsibilities include managing underwriting, sales, marketing, and product development, with a focus on maintaining sound risk assessments and upholding service standards. Jared's approach is centered on customer needs and contributing to the ongoing success and development of Neighbourhood Holdings. Jared holds a Diploma in Urban Land Economics from the University of BC's Sauder School of Business and is a licensed submortgage broker and mortgage broker in British Columbia and Alberta respectively.

Board of Governors

The Trust has appointed a Board of Governors currently comprised of Alex Conconi and Taylor Little, current directors of the Manager, and Hashem Aboulhosn. The Board of Governors is responsible for, among other things, approving investments made by the Trust in accordance with its investment objectives, approving the Trust entering into any co-investment arrangements, divesting any mortgages as it considers appropriate, reviewing the performance and financial statements of the Trust on an annual basis and overseeing the activities of the Manager, including resolving any issues which relate to conflicts of interest.

3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

Other than as disclosed below, there have been:

a) no penalties or other sanctions imposed by a court relating to a contravention of securities legislation;

b) no penalties or other sanctions imposed by a regulatory body relating to a contravention of securities legislation;

c) no orders restricting trading in securities, not including an order that was in effect for less than 30 consecutive days;

d) no declarations of bankruptcy, voluntary assignment in bankruptcy, proposals under bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors, or appointments of receivers, receiver managers or trustees to hold assets;

that were imposed or in effect at any time during the past 10 years against or with respect to the Trust, the Manager or the Trustee, any of the directors, officers or control persons of the Trust, the Manager or the Trustee or any issuer of which any of above individuals and companies were a director, senior officer or control person at the relevant time.

There have been:

a) no summary convictions or indictable offences under the Criminal Code (Canada);

b) no quasi-criminal offences in any jurisdiction of Canada or a foreign jurisdiction;

c) no misdemeanors or felonies under the criminal legislation of the United States of America, or any state or territory of the United States of America;

d) no offences under the criminal legislation of any other foreign jurisdiction;

of which the Trust, the Manager or the Trustee or a director, executive officer or control person of the Trust, the Manager or the Trustee has ever pled guilty to or been found guilty.

On April 23, 2023, the Manager entered into a Settlement Agreement with the British Columbia Securities Commission with respect to (i) partaking in activities similar to that of a registrant while unregistered under the *Securities Act* (British Columbia), (ii) distributing interests in NHLP, (iii) communicating the opportunity to invest to potential purchasers, and (iv) receiving compensation for such activities, for the period of November 2015 to January 2019. Under this Settlement Agreement, the Manager paid $40,000 as settlement of the foregoing matter and no additional orders were made against the Manager.

3.4 Certain Loans

The Trust has the following loans due from directors, management, promoters and/or principal holders as of January 1, 2024.

Syndicated Credit Facility

Refer to ITEM 2.8 MATERIAL AGREEMENTS - Syndicated Credit Facility.

3.5 Portfolio Summary

As of January 1, 2024, the portfolio consisted of 1,032 residential mortgages with a total outstanding balance of $470,926,981. The mortgages bear interest at rates ranging from 5.99% to 14.25%. The average of the interest rates payable under the mortgages, weighted by the principal amount of the mortgages is 9.47%. The average of the term to maturity of the mortgages, weighted by the principal amount of the mortgages is 7.14 months. The average loan-to-value ("**LTV**") ratio of the mortgages weighted by the outstanding amount of each mortgage is 55.1%. Obtaining a third party valuation at the time of initial funding from an approved appraiser is a key underwriting requirement. After initial funding, there is no subsequent property valuation required; however, electronic valuations may be obtained from time to time. A borrower's ability to repay is assessed for reasonability. Renewals are offered at the prevailing rate to performing borrowers in advance of contract expiry.

As of January 1, 2024, there are no mortgages comprising 10% or more of the total principal amount of the portfolio, or self-liquidating financial assets.

As of January 1, 2024, the breakdown of mortgages by property type is:

Property Type	# of Mortgages	Outstanding Amount	% of Portfolio
Single Family Residence	681	341,055,149	72%
Residential Condominium	351	129,871,832	28%
	1,032	**470,926,981**	**100%**

As of January 1, 2024, the breakdown of mortgages by order of priority is:

Position	# of Mortgages	Outstanding Amount	% of Portfolio
1st Position Mortgages	1,022	468,895,399	99.6%
2nd Position Mortgages	10	2,031,582	0.4%
	1,032	**470,926,981**	**100%**

Loan-to-value for mortgage investments is calculated using the outstanding loan balance divided by appraised value at origination. After initial funding, there is no subsequent property valuation required; however, electronic valuations may be obtained from time-to-time. As of January 1, 2024, the breakdown of mortgages by province is:

Province	# of Mortgages	Outstanding Amount	% of Portfolio	Loan-to-Value
ON	488	253,760,530	54%	57.5%
BC	189	103,239,170	22%	49.3%
AB	157	49,938,115	11%	57.2%
MB	18	3,974,420	1%	52.5%
QC	160	52,741,391	11%	54.5%
NS	20	7,273,356	2%	59.7%
Total	**1,032**	**470,926,981**	**100%**	**55.1%**

As of January 1, 2024, the breakdown of mortgages by term is:

Term	# of Mortgages	Outstanding Amount	% of Portfolio
12 months or less	833	375,885,956	79.8%
13 months	117	62,295,635	13.2%
2 year	6	1,430,290	0.3%
3 year	76	31,315,100	6.6%
	1,032	**470,926,981**	**100%**

The majority of mortgages outstanding are in good standing. As of January 1, 2024, a credit loss provision of $681,629 is recorded, which is an estimate of possible future losses in the portfolio. As of January 1, 2024, no extended amortization periods or any other material accommodation was provided to borrowers. As of January 1, 2024, there are two potentially impaired mortgages and the details of each such mortgage are below.

Mortgage	Outstanding Amount	Impaired Amount	% of Portfolio
Mortgage #1	580,383	73,077	0.016%
Mortgage #2	537,220	52,385	0.011%
	1,117,603	**125,462**	**0.027%**

As of January 1, 2024, the breakdown of mortgages by delinquency status is:

Delinquency	# of Mortgages	Outstanding Amount	% of Portfolio
Current	988	445,791,393	94.66%

1-30	10	3,749,807	0.80%
31-60	7	3,345,595	0.74%
61-90	-	-	0.00%
91-120	8	6,459,943	1.37%
>121	19	11,580,244	2.46%
Total Arrears	**44**	**25,135,589**	**5.34%**
Total >90 days	**27**	**18,040,187**	**3.83%**

As of January 1, 2024, the breakdown of the portfolio by credit score of the borrower is:

Credit Score	% of Portfolio
<550	3.5%
550-625	8.9%
625-700	31.0%
700-775	25.6%
775+	30.9%
	100%

3.6 Portfolio Performance[1]

NHIT Annualized Net Performance as of December 31, 2023

	1 Month	YTD	1 Year	3 Year	5 Year	Since Inception
Series F Unit	8.30%	8.90%	8.90%	8.82%	8.59%	8.34%
Series I5 Unit	7.76%	8.36%	8.36%	8.28%	N/A	8.04%
Series A Unit / Series I1 Unit	7.23%	7.82%	7.82%	7.74%	N/A	7.51%

3.7 Ongoing Disclosure

A monthly investor update containing information on the portfolio's performance is provided to investors and/or their advisors. Audited annual financial statements are made available to investors and/or their

[1] Past performance is not an indication of future returns. Fund performance assumes reinvestment of distributions. Performance is calculated using a time-weighted method. Net returns will differ by Series. On December 31, 2023, NHIT completed a Reorganization whereby it combined with NHLP, the partnership in which it was previously a limited partner. As a result of the Reorganization, NHIT now directly holds the investment assets of NHLP. Historical performance of NHIT prior to December 31, 2023, reflects the historical performance of NHLP which was launched November 30, 2015. Prior to the Reorganization, the net performance of NHIT was 15 basis points lower than NHLP, without consideration for compounding due to additional non-management fees.

advisors through the investor portal or upon request.

Item 4: Capital Structure

4.1 Securities Except for Debt Securities

As of January 1, 2024, the Trust has the following capital structures:

Description of security(1)	Number authorized to be issued	Price per security	Number outstanding as at January 1, 2024	Number outstanding after minimum offering	Number outstanding after maximum offering
Series A Units	Unlimited	$1.00	18,196,118	18,196,118	333,519,322
Series C Units	Unlimited	$1.00	56,294,851	56,294,851	
Series F Units	Unlimited	$1.00	56,294,851	56,294,851	
Series I1 Units	Unlimited	$1.00	154,702,954	154,702,954	
Series I10 Units	Unlimited	$1.00	1,186,045	1,186,045	
Series I2 Units	Unlimited	$1.00	1,509,464	1,509,464	
Series I3 Units	Unlimited	$1.00	827,493	827,493	
Series I4 Units	Unlimited	$1.00	892,441	892,441	
Series I5 Units	Unlimited	$1.00	3,849,018	3,849,018	
Series I6 Units	Unlimited	$1.00	6,820,639	6,820,639	
Series I7 Units	Unlimited	$1.00	4,500,000	4,500,000	
Series I8 Units	Unlimited	$1.00	33,660,716	33,660,716	
Series I9 Units	Unlimited	$1.00	1,079,583	1,079,583	

4.2 Long Term Debt Securities

The Trust has not issued any long-term debt securities.

4.3 Prior Sales

The table below discloses all issuances of Units during the 12-month period ending on the date hereof, other than Units issued to Unitholders pursuant to the DRIP.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received

01-Jan-23	Series F Units	50,000	$1.00	$50,000
01-Feb-23	Series A Units	13,000	$1.00	$13,000
01-Feb-23	Series F Units	100,000	$1.00	$100,000
01-Feb-23	Series I1 Units	30,000	$1.00	$30,000
01-Mar-23	Series A Units	5,726	$1.00	$5,726
01-Mar-23	Series F Units	400,000	$1.00	$400,000
01-Mar-23	Series I1 Units	68,500	$1.00	$68,500
01-Apr-23	Series A Units	125,179	$1.00	$125,179
01-Apr-23	Series I2 Units	100,000	$1.00	$100,000
01-Jun-23	Series F Units	20,501	$1.00	20,501
01-Jun-23	Series I1 Units	30,000	$1.00	30,000
01-Jun-23	Series I1 Units	20,244	$1.00	20,244
01-Jul-23	Series F Units	90,000	$1.00	90,000
01-Aug-23	Series F Units	91,550	$1.00	91,550
01-Aug-23	Series I1 Units	100,600	$1.00	100,600
01-Sep-23	Series F Units	133,600	$1.00	133,600
01-Sep-23	Series I1 Units	24,000	$1.00	24,000
01-Sep-23	Series I4 Units	530,954	$1.00	530,954
01-Oct-23	Series F Units	75,000	$1.00	75,000
01-Oct-23	Series I1 Units	28,074	$1.00	28,074
01-Nov-23	Series A Units	284,645	$1.00	284,645
01-Nov-23	Series F Units	60,000	$1.00	60,000
01-Dec-23	Series A Units	300,010	$1.00	300,010
01-Dec-23	Series I1 Units	64,799	$1.00	64,799
Total:		**2,746,382**	**$1.00**	**2,746,382**

(1) Pursuant to the Reorganization, NHIT issued such Units to the former Limited Partners of NHLP in exchange for their NHLP Units in accordance with the below, as applicable:

(a) for each Class A Unit of NHLP, one Series A Unit of the Trust;
(b) for each Class C Unit of NHLP, one Series C Unit of the Trust;
(c) for each Class F Unit of NHLP, one Series F Unit of the Trust;
(d) for each Class I Unit, Series 1 of NHLP, one Series I1 Unit of the Trust;

(e) for each Class I Unit, Series 2 of NHLP, one Series I2 Unit of the Trust;
(f) for each Class I Unit, Series 3 of NHLP, one Series I3 Unit of the Trust;
(g) for each Class I Unit, Series 4 of NHLP, one Series I4 Unit of the Trust;
(h) for each Class I Unit, Series 5 of NHLP, one Series I5 Unit of the Trust;
(i) for each Class I Unit, Series 6 of NHLP, one Series I6 Unit of the Trust;
(j) for each Class I Unit, Series 7 of NHLP, one Series I7 Unit of the Trust;
(k) for each Class I Unit, Series 8 of NHLP, one Series I8 Unit of the Trust;
(l) for each Class I Unit, Series 9 of NHLP, one Series I9 Unit of the Trust; and
(m) for each Class I Unit, Series 10 of NHLP, one Series I10 Unit of the Trust.

Item 5: Securities Offered

5.1 Terms of Securities

The beneficial interest in the Trust is divided into an unlimited number of Units, each without nominal or par value. Each Unit will be issued only as fully paid and non-assessable. Except as may be specifically provided in the Trust Agreement, no Unit shall have any preference, conversion, exchange, pre-emptive or redemption rights in any circumstances more favourable than any other Unit.

Each Unitholder will be entitled to one (1) vote for each Unit held by such Unitholder in respect of all matters to be voted upon by the Unitholders or any of them.

In addition to the Series A, Series F and Series I Units being sold hereunder, the Trust has another Series of Units, being Series C Units. Each Series of Units has its own fee structure as set forth in the Trust Agreement.

The ownership of all property of the Trust of every description and the rights to conduct the affairs of Trust are vested exclusively in the Trustee, and the Unitholders have no interest other than their beneficial interest in the Units of the Trust.

Holders of Series A, Series F, Series C and Series I Units may convert their Units into other Series A, Series F or Series I Units. Conversions of Units may occur (i) with Manager approval, in the case of conversions to Series F, Series C or Series I Units, and (ii) by delivering a notice and surrendering such Units to be converted prior to 12:00pm on the last business day in any month. Any such conversions will be effected on the first date of every month. For each Unit so converted, a Unitholder will receive that number of converted Units equal to the Fair Market Value of the pre-conversion Units divided by the Fair Market Value of the converted Units, each Fair Market Value as determined by the Manager at the close of trading on the business day immediately preceding the date of conversion.

Holders of Units may also request that their Units be redeemed or repurchased by the Trust in accordance with the Trust Agreement, which provides that the Trustee may specify any minimum notice periods or other conditions of redemption it may impose before it will consider a redemption request. The proceeds payable for any redemption will be equal to the Fair Market Value of units being repurchased. Where the Unitholder has held the Units being redeemed for less than one year, an early redemption fee of 4% of the aggregate Fair Market Value of the Units being redeemed shall be deducted from the proceeds. The Units offered pursuant to this Offering Memorandum are subject to a 90-day minimum prior notice period.

Certain Units will be subject to Trailer Fees payable in connection with monthly Distributions (refer to ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS).

Series Votes

No amendment which would materially and adversely affect Unitholders of a Series of Units will be valid without the consent of a majority of all the Unitholders of such Series of Units.

5.2 Subscription Procedure

The Manager will determine the terms and conditions of any sale of Units, provided that such terms and conditions do not materially adversely affect the interests of those who are Unitholders at the time of sale of the Units. The Manager may do all lawful things in connection with selling Units including preparing such documents as may be necessary or advisable, communicating with prospective purchasers of Units and assisting in structuring their proposed purchases of Units, paying the expenses of sale, seeking and obtaining exemptions from having to file a prospectus or deliver an offering memorandum or both in connection with such sale, engaging special counsel for subscribers for Units as a group, and entering into agreements with any Person providing for a commission or fee in respect of such sale.

Series A Units are available to subscribers who purchase Units through a third party dealer that has signed an agreement with the Manager.

Series I Units are available to subscribers who purchase Units through NHCM or third party dealers as approved by the Manager.

Series F Units are available to subscribers who participate in fee-based programs through authorized third-party dealers that have signed an agreement with the Manager. Subscribers who purchase Series F Units pay ongoing fees directly to their dealer for investment advice and other services. Alternatively, Series F Units could be made available where a subscriber's dealer is otherwise not receiving a trailer fee for servicing the account in respect of the Series F Units.

You may subscribe for Units by delivering the following documents to the Manager at the address shown in the Subscription Agreement: (i) a completed and executed Subscription Agreement in the form provided with this Offering Memorandum; (ii) a certified cheque, draft or wire transfer payable to the Trust in the amount of the subscription price for the Units. Alternatively, once enabled, payment may be made by electronic settlement via the Fundserv network through a registered investment dealer; and (iii) in the case of an investor that is relying on the offering memorandum exemption to purchase Units: a completed and executed Form 45-106F4 – Risk Acknowledgement; if required, a completed and executed Schedule I to Form 45-106F4; if required, a completed and executed Schedule II to Form 45-106F4; and if required, a completed and executed Certificate of Eligible Investor.

Item 6: Repurchase Requests

The Trust received redemption requests from Unitholders as follows during the two most recently completed financial years:

Description of security	Date of end of financial year	Number of securities with outstanding repurchase requests on the first day of the year	Number of securities for which investors made repurchase requests during the year	Number of securities repurchased during the year	Average price paid for the repurchased securities	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the year
Series F Units	Dec 31, 2022	0	94,530	94,530	$1.00	(1)	(2)
Series F Units	Dec 31, 2022	0	29,567	29,567	$1.00	(1)	(2)
Series I10 Units	Dec 31, 2022	0	614	614	$1.00	(1)	(2)
Series F Units	Dec 31, 2022	0	5,000	5,000	$1.00	(1)	(2)
Series I7 Units	Dec 31, 2022	0	2,312,524	2,312,524	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2022	0	606	606	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	152,936	152,936	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	60,037	60,037	$1.00	(1)	(2)
Series F Units	Dec 31, 2023	0	62,728	62,728	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	2,002	2,002	$1.00	(1)	(2)
Series I10 Units	Dec 31, 2023	0	666	666	$1.00	(1)	(2)
Series I2 Units	Dec 31, 2023	0	157,851	157,851	$1.00	(1)	(2)
Series I3 Units	Dec 31, 2023	0	373,103	373,103	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	2,623	2,623	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	1,315	1,315	$1.00	(1)	(2)
Series A Units	Dec 31, 2023	0	129,835	129,835	$1.00	(1)	(2)
Series I1 Units	Dec 31, 2023	0	54,390	54,390	$1.00	(1)	(2)

(1) *All redemption requests made in fiscal 2022 and 2023 were completed within the 90 day notice period contemplated in the Declaration of Trust.*
(2) *NHIT redemptions prior to December 31, 2023 were funded from monies received by the Trust from the corresponding redemption of Class M units of NHLP.*

Item 7: Income Tax Consequences and Eligibility for Deferred Plans

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

7.1 Eligibility for Deferred Plans

Provided that the Trust is, at all relevant times, a “mutual fund trust” or a "registered investment" for the purposes of the Tax Act, Units will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan (“**RESP**”), registered disability savings plan (“**RDSP**”), tax-free savings account (“**TFSA**”), first home savings account (“**FHSA**”) or deferred profit sharing plan (“**DPSP**”), each as defined in the Tax Act (collectively, “**Deferred Plans**” and, individually, a “**Deferred Plan**”). Notwithstanding the foregoing, holders, annuitants or subscribers of RRSPs, RRIFs, RESPs, RDSPs, FHSAs and TFSAs, as the case may be, (collectively, “**Controllers**” and, individually, a “**Controller**”) will be subject to a penalty tax in respect of Units held in a trust governed by such a Deferred Plan if such Units are a “prohibited investment" for the purposes of the Tax Act. Units will generally not be a "prohibited investment" for such a Deferred Plan unless the Controller of the Deferred Plan (i) does not deal at arm's length with the Trust for purposes of the Tax Act or (ii) has a "significant interest", as defined in the Tax Act, in the Trust. Generally, a Controller will not have a significant interest in the Trust unless the Controller owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with which the Controller does not deal at arm's length. In addition, Units will generally not be a "prohibited investment" if such Units are "excluded property" for Deferred Plans. Controllers should consult their own tax advisors with respect to the application of these rules in these circumstances.

7.2 Certain Canadian Federal Income Tax Considerations

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a subscriber who acquires Units in the Offering and who, for purposes of the Tax Act and at all relevant times, is resident or is deemed to be resident in Canada, deals at arm's length and is not affiliated with the Trust, has not entered and will not enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to his, her or its Units and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election, in accordance with subsection 39(4) of the Tax Act, in order to have such Units and each other "Canadian security", as defined in the Tax Act, owned by such Unitholder in the taxation year in which the election is made and in subsequent years, deemed to be capital property. Unitholders interested in making this election should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Unitholder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), a Unitholder an interest in which is a "tax shelter investment" (as defined in the Tax Act), or a Unitholder that has elected to determine its Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules contained in the Tax Act. Any such Unitholders should consult their own tax advisors with respect to an investment in Units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that the Tax Proposals will be enacted in their current form. However, there can be no assurance that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, governmental or judicial decision or action, and does not take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this summary.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a Unitholder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser or any Unitholder. Prospective investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances.

Status of the Trust

1. Mutual Fund Trust

This summary is based on the assumption that the Trust will qualify as a “mutual fund trust” for purposes of the Tax Act at all relevant times. In order for the Trust to qualify as a mutual fund trust, it must continue to satisfy certain requirements, including the requirements that it be a “unit trust” as defined in the Tax Act, and it have at least 150 Unitholders of a class, each of whom holds a “block of units” of the class (which would be at least 100 Units, assuming the fair market value of each Unit of the class is less than $25) having an aggregate fair market value of not less than $500. If the Trust were not to qualify as a mutual fund trust, the federal income tax considerations described below would, in some respects, be materially and adversely different. For greater certainty, the Trust is not and will not be a “mutual fund” as defined by applicable securities legislation.

2. The SIFT Rules

The Tax Act contains rules relating to the taxation of certain publicly traded mutual fund trusts (“**SIFT Trusts**”) and the distributions from such entities (the “**SIFT Rules**”). Specifically, the SIFT Rules apply an entity level tax on certain income (other than taxable dividends) earned by a SIFT Trust and treat the distributions of such income received by unitholders of a SIFT Trust as taxable dividends received from a taxable Canadian corporation. Additionally, the SIFT Rules provide that a SIFT Trust paying a distribution from income remaining after such entity level tax will not be entitled to deduct that distribution when calculating its income.

The SIFT Rules do not apply to an entity if no “investments” in that entity are listed or traded on a stock exchange or other public market. For these purposes, an “investment” would include an interest in or debt issued by the Trust as well as any right that may reasonably be considered to replicate a return on, or the value of, any such interest or debt. A stock exchange or other public market includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. The Manager does not expect Units or any interest in the Trust to be so listed or traded. On this basis, the SIFT Rules should not be applicable to the Trust. The remainder of this summary assumes that the SIFT Rules do not apply to the Trust. If the SIFT Rules were to apply to the Trust, the income tax considerations discussed below would, in some respects, be materially and adversely different.

Taxation of the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its income for the year determined under the Tax Act, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable to Unitholders (whether in cash, additional Units or otherwise) in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in that year to enforce payment of the amount. The Trust will distribute and make payable to Unitholders, in cash and/or additional Units, in each taxation year, a sufficient amount of its net income, net realized capital gains and any other applicable amounts for that taxation year so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

The Trust’s income will be determined under the Tax Act for each year. In computing its income, the Trust may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Trust may also deduct from its income for the year a portion of the expenses incurred by the Trust in issuing Units in the Offering, to the extent that such expenses are not reimbursed. The portion of such issue expenses deductible by the Trust in a taxation year is 20% of such issue expenses per year, pro-rated where the Trust's taxation year is less than 365 days. Any losses incurred by the Trust cannot be allocated to Unitholders but may generally be carried back or forward, in accordance with the rules and limitations contained in the Tax Act and deducted in computing the taxable income of the Trust.

Under the Trust Agreement, an amount equal to all of the income of the Trust, together with the non-taxable portion of any net capital gains realized by the Trust, will be payable in the year to the Unitholders by way of cash distributions, except to the extent that the Manager determines that the Trust does not have sufficient cash, in which case all or a portion of such distribution will be made to Unitholders in the form of additional Units.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains, by an amount determined under the Tax Act based on the redemption of Units during the year. In certain circumstances, a refund arising in a particular taxation year may not completely offset the Trust's tax liability for such taxation year arising as a result of a disposition of property in connection with the redemption of Units.

Taxation of Unitholders

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Trust, including the taxable portion of net realized capital gains of the Trust, that is paid or payable to the Unitholder in the particular taxation year, whether such amount is received in cash, additional Units or otherwise. Provided that appropriate designations are made by the Trust, taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains realized by the Trust in the year, and foreign source income of the Trust for the year, if any, as are paid or payable or are deemed to be paid or payable to a Unitholder, will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the Trust, the taxable portion of which was designated to a Unitholder in a taxation year, that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or payable to a Unitholder in such year (otherwise than as proceeds of disposition of Units) will not generally be included in the Unitholder's income for the year but will reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit such that the adjusted cost base will be zero.

The cost to a Unitholder of additional Units received in lieu of a cash distribution of income or capital gains will be the amount distributed by the issuance of those Units. For the purposes of determining the adjusted cost base to a holder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units of the same class owned by the Unitholder as capital property immediately before that time. A consolidation of Units will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all the Unitholder's Units will not change as a result of the consolidation of Units; however, the adjusted cost base per Unit will increase.

A conversion of Units by a Unitholder from one series of Units to a different series of Units should not constitute a disposition of Units for purposes of the Tax Act.

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Trust that is otherwise required to be included in the Unitholder's income.

One-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder on a disposition of Units and the amount of any net taxable capital gains designated by the Trust in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain, and one-half of any capital loss (an "**allowable capital loss**") realized by a Unitholder on a disposition or deemed disposition of Units must generally be deducted only from taxable capital gains realized in the year. To the extent that such allowable capital losses exceed taxable capital gains in the year, such allowable capital losses may be applied against taxable capital gains realized in any of the three taxation years preceding the year or any taxation year following that year to the extent provided for, and in accordance with, the provisions of the Tax Act.

In general terms, net income of the Trust paid or payable to a Unitholder who is an individual (other than certain trusts) and designated as taxable dividends or net taxable capital gains, and capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as defined in certain Tax Proposals) may be liable to pay an additional refundable tax payable on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

Item 8: Compensation Paid to Sellers and Finders

No commission, corporate finance fee or finder's fee is directly payable in connection with the sale of Units under this Offering.

NHCM, a registered exempt market dealer, acts as selling agent for the Trust. NHCM is an affiliate of the Manager and may benefit indirectly from the sale of Units under this Offering. The Trust is a "connected issuer" and "related issuer" of NHCM, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*, by virtue of NHCM's role as an exempt market dealer engaged to sell Series I Units, and other series as authorized by the Manager, offered hereby and based on the fact that the Manager and NHCM have common directors, officers and securityholders. NHCM is also considered a "captive dealer" as it offers products of affiliates in NHCM's group of related businesses (including securities issued by the Trust) and represents no other issuer on an ongoing basis.

As part of the monthly Trailer Fees charged:

(a) in respect of the Series A Units, the party who advised each holder of Series A Units will receive a trailer fee equal to 1/12th of 1.00% of the Fair Market Value of the Series A Units held by such holder as at each monthly Valuation Date; and

(b) in respect of the Series Ix Units, NHCM will receive a trailer fee equal to 1/12th of X% of the Fair Market Value of the Series Ix Units held by such Unitholder as at each monthly Valuation Date will be directed by the Manager to be paid to the relevant party, where "**X**" is determined based on the Minimum Investment Amount of such Unitholder within an account, as follows:

Minimum Investment (in thousands)	$25 *(Series 1)*	$100 *(Series 2)*	$200 *(Series 3)*	$500 *(Series 4)*	$1,000 *(Series 5)*	$2,000 *(Series 6)*	$5,000 *(Series 7)*	$15,000 *(Series 8)*	$30,000 *(Series 9)*	$50,000 *(Series 10)*
X	1.00%	0.85%	0.75%	0.60%	0.50%	0.40%	0.30%	0.20%	0.15%	0.10%

The applicable Trailer Fees are deducted from the distributions made to Unitholders in accordance with the Trust Agreement.

Item 9: Risk Factors

Investing in the Trust entails certain risks and is only suitable for subscribers who understand and are capable of bearing the risks of an investment in the Trust. An investment in the Trust is not intended as a complete investment program and in the opinion of the Manager, an investment in the Trust is Medium risk in nature. All investments in securities, mortgages and other financial instruments risk the loss of invested capital. Likewise, there is a risk that an investment in the Trust will be lost entirely or in part. There is no assurance that the Trust will achieve its overall investment objective. Prospective subscribers should carefully consider the following risk factors, which do not purport to be a complete list of the potential risks involved in an investment in the Trust.

General Economic Risk (External Economic and Political Environment)

The Trust cannot predict the real estate market's future values which may include declines in values. It is not possible for the Trust to predict with any accuracy influences such as world affairs, global and local politics and economies, inflation, interest rates, labour markets and environmental impacts. These are unknowns and the Trust makes no representations or warranties as to being an authority on these causes and effects. Real estate markets and certain economies may result in declining real estate values and changes in interest rates, either or both of which may result in lower returns to the Trust and lower distributions to Unitholders.

General Risks of Real Estate Investments

Investments in real estate are subject to many risks, including those posed by the highly competitive nature of the real estate industry, changes in general or local conditions, changes in property values, increases in interest rates, the lack of available financing, increases in real estate tax rates and vacancy rates, overbuilding, changes in governmental regulations and monetary policies, and other factors that are beyond the control of the Trust.

Mortgages are generally large compared to other investments such as stocks, bonds, term deposits, GICs, and so forth. Being of considerable size, a Mortgage or portfolio or Mortgages, generally speaking, is relatively less liquid than other investments.

Real estate values are also subject to other costs that can change quickly and unpredictably, materially affecting value. Such costs may include property taxes, property insurance, property maintenance and management, strata corporation fees and other levies.

Tax Designation

The return on the Unitholder's investment in Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Unitholders acquiring, holding or disposing of Units.

If the Trust ceases to qualify as a “mutual fund trust” and a "registered investment" under the Tax Act, Units will cease to be qualified investments for Deferred Plans. This could result in Deferred Plans which continue to hold Units becoming liable for a penalty tax.

If the Trust ceases to qualify as a “mutual fund trust” and at such time is a “registered investment” for purposes of the Tax Act, the Trust may be subject to a penalty under the Tax Act.

No Review by Regulatory Authorities

This Offering Memorandum constitutes a private offering of the Units by the Trust only in those jurisdictions where and to those persons to whom, they may be lawfully offered for sale under exemptions in applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Units. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

Higher Risk Loans

The Trust will undertake higher risk loans than many conventional lenders such as banks and as a result, there is a greater risk of default. Although the Manager performs due diligence with respect to each loan and attempts to reduce risk by diversification of its portfolio, defaults on significant loans may affect the distributions payable to Unitholders.

The Trust does its best to avoid unreasonable concentration of mortgage funds in a particular borrower or group of related borrowers and concentration in a particular locale or community.

No Minimum Subscription

The Offering is subject to no minimum subscription level and, therefore, any funds received from a Purchaser will be made available to the Trust subject only to the Purchaser’s rights described in “ITEM 12: PURCHASERS’ RIGHTS” and need not be refunded to the Purchaser. As the Offering will be conducted on a continuous basis, all of the subscription funds will be advanced to the Trust as such funds are received and prior to completion of the Offering. In the event that the Trust does not raise or invest the maximum Offering, there may be insufficient funds to achieve all of the Trust's objectives.

Key Personnel

The operations of the Trust and the Manager are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the timing or the ability of the Trust to implement its business plan.

The Manager's management team consists of several key personnel. In order to manage the Trust successfully in the future it may be necessary to further strengthen its management team. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Trust's business, financial condition, and results of operations.

Reliance on the Manager

The Trust will be dependent on the knowledge and expertise of the Manager. Investors will be relying on the good faith, experience and judgment of the Manager to manage the affairs of the Trust. There is no certainty that the persons who are currently officers and directors of the Manager will continue to be officers and directors of the Manager.

Bank Borrowing

The Trust will borrow funds whenever funds are required and available provided it is economical and prudent to do so, including using those funds to add leverage to the Trust's portfolio of mortgages. These borrowings may take the form of lines-of-credit from banks and other lending institutions, as the case may be. It is probable that debt instruments will form part of a floating charge against the assets and equity of the Trust, and in the event of liquidation or wind-up, will rank in priority to the outstanding Units of the Trust and/or may force the Trust to de-leverage (repay borrowings) on short notice, perhaps having to use cash reserves and/or sell assets to repay short-term borrowings.

Rental Properties

Some of the Trust's borrowers use a Mortgage to purchase a rental property, and those borrowers may rely upon periodic lease or rental payments from tenants to service debt, pay for a property’s maintenance and other operating expenses and to fund capital improvements. There is no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the terms of their leases. Accordingly, repayment of a Mortgage loan may be affected by the expiration or termination of leases and the ability of the borrowers to renew those leases with the existing occupants, to re-lease the space on economically favourable terms or changes in government regulations related to investment properties.

Mortgage Loans Not Insured

The Trust's Mortgages are not insured or guaranteed, in whole or in part, by any government or governmental entity, underwriter or any other person, except in circumstances where recourse to the borrower and its financial strength is negotiated as part of a particular underwriting. In these cases, the ability of any borrower (or guarantor) to satisfy its recourse obligations will be limited by the extent of their respective available assets. No representation is made as to the adequacy of the assets of any borrower or guarantor available to satisfy their respective recourse obligations with respect to any Mortgage.

Refinancing Issues

The availability of credit for borrowers to refinance a Mortgage or sell the mortgaged properties will be significantly dependent on economic conditions in the markets where mortgaged properties are located, the creditworthiness of the borrower, as well as the willingness and ability of lenders to make such loans. The availability of funds in the credit markets fluctuates and there can be no assurance that the availability of such funds will exist at the time mortgage loans mature.

Conflicts of Interest

The Trust, the Trustee and the Manager

Conflicts of interest exist, and others may arise, between investors and the Trustee and/or directors and officers of the Manager and their associates and affiliates.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner favorable to investors. Under the Trust Agreement, the Board of Governors of the Trust is responsible for resolution of any conflicts of interest that may arise. Persons considering a purchase of Units pursuant to this Offering must rely on the judgment and good faith of the Board of Governors of the Trust in resolving such conflicts of interest as may arise. The risk exists that any such conflicts will not be resolved in the best interests of the Trust. Furthermore, the Board of Governors of the Trust, the Manager and NHCM are not controlled by the Trust but are related by common management and personnel. This could create potential conflicts of interest between any of those entities. However, the Board of Governors will make any decision involving the Trust honestly and in good faith.

Subject to the Trust Agreement, the Trustee and the Manager are not in any way limited or affected in its ability to carry on business ventures for their own account and for the account of others and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Trust. In addition, the Trustee or the Manager may establish in the future other investment vehicles which have or may have investment objectives that are the same as or similar to those of the Trust and may act as advisor and/or manager to such vehicles.

The Trust, the Manager and NHCM

The Trust is a “connected issuer” and “related issuer” of NHCM, as such term is defined in National Instrument 33-105 – Underwriting Conflicts. The Trust has determined that it is a connected issuer and related issuer of NHCM by virtue of NHCM’s role as an exempt market dealer engaged to sell the Series I Units, or other series as approved by the Manager, offered hereby, and based on the fact that NHCM and the Manager (previously also the General Partner of NHLP) have common management.

Additionally, NHCM is considered a “captive dealer” as defined by CSA Staff Notice 31-343 because it solely or primarily distributes securities of related or connected issuers.

NHCM’s relationship with the Trust may cause NHCM to perform due diligence on the securities offered hereby with a less independent view, and NHCM may be considered to have an added incentive to sell the securities under this Offering. The judgement of NHCM’s dealer representatives, management and supervisory staff may be considered to be affected by these relationships. In light of the conflicts of interest, NHCM has adopted policies and procedures for assessing a purchase as suitable for a client and for identifying and responding to conflicts of interest by avoiding, controlling or disclosing conflicts of interest. NHCM has had no involvement in the decision to distribute securities under the Offering or the terms of the Offering.

The subscription proceeds from this Offering will not be applied for the benefit of NHCM, except that NHCM will receive trailer fees in respect of the Series I Units as outlined in ITEM 8: COMPENSATION PAID TO SELLERS AND FINDERS.

Credit

Credit risk is the possibility that a borrower or issuer is unable or unwilling to repay its loan, obligation or interest payment, either on time or at all. The Trust can lose money if the borrower cannot pay interest or repay principal when it is due.

Large Unitholder

The securities of the Trust may be held in significant percentages by an investor, including another fund. In order to meet redemption requests by the investor, the Trust may have to suspend the redemption of Units in accordance with the Trust Agreement.

Liquidity

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. In highly volatile markets, such as in periods of sudden interest rate changes, Trust property may become less liquid, which means they cannot be sold as quickly or easily.

"Interest Only" Mortgages

A significant portion of the Trust's investment portfolio may be invested in "interest-only" mortgages. An "interest only" mortgage is a mortgage which, for a set term, the borrower pays only the interest on the principal balance, with the principal balance unchanged. Because these types of mortgages do not involve the borrower making payments towards the principal balance during the term of the loan, they may expose the Trust to greater risks than a mortgage that involves payments towards the principal balance (i.e., because the principal balance remains outstanding in full). The risks associated with "interest only" mortgages will generally be less for short term mortgages because in a short-term mortgage the outstanding principal is only slightly reduced during the term (i.e., meaning that the risk associated with such a mortgage not being repaid on maturity is not materially different from other mortgages).

Yield

Yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, government regulation and tax laws. The Trust cannot predict the effect that such factors will have on its operations.

Competition

Earning of the Trust depends on the Trust's ability, with the assistance of the Manager, to source suitable opportunities for the investment of the Trust's funds through its network of mortgage professionals and on the yields available from time to time on mortgages and other investments. The investment industry in which the Trust operates is subject to much competition from competitors many of whom have greater financial and technical resources than the Trust. Such competition may adversely affect the Trust's success in the marketplace. There is no assurance that the Trust will be able to successfully maintain its investment strategy or operate profitably.

Marketability of Units

There is currently no market through which the Units may be sold nor is one expected to develop. Redemptions are permitted only as described herein and there are circumstances in which the Trustee may suspend redemptions. Accordingly, the Units may not be appropriate for subscribers seeking greater liquidity. Also, Units are only transferable in limited circumstances with the approval of the Manager.

Potential Liability under Environmental Protection Legislation

Environmental and ecological legislation has become increasingly important and onerous, and the amount of regulation and penalties for non-compliance is growing. This represents a risk to lenders as well as property owners and borrowers as it is possible that the liability for non-compliance can pass to the lender (NHIT) if the property owner/borrower defaults in terms of environmental requirements. Under various laws it is possible that the Trust could become liable for the costs of removal of toxic or hazardous substances and remediation of the subject property as well as neighboring property(s). Where the Trust suspects possible environmental issues, the Trust will complete environmental diligence including obtaining necessary professional environmental reports and clearances.

Property Insurance

The Trust requires that property insurance be carried by the borrower on all property(s) securing the Trust's Mortgage. The risk is that the borrower may not obtain adequate insurance coverage or the right type of coverage or may not maintain the insurance in good standing, letting it lapse. To mitigate this risk the Trust retains the right to maintain adequate insurance and apply the cost of premiums to its Mortgage.

Default

If there is default on a Mortgage it may be necessary for the Trust, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing. In such cases it is possible that the total amount recovered by the Trust may be less than the total investment, resulting in loss to the Trust. Equity investments in real property may involve fixed costs in respect of Mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Trust's income.

Operating History

The Trust was formed on May 24, 2019 and NHLP was formed on November 16, 2015. The Partnership was in continuous operation since November 16, 2015 until the completion of the Reorganization. Although the Manager has significant experience and success in making Mortgage investments, the past performance of those investments is not necessarily indicative of the future results of the Trust's future performance.

Availability of Mortgage Investments

The Trust primarily invests in residential Mortgages in Canada which meet the investment criteria of the Trust. There is no guarantee that the Trust will be fully invested in such Mortgages or that it will be able to assemble a portfolio of Mortgage investments adequate to meet its financial projections of return.

Change in Legislation or Regulations

There is no assurance that the laws, regulations, policies or current administrative practices of any government body, or regulatory agency in British Columbia, or any other jurisdiction will not be changed, applied or interpreted in a manner which will fundamentally alter the ability of the Trust to operate as outlined herein.

No Guaranteed Return

There is no guarantee that an investment in Units will earn any positive return in the short or long term. Moreover, the interest rates being charged for Mortgages reflect the general level of interest rates and as interest rates fluctuate, the Manager expects that the aggregate yield on mortgage investments will also change.

Risk of Using Borrowed Money to Finance an Investment

If you are considering using borrowed money to finance any part of the purchase of your investment, please be aware that using borrowed money to finance the purchase of an investment involves greater risk than a purchase using cash resources only. If you borrow money to make an investment, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the investment purchase declines.

Risk of Normal Deviations

Certain mortgage portfolio metrics fluctuate naturally within the ordinary course of business. These metrics include, but are not limited to, metrics such as geographic concentration, credit score mix, and delinquencies. Deviations of such metrics occurring within an acceptable range may occur between reporting dates of published results herein and are not expected to have a significant effect on the market price or value of the Units.

Worsening Economic Conditions

Uncertainty and negative trends in general economic conditions in Canada and abroad, including significant tightening of credit markets, historically have created a difficult environment for entities operating in various industries. Many factors beyond our control may have a detrimental impact on the returns of the Trust, including short-term and long-term interest rates (which have significantly increased since the beginning of 2022), inflation, fluctuations in debt markets, unemployment levels, consumer confidence, housing price declines and other general economic conditions, as well as events such as natural disasters, acts of war, terrorism and catastrophes. These conditions may result in higher default rates on Mortgages.

There can be no assurance that economic conditions will remain favorable for our business or that default rates on Mortgages will remain at current levels. Increased default rates on Mortgages may inhibit our returns. If delinquency rates on Mortgages exceed certain levels defined in the Credit Facility it could constitute a default under the Syndicated Credit Facility or other credit facilities, reducing or terminating such facilities.

Item 10: Reporting Obligations

The Manager will make available and forward to each Unitholder, upon request, any information required to be distributed to Unitholders under securities legislation.

Item 11: Resale Restrictions

For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon, unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Trust became a reporting issuer in any province or territory of Canada.

For trades in Manitoba, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the securities for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Item 12: Purchasers' Rights

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

12.1 Two-Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

12.2 Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto and, in some cases, advertising and sales material used in connection therewith, contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defenses under applicable securities legislation.

The following is a summary of the rights of action for damages or rescission, or both, available to certain purchasers resident in certain of the provinces of Canada and is subject to the express provisions of the securities laws, regulations, and rules governing such provinces and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described herein which the issuer and other applicable parties may rely. Subscribers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

The rights described below are in addition to and without derogation from any other right or remedy that Canadian purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

For Purchasers Resident in British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia) (the "**BC Act**"). The BC Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the BC Act, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and has a statutory right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person who signed the offering memorandum. The purchaser may elect to exercise a right of rescission against the issuer, in which case the purchaser has no right of action for damages against the issuer.

The BC Act provides a number of limitations and defenses in respect of such rights. A person is not liable for damages if the person proves that:

(a) the purchaser had knowledge of the misrepresentation;

(b) the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was sent without the person's knowledge or consent;

(c) on becoming aware of the misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it; or

(d) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that:

   (i) there had been a misrepresentation; or

   (ii) the relevant part of the offering memorandum:

      (A) did not fairly represent the report, opinion or statement of the expert; or

      (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, a person is not liable for damages with respect to any part of the offering memorandum not purporting (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (d) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by a plaintiff in any action for misrepresentation must not exceed the price at which the securities were offered under the offering memorandum.

Section 140 of the BC Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of

   (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

   (ii) 3 years after the date of the transaction that gave rise to the cause of action.

For Purchasers Resident in Alberta

The right of action for damages or rescission described herein is conferred by section 204 of the *Securities Act* (in this section, the "**Alberta Act**"). The Alberta Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the

Alberta Act, when a person or company purchases a security offered by the offering memorandum, the purchaser has a statutory right of action (a) for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person or company who signed the offering memorandum; and (b) for rescission against the issuer.

Where a purchaser elects to exercise a right of rescission against the issuer, such purchaser has no right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; nor (iii) every person or company who signed the offering memorandum.

The Alberta Act provides a number of limitations and defenses in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

(a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer that it was sent without the knowledge and consent of the person or company;

(c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer of the withdrawal and the reason for it;

(d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

    (i) there had been a misrepresentation; or

    (ii) the relevant part of the offering memorandum:

        (A) did not fairly represent the report, opinion or statement of the expert; or

        (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert,

(e) if, with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;

(f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(g) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

Section 211 of the Alberta Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of

(i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) 3 years after the date of the transaction that gave rise to the cause of action.

For Purchasers Resident in Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba) (the "**Manitoba Act**"). The Manitoba Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the Manitoba Act, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase. Such purchaser has a statutory right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum and every person or company who signed the offering memorandum or, alternatively, while still an owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer or the directors. Pursuant to section 141.4(2) of the Manitoba Act, no such action may be commenced to enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission; or (b) the earlier of (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) 2 years after the day of the transaction that gave rise to the cause of action, in any other case.

The Manitoba Act provides a number of limitations and defenses, including the following:

(a) no person or company is liable if the person or company proves that the purchaser purchased the security having knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would be just and equitable.

In addition, a person or company, other than the issuer, will not be liable:

(a) if such person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

(b) if such person or company proves that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, if the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion, or statement; or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(d) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

For Purchasers Resident in New Brunswick

The right of action for damages or rescission described herein is conferred by section 150 of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**"). The New Brunswick Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the New Brunswick Act, a purchaser who purchases securities offered by the offering memorandum shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

(a) the purchaser has a right of action for damages against (i) the issuer, (ii) any selling security holder(s) on whose behalf the distribution is made, (iii) every person who was a director of the issuer at the date of the offering memorandum or (iv) every person who signed the offering memorandum; or

(b) where the purchaser purchased the securities from a person referred to in paragraph (a)(i) or (ii), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchasers relied on the misrepresentation. However, there are various defenses available to the issuer and the selling security holder(s). In particular, no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

In addition, a person or company, other than the issuer, will not be liable:

(a) if such person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

(b) if such person or company proves that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, if the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion, or statement; or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(d) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

(a) 1 year after the purchaser first had knowledge of the facts giving rise to the cause of action, or

(b) 6 years after the date of the transaction that gave rise to the cause of action.

For Purchasers Resident in Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the "**Newfoundland Act**") The Newfoundland Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, (a) a statutory right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person or company who signed the offering memorandum; and (b) for rescission against the issuer.

Where a purchaser elects to exercise a right of rescission against the issuer, such purchaser has no right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; nor (iii) every person or company who signed the offering memorandum.

The Newfoundland Act provides a number of limitations and defenses in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

(a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

(c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

    (i) there had been a misrepresentation; or

    (ii) the relevant part of the offering memorandum:

        (A) did not fairly represent the report, opinion or statement of the expert; or

        (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert,

(e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:

    (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

    (ii) believed there had been a misrepresentation;

(f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(g) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

    (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) 3 years after the date of the transaction that gave rise to the cause of action.

For Purchasers Resident in Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the "**Nova Scotia Act**"). The Nova Scotia Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature, as defined in the Nova Scotia Act, contains a misrepresentation, as defined in the Nova Scotia Act, the purchaser will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defenses, a statutory right of action for damages against the issuer or other seller and, subject to certain additional defenses, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer or other seller, directors of the issuer or any other person who has signed the offering memorandum, provided that, among other limitations:

(a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser later than 120 days after the date on which the initial payment was made for the securities;

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were offered by the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

(a) the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the offering memorandum or any amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment thereto the person or company withdrew the person's or company's consent to the offering memorandum or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or any amendment thereto purporting (i) to be made on the authority of an expert; or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation; or (B) the relevant part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Further, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or (ii) believed that there had been a Misrepresentation.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

For Purchasers Resident in Ontario

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"). The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;

(b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

(d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in "forward looking information" ("**FLI**"), as such term is defined under applicable Canadian securities laws, if it proves that:

    (i) the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI;

    (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and

(e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

 (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

 (ii) 3 years after the date of the transaction that gave rise to the cause of action.

The rights referred to in section 130.1 of the Ontario Act described above do not apply where this Offering Memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in section 73.3 of the Ontario Act (the "**accredited investor exemption**") if the purchaser is:

(c) a Canadian financial institution, meaning either:

 (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under that Act; or

 (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(d) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada);

(e) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or

(f) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

For Purchasers Resident in Prince Edward Island

The right of action for damages or rescission described herein is conferred by section 112 of the *Securities Act* (Prince Edward Island) (the "**PEI Act**"). The PEI Act provides, in the relevant part, that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the PEI Act, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages. Such purchaser has a statutory right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum. Alternatively, the purchaser who purchases a security offered by the offering memorandum during the period of distribution has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made, in which case the purchaser shall have no right of action for damages against the persons described above. No such action may be commenced to enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission; or (b) the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) 3 years after the day of the transaction giving rise to the cause of action, in any other case.

The PEI Act provides a number of limitations and defenses, including the following:

(a) no person is liable if the person proves that the purchaser purchased securities with knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation; and

(c) the amount recoverable by a plaintiff in respect of such action must not exceed the price at which the securities purchased by the plaintiff were offered.

In addition, a person, other than the issuer and selling security holder, is not liable if the person proves that:

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, upon becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(b) the person, upon becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds

(d) to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert; or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or

(e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had no representation; or (ii) believed that there had been a misrepresentation.

In addition, a person is not liable with respect to a misrepresentation in FLI if:

(a) the offering memorandum containing the FLI also contains, proximate to the FLI (i) reasonable cautionary language identifying the FLI as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the FLI; and (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI, and

(b) the person had a reasonable basis for drawing the conclusions or making the forecast or projections set out in the FLI.

The above paragraph does not relieve a person of liability respecting FLI in a financial statement required to be filed under Prince Edward Island securities laws.

For Purchasers Resident in Québec

Purchasers in Québec will be entitled to the rights of action for damages or rescission similar to those provided to purchasers in Ontario.

For Purchasers Resident in Saskatchewan

The right of action for damages or rescission described herein is conferred by section 138 of *The Securities Act*, 1988 (Saskatchewan), as amended (the "**Saskatchewan Act**"). The Saskatchewan Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum), or any amendment thereto, is sent or delivered to a purchaser and it contains a misrepresentation, as defined in the Saskatchewan Act, a purchaser who purchases a security covered by the offering memorandum or any amendment thereto has, without regard to whether the purchaser relied on the misrepresentation:

(a) a right of action for damages or rescission against the issuer or the selling security holder on whose behalf the distribution is made;

(b) a right of action for damages against every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment thereto was sent or delivered;

(c) a right of action for damages against every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions, or statements that have been made by them;

(d) a right of action for damages against every person or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or any amendment thereto, and

(e) a right of action for damages against every person or company that sells securities on behalf of the issuer or the selling security holder under the offering memorandum or any amendment thereto.

Such rights of action for damages or rescission are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the issuer or selling security holder, will be liable for any part of the offering memorandum or any amendment to the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; (ii) the part of the offering or any amendment to the offering memorandum did not fairly represent the report opinion or statement of the expert, or (iii) the part of the offering memorandum or any amendment to the offering memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;

(d) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(e) no person who or company that sells securities on behalf of the issuer or selling security holder will be liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or any amendment to it;

(f) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(g) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of its being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;

(b) after the filing of the offering memorandum or any amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(d) with respect to any part of the offering memorandum or of any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of any amendment to if fairly represented the person's or company's report, opinion or statement; or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of any amendment to it; or

(e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

Not all defenses upon which an issuer, selling security holder or other person may rely are described herein. Canadian investors should refer to the full text of the Saskatchewan Act for a complete listing.

The liability for damages of all persons and companies referred to above is joint and several, provided that the court may deny the right to recover a contribution where, in all the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

    (i) 1 year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

    (ii) 6 years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser’s intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within 2 Business days of receiving the amended offering memorandum.

For Purchasers Resident in Northwest Territories, Nunavut and Yukon

In the Northwest Territories, the *Securities Act* (Northwest Territories), in Nunavut, the *Securities Act* (Nunavut), and in Yukon, the *Securities Act* (Yukon), provides a statutory right of action for damages or rescission to purchasers resident in the Northwest Territories, Nunavut and Yukon, respectively, in circumstances where an offering memorandum, (such as this Offering Memorandum) contains a misrepresentation, which rights are similar, but not identical, to the rights available to Purchasers Resident in Prince Edward Island.

General

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or any amendment thereto, the misrepresentation is deemed to be contained in the offering memorandum or any amendment thereto.

The foregoing summary is subject to the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defenses.

The rights of action described above are in addition to and without derogation from any other right or remedy which purchasers may have at law.

Rights for Investors Purchasing Under Other Exemptions

If this Offering Memorandum, or any amendment to it, is sent or delivered to a prospective purchaser of Units and it contains a misrepresentation, a prospective purchaser who purchases Units in reliance on other exemptions such as the “accredited investor”, the “friends, family and business associates”, or the “minimum amount investment” exemptions set out in sections 2.3, 2.5 and 2.10 of NI 45-106, respectively, will be entitled to the same rights of action for damages or rescission as those afforded to investors who purchase Units in reliance on the “offering memorandum” exemption as described above for each applicable province or territory.

12.3 Cautionary Statement Regarding Report, Statement or Opinion by Expert

This Offering Memorandum includes (i) the annual audited financial statements for the year ended December 31, 2022 and accompanying independent auditors’ report prepared by KPMG LLP for NHIT, (ii) the unaudited interim financial statements for the nine-month period ended September 30, 2023 for NHIT, (iii) the annual audited financial statements for the year ended December 31, 2022 and accompanying independent auditors’ report prepared by KPMG LLP for NHLP, (iv) the unaudited interim financial statements for the nine-month period ended September 30, 2023 for NHLP, and (v) *pro forma* interim financial statements for the nine-month period ended September 30, 2023 and *pro forma* annual financial statements for the year ended December 31, 2022 for NHIT (post-Reorganization, after combination with NHLP). Items (iii) to (v) as referenced in the foregoing sentence are provided for informational purposes only in light of the Reorganization, and for further context on the financial affairs of NHIT and NHLP pre- and post-Reorganization. You do not have a statutory right of action against this party for a misrepresentation in the Offering Memorandum. You should consult with a legal adviser for further information.

Item 13: Financial Statements

See attached.

Financial Statements of

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

And Independent Auditors' Report thereon

Year ended December 31, 2022

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Neighbourhood Holdings Income Trust I

Opinion

We have audited the financial statements of Neighbourhood Holdings Income Trust I (the "Entity"), which comprise:

- the financial position as at December 31, 2022
- the statement of income and comprehensive income for the year then ended
- the statement of changes in net assets attributable to holders of redeemable units for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 5, 2023

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Assets			
Cash and cash equivalents		$ 1,938,171	$ 76,758
Amounts receivable	4	126,434	84,196
Due from related parties	6(b)	5,047	7,490
Investments in Neighbourhood Holdings Limited Partnership	4	15,401,107	13,465,391
Other assets		85,788	66,944
Total assets		$ 17,556,547	$ 13,700,779
Liabilities and Net Assets Attributable to Holders of Redeemable Units			
Accounts payable and accrued liabilities	5(c)	$ 182,771	$ 124,196
Due to related parties	6(c)	1,972,594	111,117
		2,155,365	235,313
Redeemable units, representing net assets attributable to holders of redeemable units	5	15,401,182	13,465,466
		$ 17,556,547	$ 13,700,779

The accompanying notes are an integral part of these financial statements

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Statement of Income and Comprehensive Income

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Revenue:			
Distribution income	4	$ 1,269,180	$ 977,820
Other income	6(a)	90,166	90,264
		1,359,346	1,068,084
Expenses:			
Professional fees		51,000	58,000
Trailer fees		49,715	-
Amortization of unit issuance costs		24,265	16,229
General and administrative		34,670	33,006
		159,650	107,235
Income from operations		1,199,696	960,849
Financing costs:			
Distributions to holders of redeemable units	5(c)	(1,199,696)	(960,849)
Increase in net assets attributable to holders of redeemable units from operations		$ -	$ -

The accompanying notes are an integral part of these financial statements.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Balance, beginning of year		$ 13,465,466	$ 10,131,800
Increase in net assets attributable to holders of redeemable units, from operations		-	-
Contributions and redemptions by holders of redeemable units:			
Issuance of units		4,378,557	3,972,798
Redemption of units		(2,442,841)	(639,132)
		1,935,716	3,333,666
Balance, end of year		$ 15,401,182	$ 13,465,466

The accompanying notes are an integral part of these financial statements.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Statements of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Cash provided by (used in):			
Operating activities:			
Increase in net assets attributable to holders of redeemable units, from operations		$ -	$ -
Item not involving cash:			
Distributions to holders of redeemable units		1,199,696	960,849
Changes in non-cash operating working items:			
Amounts receivable		(42,238)	(18,434)
Due from related parties		2,443	2,593
Accounts payable and accrued liabilities		58,575	38,203
Due to related parties		1,861,477	(67,795)
Other assets		(18,844)	(17,302)
		3,061,109	1,033,704
Investing activities:			
Contributions to investment in Neighbourhood Holdings Limited Partnership	4	(4,378,557)	(3,972,798)
Redemptions of investment in Neighbourhood Holdings Limited Partnership	4	2,442,841	639,132
		(1,935,716)	(3,333,666)
Financing activities:			
Proceeds from issuance of units		4,378,557	3,972,798
Redemptions paid to unit holders		(2,442,841)	(639,132)
Distributions paid to unit holders		(1,199,696)	(960,849)
		736,020	2,372,817
Increase in cash		1,861,413	72,855
Cash, beginning of year		76,758	3,903
Cash, end of year		$ 1,938,171	$ 76,758

The accompanying notes are an integral part of these financial statements.

1. Operations:

Neighbourhood Holdings Income Trust I (the "Trust") is an unincorporated, open-ended investment trust established under the laws of the Province of British Columbia pursuant to a Declaration of Trust dated May 24, 2019.

The legal ownership of the trust property and the right to conduct the activities of the Trust are vested exclusively in the Trustee.

The Trust's principal business is to invest the trust property in and to acquire units of Neighbourhood Holdings Limited Partnership ("NHLP"); and to provide unitholders of the Trust ("Unitholders") with cash distributions on a periodic basis derived from the income and net proceeds realized by the Trust from its investment in NHLP.

The Trust shall be terminated on the earlier of (a) December 31, 2119; or (b) the date set out in a special resolution.

The principal place of business of the Trust is located at 440 - 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

2. Basis of preparation:

(a) Statement of compliance:

This financial statement of the Trust has been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved and authorized for issue by the Trustee on April 5, 2023.

(b) Basis of measurement:

The financial statement has been prepared on a historical cost basis except for the investment in NHLP which is measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Entity.

(d) Use of estimates and judgments:

The preparation of this financial statement in conformity with IFRS requires the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the year. Actual results may differ from these estimates.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

(*i*) Fair value of investment in NHLP:

The investment in NHLP allows the Trust to participate in a portfolio of residential mortgages. Judgment is applied in assessing whether the Trust exercises control, joint control, significant influence or none of the above over NHLP. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of NHLP. The Trust has determined for NHLP that the Trust has neither control, joint control or significant influence as the Trust has no ability to control or influence any of the relevant activities of NHLP and has therefore measured the investment at fair value in accordance with IFRS 9.

The Trust estimates the value of its investment in NHLP based on its assessment of the current market for mortgages of same or similar terms. Should the underlying assumptions around the current market interest rates change, the estimated future cash flows could vary affecting fair value.

3. Significant accounting policies:

(a) Cash:

Cash consists of cash held at financial institutions.

(b) Revenue recognition:

Distributions from the investment in NHLP is recognized when the right to receive payment is established and after ultimate collection is reasonably assured.

(c) Net assets attributable to holders of redeemable units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. All of the Units of the Trust are redeemable on demand at the unitholder’s option and are therefore classified as financial liabilities and presented as “net assets attributable to holders of redeemable units” in the statement of financial position.

(d) Distributions on redeemable units:

Distributions to unitholders of each class are made on a monthly basis, in arrears, in the amount of 100% of the Trust’s taxable income. Distributions are accrued as finance expense in the period to which they relate.

3. Significant accounting policies:

(e) Financial instruments:

The Trust classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss; and (ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. The Trust reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial instrument	Classification under IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Due from related parties	Amortized cost
Investment in NHLP	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

(*i*) Measurement:

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

3. Significant accounting policies (continued):

(e) Financial instruments (continued):

(ii) Impairment:

An allowance for expected credit losses (“ECL”) is recognized at each balance sheet date for all financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Impairment losses, if incurred, would be recorded as expenses in the consolidated statement of income and comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of income and comprehensive income. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

(f) Income taxes:

The Trust is expected to qualify as a “Unit Trust” within the meaning of Income Tax Act (Canada) (the “Act”). The Trust is subject to applicable federal and provincial taxes on its net income for tax purposes for the year, including taxable capital gains, except to the extent such amounts are distributed to unit holders. Losses incurred by the Trust cannot be allocated to Unitholders but may be deducted by the Trust in future years in accordance with the Act.

The Trust is contractually obligated to distribute all income, and as such distributions are eligible for deduction against taxable income. Therefore, the Trust does not recognize a deferred tax asset or liability for any temporary differences.

4. Investment in NHLP:

The Trust holds an investment in NHLP, an entity formed to generate income from a portfolio of mortgages of real estate situated in Canada. As at December 31, 2022, the Trust's investment represents a 6.0% (2021 - 6.0%) interest in NHLP. See note 7(a)(i) for activity in the investment during the year ended December 31, 2022.

The investment in NHLP is recorded at fair value as the Trust has determined that it does not have control or significant influence over NHLP.

For the year ended December 31, 2022, the Trust recognized $1,269,180 (2021 - $977,820) in distribution income from the investment in NHLP of which $126,434 (2021 - $84,196) is included in amounts receivable at December 31, 2022.

5. Net assets attributable to holders of redeemable units:

(a) Units issued:

Net assets are represented by the redeemable units issued and outstanding. As at December 31, 2022, the Trust has authorized an unlimited number of redeemable non-transferable $1 units. Unitholders may request that their Units be redeemed or repurchased by the Trust provided such redemption or repurchase is in accordance with the Declaration of Trust. Redemptions are processed on the first of every month and purchasers may redeem any or all of their Units upon giving 90-days' prior notice to the Trustee, provided that redemption requests received prior to the first anniversary of the investment shall be subject to a 4% early redemption fee.

	December 31, 2022		December 31, 2021	
	Number	Amount	Number	Amount
Series A partnership units:				
Units issued, beginning of year	2,111,214	$ 2,111,214	668,638	$ 668,638
Units issued for cash	1,067,627	1,067,627	1,442,576	1,442,576
Units redeemed	-	-	-	-
Units issued for top up	-	-	4,215	4,215
Consolidation of units	-	-	(4,215)	(4,215)
Issued and outstanding, end of year	3,178,841	3,178,841	2,111,214	2,111,214
Series F partnership units:				
Units issued, beginning of year	6,275,844	6,275,844	4,795,881	4,795,881
Units issued for cash	2,609,456	2,609,456	1,558,795	1,558,795
Units redeemed	(129,097)	(129,097)	(78,832)	(78,832)
Units issued for top up	-	-	12,529	12,529
Consolidation of units	-	-	(12,529)	(12,529)
Issued and outstanding, end of year	8,756,203	8,756,203	6,275,844	6,275,844
Series I1 partnership units:				
Units issued, beginning of year	872,357	872,357	688,654	688,654
Units issued for cash	220,128	220,128	183,703	183,703
Units redeemed	(606)	(606)	-	-
Units issued for top up	-	-	1,742	1,742
Consolidation of units	-	-	(1,742)	(1,742)
Issued and outstanding, end of year	1,091,879	$ 1,091,879	872,357	$ 872,357

5. Net assets attributable to holders of redeemable units (continued):

(a) Units issued (continued):

	December 31, 2022		December 31, 2021	
	Number	Amount	Number	Amount
Series I2 partnership units:				
Units issued, beginning of year	363,685	$ 363,685	303,073	$ 303,073
Units issued for cash	103,435	103,435	170,647	170,647
Units redeemed	-	-	(110,035)	(110,035)
Units issued for top up	-	-	726	726
Consolidation of units	-	-	(726)	(726)
Issued and outstanding, end of year	467,120	467,120	363,685	363,685
Series I3 partnership units:				
Units issued, beginning of year	327,144	327,144	-	-
Units issued for cash	106,007	106,007	327,144	327,144
Units redeemed	-	-	-	-
Units issued for top up	-	-	653	653
Consolidation of units	-	-	(653)	(653)
Issued and outstanding, end of year	433,151	433,151	327,144	327,144
Series I4 partnership units:				
Units issued, beginning of year	452,533	452,533	397,190	397,190
Units issued for cash	37,409	37,409	55,343	55,343
Units redeemed	-	-	-	-
Units issued for top up	-	-	903	903
Consolidation of units	-	-	(903)	(903)
Issued and outstanding, end of year	489,942	489,942	452,533	452,533
Series I7 partnership units:				
Units issued, beginning of year	2,226,259	2,226,259	2,435,892	2,435,892
Units issued for cash	86,265	86,265	188,325	188,325
Units redeemed	(2,312,524)	(2,312,524)	(397,958)	(397,958)
Units issued for top up	-	-	4,444	4,444
Consolidation of units	-	-	(4,444)	(4,444)
Issued and outstanding, end of year	-	-	2,226,259	2,226,259
Series I10 partnership units:				
Units issued, beginning of year	836,355	836,355	842,397	842,397
Units issued for cash	148,230	148,230	46,265	46,265
Units redeemed	(614)	(614)	(52,307)	(52,307)
Units issued for top up	-	-	1,670	1,670
Consolidation of units	-	-	(1,670)	(1,670)
Issued and outstanding, end of year	983,971	983,971	836,355	836,355
Total:				
Units issued, beginning of year	13,465,391	13,465,391	10,131,725	10,131,725
Units issued for cash	4,378,557	4,378,557	3,972,798	3,972,798
Units redeemed	(2,442,841)	(2,442,841)	(639,132)	(639,132)
Units issued for top up	-	-	26,882	26,882
Consolidation of units	-	-	(26,882)	(26,882)
Issued and outstanding, end of year	15,401,107	$ 15,401,107	13,465,391	$ 13,465,391

All units in any series have the same objectives, strategies and restrictions but differ with respect to one or more of their features, such as fees. The Trust's units do not meet the exception criteria in IAS 32 for classification as equity due to the redemption terms of the units and cash flows attributable to the units. As a result, the units have been classified as financial liabilities under IFRS.

5. Net assets attributable to holders of redeemable units (continued):

(a) Units issued (continued):

The units are subject to the following management fees:

(i) Class A units:

Class A units have a trailer fee of 1.00% per annum levied on the value of the Class A units held by the unitholder at the valuation date.

(ii) Class I units:

Class I units have a trailer fee levied on the value of the units held by the unitholder at the valuation date based on the series of the class held by the unitholder. Series 1 to 10 (inclusive) have monthly trailer fees of 1.00%, 0.85%, 0.75%, 0.60%, 0.50%, 0.40%, 0.30%, 0.20%, 0.15%, and 0.10%, respectively, per annum.

(b) Initial Trust unit.

The settlor of the Trust contributed $10 to the Trust upon settlement of the Trust pursuant to the Declaration of Trust.

(c) Allocations and distributions to unitholders:

The Trust intends to distribute all of its Distributable Cash Flow, which is defined as equal to the distributions received by the Trust from its investment in NHLP net of any applicable Trust fees and expenses and any amounts that the Trustee may reasonably consider to be necessary to provide for the payment of any costs and expenses of the Trust, as provided for in the Declaration of Trust.

The Trustee, in its discretion will in respect of each distribution period, allocate for distribution an amount equal to Distributable Cash Flow less any series specific expenses, pro rata among the Series based on the number of Units outstanding in each Series. For clarity, the Series specific expenses will be applied to reduce the amount of Distributable Cash Flow allocable to each Series to which such series specific expenses relate, if any, as the Trustee may determine in its sole discretion.

The Trust will distribute and make payable to Unitholders, in cash and/or additional Units, in each taxation year, a sufficient amount of its net income, net realized capital gains and any other applicable amounts for that taxation year so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

For the year ended December 31, 2022, the Trust has recorded distributions of $1,199,696 (2021 - $960,849) to unitholders of which $120,163 (2021 - $78,855) is payable as at December 31, 2022 and is included in accounts payable and accrued liabilities.

6. Related party transactions:

The following are related party transactions not disclosed elsewhere in these financial statements:

(a) Other income:

Included in other income for the year ended December 31, 2022 is $90,166 (2021 - $90,264) for a fee rebate provided by Neighbourhood Holding Company Ltd., a related party due to common control. The rebate is provided on the Class M Units of Neighbourhood Holdings Limited Partnership held by NHIT.

(b) Due from related parties:

Included in due from related parties as at December 31, 2022 is $5,047 (2021 - $7,490) due from Neighbourhood Holding Company Ltd. This balance is unsecured and has no specified terms of repayment.

(c) Due to related parties:

Included in due to related parties as at December 31, 2022 are $1,967,115 (2021 - $109,642) due to Neighbourhood Holdings Limited Partnership and $5,479 (2021 - $1,475) due to Neighbourhood Holdings Capital Management Ltd. These balances are unsecured and have no specified terms of repayment. During the year ended December 31, 2022, the Trust withheld $20,335 (2021 - $19,785) in trailer fees owed to Neighbourhood Holdings Capital Management Ltd.

7. Financial instruments:

(a) Fair values:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust’s assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 - quote prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other that quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7. Financial instruments (continued):

(a) Fair values (continued):

The fair value of the investment in Neighbourhood Holdings Limited Partnership has been measured using Level 3 valuation methods.

December 31, 2022	Carrying value	Fair value
Assets not measured at fair value:		
Cash	$ 1,938,171	$ 1,938,171
Amounts receivable	126,434	126,434
Due from related parties	5,047	5,047
Assets measured at fair value:		
Investment in NHLP	15,401,107	15,401,107
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	182,771	182,771
Due to related parties	1,972,594	1,972,594
Redeemable units	15,401,182	15,401,182

December 31, 2021	Carrying value	Fair value
Assets not measured at fair value:		
Cash	$ 76,758	$ 76,758
Amounts receivable	84,196	84,196
Due from related parties	7,490	7,490
Assets measured at fair value:		
Investment in NHLP	13,465,391	13,465,391
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	124,196	124,196
Due to related parties	111,117	111,117
Redeemable units	13,465,466	13,465,466

7. Fair value of financial instruments (continued):

(a) Fair values (continued):

The valuation techniques and inputs used for the Partnership's financial instruments are as follows:

(*i*) Investment in NHLP:

There is no quoted price in an active market for the investment in Neighbourhood Holdings Limited Partnership. As a result, the fair value is determined based on the assessment of the underlying securities of the investment, which are mortgage investments. The determination of the mortgage investment fair values is based on the assessment of the current lending market for mortgage investments of same or similar terms. Significant unobservable inputs would relate to borrower specific credit risk spreads. Typically, the fair value of these mortgage investments approximates their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of investments is based on Level 3 inputs.

	2022	2021
Balance, beginning of year	$ 13,465,391	$ 10,131,725
Contributions	4,378,557	3,972,798
Redemptions	(2,442,841)	(639,132)
Change in fair value	-	-
Balance, end of year	$ 15,401,107	$ 13,465,391

The key valuation techniques used in measuring the investment in NHLP include:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted Cash flow	Future cashflows Discount rate Probability of cash flows	The estimated fair value would increase (decrease) with changes in significant unobservable inputs

(*ii*) Other financial assets and liabilities:

The fair values of cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, and due to related parties approximate their carrying value due to their short-term nature.

7. Fair value of financial instruments (continued):

(a) Fair values (continued):

(*iii*) Net assets attributable to the holders of redeemable units:

The Trust redeems and issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

(b) Financial risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Trust has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the investment in NHLP and cash.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities (primarily unit redemptions and distributions) when due.

All other liabilities are short term in nature and repayable within a year, while the Trust's units do not have a set maturity date, they are redeemable on demand by the unitholders.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

7. Fair value of financial instruments (continued):

(b) Financial risk management (continued):

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada through its investment in NHLP that preserves capital and generates returns in order to permit the Trust to pay quarterly distribution to its unit holders.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(A) Interest rate risk:

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not subject to material interest rate risk.

(B) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Trust is not subject to currency rate risk as all transactions are denominated in Canadian dollars.

(C) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in NHLP. These risks arise from changes in the credit environment.

8. Capital management:

The Trust considers net assets attributable to holders of redeemable units to be capital, which at December 31, 2022 were $15,401,182 (2021 - $13,465,466).

The Trust's objectives when managing capital are:

- to invest in NHLP, through a vehicle that is eligible to be held in a registered account; and
- to provide a monthly return for Unitholders from income earned from investment on these securities.

The Trust manages its capital structure and makes adjustments as required based on the funds available to the Trust in order to support the continued investment in these securities.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

For the nine months ended September 30, 2023

(Unaudited)

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statements of Financial Position

(Unaudited)

	Notes	September 30, 2023	December 31, 2022
Assets			
Cash and cash equivalents		$ 216,635	$ 1,938,171
Amounts receivable	4	122,366	126,434
Due from related party	6(b)	8,394	5,047
Investment in Neighbourhood Holdings Limited Partnership	4	17,366,721	15,401,107
Other assets		104,844	85,788
Total assets		$ 17,818,960	$ 17,556,547
Liabilities and Net Assets Attributable to Holders of Redeemable Units			
Accounts payable and accrued liabilities	5(c)	$ 174,008	$ 182,771
Due to related parties	6(c)	278,156	1,972,594
		452,164	2,155,365
Redeemable units, representing net assets attributable to holders of redeemable units	5	17,366,796	15,401,182
		$ 17,818,960	$ 17,556,547

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statements of Income and Comprehensive Income
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	Notes	2023	2022
Revenue:			
Distribution income	4	$ 1,080,427	$ 928,146
Other income	6(a)	69,556	66,244
		1,149,983	1,359,346
Expenses:			
Professional fees		35,805	37,499
Trailer fees		42,200	36,809
Amortization of unit issuance costs		24,761	17,449
General and administrative		26,216	26,057
		128,982	117,814
Income from operations		1,021,001	876,576
Financing costs:			
Distributions to holders of redeemable units	5(c)	(1,021,001)	(876,576)
Increase in net assets attributable to holders of redeemable units from operations		$ -	$ -

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	Notes	2023	2022
Balance, beginning of period		$ 15,401,182	$ 13,465,466
Increase in net assets attributable to holders of redeemable units, from operations		-	-
Contributions and redemptions by holders of redeemable units:			
Issuance of units		2,928,899	2,011,133
Redemption of units		(963,285)	(124,711)
		1,965,614	1,886,422
Balance, end of period		$ 17,366,796	$ 15,351,888

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statements of Cash Flows
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	Notes	2023	2022
Cash provided by (used in):			
Operating activities:			
Increase in net assets attributable to holders of redeemable units, from operations		$ -	$ -
Item not involving cash:			
Distributions to holders of redeemable units		1,021,001	876,576
Changes in non-cash operating working items:			
Amounts receivable		4,068	(38,960)
Due from related party		(3,347)	(13,274)
Accounts payable and accrued liabilities		(8,763)	47,567
Due to related parties		(1,694,438)	636,780
Other assets		(19,056)	(16,341)
		(700,535)	1,492,348
Investing activities:			
Contributions to investment in Neighbourhood Holdings Limited Partnership	4	(2,928,899)	(2,011,133)
Redemptions of investment in Neighbourhood Holdings Limited Partnership	4	963,285	124,711
		(1,965,614)	(1,886,422)
Financing activities:			
Proceeds from issuance of units		2,928,899	2,011,133
Redemptions paid to unit holders		(963,285)	(124,711)
Distributions paid to unit holders		(1,021,001)	(876,576)
		944,613	1,009,846
Increase (decrease) in cash		(1,721,536)	615,772
Cash, beginning of period		1,938,171	76,758
Cash, end of period		$ 216,635	$ 692,530

The accompanying notes are an integral part of these condensed interim financial statements.

1. Operations:

Neighbourhood Holdings Income Trust I (the “Trust”) is an unincorporated, open-ended investment trust established under the laws of the Province of British Columbia pursuant to a Declaration of Trust dated May 24, 2019.

The legal ownership of the trust property and the right to conduct the activities of the Trust are vested exclusively in the Trustee.

The Trust’s principal business is to invest the trust property in and to acquire units of Neighbourhood Holdings Limited Partnership (“NHLP“ or “Partnership”); and to provide unitholders of the Trust (“Unitholders”) with cash distributions on a periodic basis derived from the income and net proceeds realized by the Trust from its investment in NHLP.

The Trust shall be terminated on the earlier of (a) December 31, 2119; or (b) the date set out in a special resolution.

The principal place of business of the Trust is located at 440 - 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

2. Basis of preparation:

(a) Statement of compliance:

The condensed interim financial statement of the Trust have been prepared in compliance with International Accounting Standard 34, *Interim Financial Statements.* Selected explanatory notes are included to explain significant events and transactions that have occurred since December 31, 2022. These condensed interim financial statements do not contain all of the information and disclosures required by International Financial Reporting Standards (“IFRS”) for annual reporting purposes and should be read in conjunction with the Trust’s annual audited financial statements as at and for the year ended December 31, 2022.

The condensed interim financial statements were authorized for issue by the Trustee on January 26, 2024.

(b) Basis of measurement:

The financial statement has been prepared on a historical cost basis except for the investment in NHLP which is measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Trust.

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

The preparation of this financial statement in conformity with IFRS requires the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the year. Actual results may differ from these estimates.

(*i*) Fair value of investment in NHLP:

The investment in NHLP allows the Trust to participate in a portfolio of residential mortgages. Judgment is applied in assessing whether the Trust exercises control, joint control, significant influence or none of the above over NHLP. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of NHLP. The Trust has determined for NHLP that the Trust has neither control, joint control or significant influence as the Trust has no ability to control or influence any of the relevant activities of NHLP and has therefore measured the investment at fair value in accordance with IFRS 9.

The Trust estimates the value of its investment in NHLP based on its assessment of the current market for mortgages of same or similar terms. Should the underlying assumptions around the current market interest rates change, the estimated future cash flows could vary affecting fair value.

3. Significant accounting policies:

The condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Trust's most recent annual financial statements for the year ended December 31, 2022.

4. Investment in NHLP:

The Trust holds an investment in NHLP, an entity formed to generate income from a portfolio of mortgages of real estate situated in Canada. As at September 30, 2023, the Trust's investment represents a 6.0% (December 31, 2022 - 6.0%) interest in NHLP. See note 7(a)(i) for activity in the investment during the period ended September 30, 2023.

The investment in NHLP is recorded at fair value as the Trust has determined that it does not have control or significant influence over NHLP.

For the period ended September 30, 2023, the Trust recognized $1,080,427 (2022 - $928,146) in distribution income from the investment in NHLP of which $122,366 (December 31, 2022 - $126,434) is included in amounts receivable at September 30, 2023.

5. Net assets attributable to holders of redeemable units:

(a) Units issued:

Net assets are represented by the redeemable units issued and outstanding. As at September 30, 2023, the Trust has authorized an unlimited number of redeemable non-transferable $1 units. Unitholders may request that their Units be redeemed or repurchased by the Trust provided such redemption or repurchase is in accordance with the Declaration of Trust. Redemptions are processed on the first of every month and purchasers may redeem any or all of their Units upon giving 90-days' prior notice to the Trustee, provided that redemption requests received prior to the first anniversary of the investment shall be subject to a 4% early redemption fee.

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Series A partnership units:				
Units issued, beginning of period	3,178,841	$ 3,178,841	2,111,214	$ 2,111,214
Units issued for cash	295,566	295,566	1,067,627	1,067,627
Units redeemed	-	-	-	-
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	3,474,407	3,474,407	3,178,841	3,178,841
Series F partnership units:				
Units issued, beginning of period	8,756,203	8,756,203	6,275,844	6,275,844
Units issued for cash	1,508,383	1,508,383	2,609,456	2,609,456
Units redeemed	(193,422)	(193,422)	(129,097)	(129,097)
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	10,071,164	10,071,164	8,756,203	8,756,203
Series I1 partnership units:				
Units issued, beginning of period	1,091,879	1,091,879	872,357	872,357
Units issued for cash	180,898	180,898	220,128	220,128
Units redeemed	(214,974)	(214,974)	(606)	(606)
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	1,057,803	$ 1,057,803	1,091,879	$ 1,091,879
Series I2 partnership units:				
Units issued, beginning of period	467,120	$ 467,120	363,685	$ 363,685
Units issued for cash	131,593	131,593	103,435	103,435
Units redeemed	(158,824)	(158,824)	-	-
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	439,889	439,889	467,120	467,120
Series I3 partnership units:				
Units issued, beginning of period	433,151	433,151	327,144	327,144
Units issued for cash	26,664	26,664	106,007	106,007
Units redeemed	(375,433)	(375,433)	-	-
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	84,382	84,382	433,151	433,151

5. Net assets attributable to holders of redeemable units (continued):

(a) Units issued (continued):

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Series I4 partnership units:				
Units issued, beginning of period	489,942	489,942	452,533	452,533
Units issued for cash	584,964	584,964	37,409	37,409
Units redeemed	(19,966)	(19,966)	-	-
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	1,054,940	1,054,940	489,942	489,942
Series I7 partnership units:				
Units issued, beginning of period	-	-	2,226,259	2,226,259
Units issued for cash	-	-	86,265	86,265
Units redeemed	-	-	(2,312,524)	(2,312,524)
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	-	-	-	-
Series I10 partnership units:				
Units issued, beginning of period	983,971	983,971	836,355	836,355
Units issued for cash	200,831	200,831	148,230	148,230
Units redeemed	(666)	(666)	(614)	(614)
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	1,184,136	1,184,136	983,971	983,971
Total:				
Units issued, beginning of period	15,401,107	15,401,107	13,465,391	13,465,391
Units issued for cash	2,928,899	2,928,899	4,378,557	4,378,557
Units redeemed	(963,285)	(963,285)	(2,442,841)	(2,442,841)
Units issued for top up	-	-	-	-
Consolidation of units	-	-	-	-
Issued and outstanding, end of period	17,366,721	$ 17,366,721	15,401,107	$ 15,401,107

All units in any series have the same objectives, strategies and restrictions but differ with respect to one or more of their features, such as fees. The Trust's units do not meet the exception criteria in IAS 32 for classification as equity due to the redemption terms of the units and cash flows attributable to the units. As a result, the units have been classified as financial liabilities under IFRS.

5. Net assets attributable to holders of redeemable units (continued):

(a) Units issued (continued):

The units are subject to the following management fees:

(*i*) Class A units:

Class A units have a trailer fee of 1.00% per annum levied on the value of the Class A units held by the unitholder at the valuation date.

(*ii*) Class I units:

Class I units have a trailer fee levied on the value of the units held by the unitholder at the valuation date based on the series of the class held by the unitholder. Series 1 to 10 (inclusive) have monthly trailer fees of 1.00%, 0.85%, 0.75%, 0.60%, 0.50%, 0.40%, 0.30%, 0.20%, 0.15%, and 0.10%, respectively, per annum.

(b) Initial Trust unit:

The settlor of the Trust contributed $10 to the Trust upon settlement of the Trust pursuant to the Declaration of Trust.

(c) Allocations and distributions to unitholders:

The Trust intends to distribute all of its Distributable Cash Flow, which is defined as equal to the distributions received by the Trust from its investment in NHLP net of any applicable Trust fees and expenses and any amounts that the Trustee may reasonably consider to be necessary to provide for the payment of any costs and expenses of the Trust, as provided for in the Declaration of Trust.

The Trustee, in its discretion will in respect of each distribution period, allocate for distribution an amount equal to Distributable Cash Flow less any series specific expenses, pro rata among the Series based on the number of Units outstanding in each Series. For clarity, the Series specific expenses will be applied to reduce the amount of Distributable Cash Flow allocable to each Series to which such series specific expenses relate, if any, as the Trustee may determine in its sole discretion.

The Trust will distribute and make payable to Unitholders, in cash and/or additional Units, in each taxation year, a sufficient amount of its net income, net realized capital gains and any other applicable amounts for that taxation year so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year.

For the year ended September 30, 2023, the Trust has recorded distributions of $1,021,001 (2022 - $876,576) to unitholders of which $115,587 (December 31, 2022 - $120,163) is payable as at September 30, 2023 and is included in accounts payable and accrued liabilities.

6. Related party transactions:

The following are related party transactions not disclosed elsewhere in these financial statement:

(a) Other income:

Included in other income for the year ended September 30, 2023 is $69,556 (2022 - $66,244) for a fee rebate provided by Neighbourhood Holding Company Ltd. (“NHGP”), a related party due to common control. The rebate is provided on the Class M Units of NHLP held by the Trust.

(b) Due from related party:

Included in due from related party as at September 30, 2023 is $8,394 (December 31, 2022 - $5,047) due from NHGP. This balance is unsecured and has no specified terms of repayment

(c) Due to related parties:

Included in due to related parties as at September 30, 2023 are $272,463 (December 31, 2022 - $1,967,115) due to NHLP and $5,693 (December 31, 2022 - $5,479) due to Neighbourhood Holdings Capital Management Ltd. (“NHCM”). These balances are unsecured and have no specified terms of repayment. During the period ended September 30, 2023, the Trust withheld $16,979 (December 31, 2022 - $20,335) in trailer fees owed to NHCM.

7. Financial instruments:

(a) Fair values:

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date.

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Trust’s assets or liabilities that are measured at fair value or for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 - quote prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other that quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7. Financial instruments (continued):

(a) Fair values (continued):

The fair value of the investment in NHLP has been measured using Level 3 valuation methods.

September 30, 2023	Carrying value	Fair value
Assets not measured at fair value:		
Cash and cash equivalents	$ 216,635	$ 216,635
Amounts receivable	122,366	122,366
Due from related party	8,394	8,394
Assets measured at fair value:		
Investment in NHLP	17,366,721	17,366,721
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	174,008	174,008
Due to related parties	278,156	278,156
Redeemable units, representing net assets attributable to holders of redeemable units	17,366,796	17,366,796

December 31, 2022	Carrying value	Fair value
Assets not measured at fair value:		
Cash and cash equivalents	$ 1,938,171	$ 1,938,171
Amounts receivable	126,434	126,434
Due from related party	5,047	5,047
Assets measured at fair value:		
Investment in NHLP	15,401,107	15,401,107
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	182,771	182,771
Due to related parties	1,972,594	1,972,594
Redeemable units, representing net assets attributable to holders of redeemable units	15,401,182	15,401,182

7. Fair value of financial instruments (continued):

(a) Fair values (continued):

The valuation techniques and inputs used for the Trust's financial instruments are as follows:

(*i*) Investment in NHLP:

There is no quoted price in an active market for the investment in NHLP. As a result, the fair value is determined based on the assessment of the underlying securities of the investment, which are mortgage investments. The determination of the mortgage investment fair values is based on the assessment of the current lending market for mortgage investments of same or similar terms. Significant unobservable inputs would relate to borrower specific credit risk spreads. Typically, the fair value of these mortgage investments approximates their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of investments is based on Level 3 inputs.

	September 30, 2023	December 31, 2022
Balance, beginning of period	$ 15,401,107	$ 13,465,391
Contributions	3,266,893	4,378,557
Redemptions	(1,301,279)	(2,442,841)
Change in fair value	-	-
Balance, end of period	$ 17,366,721	$ 15,401,107

The key valuation techniques used in measuring the investment in NHLP include:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted Cash flow	Future cashflows Discount rate Probability of cash flows	The estimated fair value would increase (decrease) with changes in significant unobservable inputs

(*ii*) Other financial assets and liabilities:

The fair values of cash, amounts receivable, due from related party, accounts payable and accrued liabilities, and due to related parties approximate their carrying value due to their short-term nature.

7. Fair value of financial instruments (continued):

(a) Fair values (continued):

(iii) Net assets attributable to the holders of redeemable units:

The Trust redeems and issues redeemable units at the amount equal to the proportionate share of net assets of the Trust at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of the net assets attributable to the holders of redeemable units approximates their fair value and are based on Level 2 inputs.

(b) Financial risk management:

The Trust has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Trust has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(i) Credit risk:

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the investment in NHLP and cash.

(ii) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities (primarily unit redemptions and distributions) when due.

All other liabilities are short term in nature and repayable within a year, while the Trust's units do not have a set maturity date, they are redeemable on demand by the unitholders.

In Management's opinion, the Trust has sufficient resources to meet its current cash flow requirements.

7. Fair value of financial instruments (continued):

(b) Financial risk management (continued):

(iii) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Trust's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Trust's strategy for the management of market risk is driven by the Trust's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada through its investment in NHLP that preserves capital and generates returns in order to permit the Trust to pay quarterly distribution to its unit holders.

The Trust's market risk is managed on a regular basis by the Manager in accordance with policies and procedures in place.

(A) Interest rate risk:

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not subject to material interest rate risk.

(B) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Trust is not subject to currency rate risk as all transactions are denominated in Canadian dollars.

(C) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to price risk because of its investment in NHLP. These risks arise from changes in the credit environment.

8. Capital management:

The Trust considers net assets attributable to holders of redeemable units to be capital, which at September 30, 2023 were $17,366,796 (December 31, 2022 - $15,401,182).

The Trust's objectives when managing capital are:

- to invest in NHLP, through a vehicle that is eligible to be held in a registered account; and
- to provide a monthly return for Unitholders from income earned from investment on these securities.

The Trust manages its capital structure and makes adjustments as required based on the funds available to the Trust in order to support the continued investment in these securities.

Financial Statements of

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

And Independent Auditor's Report thereon

Year ended December 31, 2022

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITOR'S REPORT

To the Partners of Neighbourhood Holdings Limited Partnership

Opinion

We have audited the accompanying financial statements of Neighbourhood Holdings Limited Partnership ("the Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in net assets attributable to partners for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 5, 2023

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Assets			
Investments in mortgages	4	382,400,395	344,588,334
Prepaid expenses		345,199	153,102
Other receivables	8	1,967,115	109,642
Total assets		$ 384,712,709	$ 344,851,078
Liabilities and Net Assets Attributable to the Partners			
Bank indebtedness	5	$ 121,870,871	$ 132,667,152
Accounts payable and accrued liabilities	8	3,045,992	2,012,095
Deferred revenue		372,880	971,487
Deposits	6	100,000	-
Total liabilities (excluding net assets attributable to the Partners)		125,389,743	135,650,734
Net assets attributable to the Partners	7	$ 259,322,966	$ 209,200,344
Net assets attributable to the Partners represented by:			
General Partner		$ 694,187	$ 636,493
Limited Partners		258,628,779	208,563,851

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the General Partner,
Neighbourhood Holding Company Ltd.:

DocuSigned by:
Taylor Little
CB8B05A68FCC401... Director

DocuSigned by:
Alex Conconi
3AFB0A95B3CA49A... Director

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP
Statement of Comprehensive Income

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Interest income		$ 31,782,326	$ 20,247,332
Other income		2,995,911	2,300,562
		34,778,237	22,547,894
Operating expenses:			
Finance costs		7,424,436	3,966,195
Management fees	8(a)	3,036,896	2,332,872
Trailer fees	7(a)	286,507	-
Professional fees		177,366	166,652
General and administrative		169,602	151,964
Provision for mortgage losses	4	187,095	107,704
		11,281,902	6,725,387
Increase in net assets attributable to the Partners from operations		$ 23,496,335	$ 15,822,507

The accompanying notes form an integral part of these financial statements.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Statement of Changes in Net Assets Attributable to the Partners

Year ended December 31, 2022, with comparative information for 2021

	Notes	Limited Partners	General Partner	Total
Balance, December 31, 2020		$ 137,305,155	$ 587,651	$ 137,892,806
Unit issuance	7	84,542,471	48,842	84,591,313
Unit repurchases	7	(13,283,775)	-	(13,283,775)
Increase in net assets attributable to the Partners from operations		13,744,693	2,077,814	15,822,507
Partnership distributions	7	(13,744,693)	(2,077,814)	(15,822,507)
Balance, December 31, 2021		208,563,851	636,493	209,200,344
Unit issuance	7	66,526,902	57,694	66,584,596
Unit repurchases	7	(16,461,974)	-	(16,461,974)
Increase in net assets attributable to the Partners from operations		20,219,571	3,276,764	23,496,335
Partnership distributions	7	(20,219,571)	(3,276,764)	(23,496,335)
Balance, December 31, 2022		$ 258,628,779	$ 694,187	$ 259,322,966

The accompanying notes form an integral part of these financial statements.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Cash flows from operating activities:		
Increase in net assets attributable to the Partners from operations	$ 23,496,335	$ 15,822,507
Non-cash transactions		
Interest income	(31,782,326)	(20,247,332)
Finance costs	7,424,436	3,966,195
Provisions for mortgage losses	187,095	107,704
	(674,460)	(350,926)
Interest received	30,329,026	19,741,108
Funding of investments in mortgages	(307,898,034)	(302,871,278)
Principal repayments of investments in mortgages	271,352,178	199,751,801
Changes in working capital:		
Change in other receivables	(1,857,473)	383,687
Change in prepaid expenses	(192,097)	63,455
Change in accounts payable and accrued liabilities	1,033,897	619,915
Change in deposits payable and deposits	100,000	(800,000)
Change in deferred revenue	(598,607)	257,251
Net cash used in operating activities	(8,405,570)	(83,204,987)
Cash flows from financing activities:		
Increase in bank indebtedness	(10,836,513)	31,679,280
Interest paid	(7,134,536)	(3,505,789)
Financing costs incurred	(249,668)	(477,874)
Issuance of partnership units	65,825,597	78,366,475
Redemption of partnership units	(15,702,975)	(7,058,937)
Distributions to partners	(23,496,335)	(15,822,507)
Net cash from financing activities	8,405,570	83,180,648
Increase (decrease) in cash	-	(24,339)
Cash, beginning of year	-	24,339
Cash, end of year	$ -	$ -
Non-cash transactions:		
Partnership units transferred between subscribers, included in unit repurchases and unit issuances	$ 758,999	$ 6,224,838

The accompanying notes form an integral part of these financial statements.

1. Reporting entity:

Neighbourhood Holdings Limited Partnership (the "Partnership") is a Limited Partnership formed between Neighbourhood Holding Company Ltd. (the "General Partner"), a corporation incorporated under the laws of British Columbia, and the Limited Partners set out in note 7 below (the "Limited Partners"). The Partnership was formed on November 16, 2015 pursuant to *The Partnership Act* of British Columbia and is currently governed by the Amended and Restated Limited Partnership Agreement dated January 1, 2019 (the "LPA"). The purpose of the Partnership is to generate income from seeking, originating and holding interests in a portfolio of mortgages of real estate situated in Canada.

The management and control of the Partnership is vested exclusively in the General Partner, and the General Partner is authorized and obligated to carry on the activities and affairs of the Partnership in accordance with the LPA, with full and exclusive power and authority to administer, manage, control and operate the activities and affairs of the Partnership and to perform all acts and enter into and perform all contracts and other undertakings which are necessary or advisable or incidental thereto.

The principal place of business of the Partnership is located at 440 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements of the Partnership have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in the preparation of the financial statements are set out in note 3.

These financial statements were authorized for issue by the General Partner on April 5, 2023.

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Partnership.

(d) Use of estimates and judgments:

The preparation of financial statements requires the Partnership to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. These estimates are reviewed periodically on a prospective basis, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

(i) Investments in mortgages:

The Partnership is required to make an assessment of the impairment of investments in mortgages. The Partnership recognizes loss allowances for expected credit losses on its mortgage investments. Expected credit losses reflect an unbiased and probability-weighted allowance determined by evaluating a range of possible outcomes. The estimation of expected credit losses includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary by a material amount.

(e) These financial statements do not include all the assets, liabilities, income, expenses, gains and losses of the partners. There is no provision for income taxes in these financial statements as the Partnership's income is taxed in the hands of the partners.

3. Significant accounting policies:

(a) Net assets attributable to the Limited Partners:

The Partnership classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Net assets attributable to the Limited Partners consists of the Limited Partners' capital in the Partnership and are classified as a financial liability, due to cash flows attributable to the units and redemption feature of the Limited Partnership units which are contingent on the General Partner's discretion.

(b) Net assets attributable to the General Partner:

The Partnership classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Net assets attributable to the General Partner consists of the General Partner's capital in the Partnership and is classified as a financial liability, due to fixed distribution attributable to the General Partner and the Limited Partners' ability to remove the General Partner through an extraordinary resolution.

3. Significant accounting policies (continued):

(c) Financial instruments:

(*i*) Financial assets:

Debt instruments, including mortgages, are classified based on the Partnership's business model for managing the assets and the contractual cash flow characteristics of the assets. Debt instruments are measured at fair value through profit or loss ("FVTPL") unless certain conditions are met that permit measurement at either fair value through other comprehensive income ("FOVI") or amortized cost.

FVOCI is permitted where debt instruments are held with the objective of selling the assets or collecting the contractual cash flows and those cash flows represent solely payments of principal and interest. These securities may be sold in response to or in anticipation of changes in interest rates and resulting prepayment risk, changes in credit risk, changes in foreign currency risk, changes in funding sources or terms, or to meet liquidity needs. Changes in fair value are recorded in other comprehensive income; gains or losses on disposal and impairment losses are recorded in our statement of comprehensive income.

Amortized cost is permitted where debt instruments are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest. Gains or losses on disposal and impairment losses are recorded in our statement of comprehensive income.

For both FVOCI and amortized cost instruments, premiums and discount and transaction costs are amortized over the term of the instrument on an effective interest basis as an adjustment to interest income.

The Partnership has classified cash and other receivables at amortized cost. Investments in mortgages are also classified at amortized cost which is consistent with the Partnership's business model of holding the mortgages until maturity.

(*ii*) Financial liabilities:

Financial liabilities are recognized initially at fair value and are classified as other financial liabilities or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVPTL are measured at fair value and net gains and losses including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Partnership has the following other financial liabilities: bank indebtedness, accounts payable and accrued liabilities and net assets attributable to the Partners.

3. Significant accounting policies (continued):

(c) Financial instruments (continued):

(*iii*) Impairment:

The Partnership recognizes loss allowances for expected credit losses ("ECL") on its investments in mortgages. ECL represents credit losses that reflect an unbiased and probability-weighted allowance which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Partnership measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

Stage 1: mortgage loans that are determined to have low credit risk at the reporting date, and mortgage loans for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Stage 2: when determining whether the credit risk of a mortgage loan has increased significantly since initial recognition and when estimating ECL, the Partnership considers reasonable and supportable information that is relevant. This includes both quantitative and qualitative information and analysis, based on the Partnership's historical experience and informed credit assessment and including forward-looking information.

IFRS 9 provides a rebuttable presumption that the credit risk on a mortgage loan has increased significantly if contractual payments are more than 30 days past due.

Stage 3: the Partnership considers a mortgage loan to be in default, thus requiring determination of appropriate ECL when:

- the borrower is unlikely to pay its credit obligations to the Partnership in full, without recourse by the Partnership to actions such as realizing security; or
- foreclosure proceedings have been initiated on the file.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of an investment in mortgages.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Partnership is exposed to credit risk.

3. Significant accounting policies (continued):

(c) Financial instruments (continued):

(*iii*) Impairment (continued):

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses.

ECLs are a function of the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in ECL models.

- PD: The PD represents the likelihood that a loan will not be repaid and will go into default in either a 12 month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual loan is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions.
- EAD: EAD is modelled on historic data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn at the time of default.
- LGD is the amount that may not be recovered in the event of default and is modelled based on historic data and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Partnership in accordance with the contract and the cash flows that the Partnership expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Key economic variables:

The allowance for performing loans is sensitive to changes in both economic forecasts and probability-weight assigned to each forecast scenario. Many of the factors have a high degree of interdependency although there is no single factor to which loan impairment allowances as a whole are sensitive. These economic variables and their associated impact on the PD, EAD and LGD vary by scenario. The number of scenarios and their attributes are reassessed at each reporting period.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may vary significantly different to those projected. The Partnership considers these forecasts to represent its best estimate of possible outcomes.

3. Significant accounting policies (continued):

(c) Financial instruments (continued):

(*iii*) Impairment (continued):

Credit-impaired financial assets:

At each reporting date, the Partnership assesses whether investments in mortgages are credit-impaired. An investment in mortgage is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a mortgage loan is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 30-days past due;
- the restructuring of a loan or advance by the Partnership on terms that the Partnership would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for investment in mortgages are deducted from the gross carrying amount of the loan.

Write-off:

The gross carrying amount of an investment in mortgages is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Partnership determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, the investment in mortgages that are written off could still be subject to enforcement activities in order to comply with the Partnership’s procedures for recovery of amounts due.

(d) Revenue recognition:

Interest income on mortgage investments is recognized in the statement of comprehensive income in the period in which it is earned using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the mortgage receivable (or, where appropriate, a shorter period) to the carrying amount of the mortgage receivable. When calculating the effective interest rate, the Partnership estimates future cash flows considering all contractual terms of the mortgage receivable, but not future credit losses.

3. Significant accounting policies (continued):

(d) Revenue recognition (continued):

The calculation of the effective interest method includes all fees and costs paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of the mortgage investments.

Fees and commission income and expense are recognized using the effective interest method when such fees and commissions are integral to the effective interest rate on the related financial instrument.

4. Investments in mortgages:

(a) An analysis of the Partnership's investment in mortgages is as follows:

	Stage 1	Stage 2	Stage 3	2022	2021
Investment in residential mortgage	$ 358,400,891	$ 14,223,417	$ 6,189,979	$ 378,814,287	$ 342,268,431
Accrued interest	3,521,048	276,963	324,208	4,122,219	2,668,919
Provisions for mortgage losses	(536,111)	-	-	(536,111)	(349,016)
Investment in mortgages	$ 361,385,828	$ 14,500,380	$ 6,514,187	$ 382,400,395	$ 344,588,334

Investment in mortgages bear interest at rates (which excludes lender fees earned by the Partnership) ranging from 5.99% (2021 – 4.90%) to 16.99% (2021– 13.20%) per annum payable on a monthly basis. The mortgages are secured by charges on real property. All loans under Stage 2 and Stage 3 have been evaluated and management expects full collection of the outstanding loan based on the underlying value of the collateral asset.

	2022		2021	
Property location	Number	Amount	Number	Amount
AB	104	$ 31,932,993	98	$ 28,050,076
BC	92	42,289,233	106	48,623,994
ON	491	248,200,927	445	192,521,001
MB	18	2,966,987	27	5,031,855
QC	162	48,833,415	230	63,513,199
NS	14	4,590,732	13	4,528,306
	881	378,814,287	919	342,268,431
Accrued interest		4,122,219		2,668,919
Provision for mortgage losses		(536,111)		(349,016)
		$ 382,400,395		$ 344,588,334

4. Investments in mortgages (continued):

(b) Provision for mortgage losses:

The following table presents a continuity of the provision for the mortgage losses:

	Stage 1	Stage 2	Stage 3	2022	2021
Balance at January 1	$ 349,016	$ -	$ -	$ 349,016	$ 241,312
Transfer to lifetime (from) Stage 1 (1)	-	-	-	-	-
Transfer to lifetime (from) Stage 2 (1)	-	-	-	-	-
Transfer to lifetime (from) Stage 3 (1)	-	-	-	-	-
Net remeasurement of loss allowance (2)	187,095	-	-	187,095	107,704
Mortgage losses for the year, net of recoveries	-	-	-	-	-
Balance, end of year	$ 536,111	$ -	$ -	$ 536,111	$ 349,016

(1) *Transfers between stages which are presumed to occur before any corresponding remeasurement of the provision.*

(2) *Net remeasurement represents the change in the allowance related to changes in model inputs or assumptions, including changes in macroeconomic conditions, and changes in measurement following a transfer between stages.*

The Partnership holds collateral against investments in mortgages in the form of a charge over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a mortgage is renewed, or is individually assessed as impaired.

A receivable is considered past due when two or more monthly payments have not been received by the contractual due date. Mortgages receivable that are past due are not classified as impaired if they are either:

(*i*) less than 60-days past due unless there is information to the contrary that an impairment event has occurred; or

(*ii*) fully secured and collection efforts are reasonably expected to result in repayment.

As at December 31, 2022 and 2021, nil mortgages were impaired.

5. Bank indebtedness:

	2022	2021
Syndicated facility (a)	$ 124,000,000	$ 130,200,000
Operating facility (b)	(1,785,242)	2,851,270
	122,214,758	133,051,270
Less: Unamortized deferred financing costs	343,887	384,118
Cash, end of year	$ 121,870,871	$ 132,667,152

The Partnership has entered into a credit agreement which comprises the following:

(a) Syndicated facility with maximum available principal of $ 240,000,000 (2021 - $240,000,000) bearing interest at either prime rate + 0.60% and a standby fee calculated on the undrawn portion of the facility at 0.4125% per annum.

(b) Operating facility with maximum available principal of $ 10,000,000 (2021 - $10,000,000) bearing interest at prime rate + 0.60% and a standby fee calculated on the undrawn portion of the facility at 0.4125% per annum. As of December 31, 2022, the operating facility was undrawn and held a cash balance of $1,785,242.

Prime rate as at December 31, 2022 was 6.45% (2021 - 2.45%).The operating facility matures on December 7, 2024. The facilities are collectively secured by first priority security interests (subject to Permitted Encumbrances) on, to and against all present and future property, assets and undertaking of the Borrower, the General Partner and each of their subsidiaries and other security interests as required.

The Partnership is required to maintain various covenants, including a maximum amount of debt to tangible net worth, a minimum amount of interest coverage, and a minimum amount of tangible net worth. As at December 31, 2022, the Partnership was in compliance with all such bank covenants.

6. Deposits:

Deposits are comprised of funds advanced for future limited partnership unit purchases or redemptions. As at December 31, 2022, $100,000 (2021 - nil) had been advanced to the Partnership for future purchases.

7. Net assets attributable to the Partners:

(a) Limited Partnership Agreement:

On January 1, 2019, the third amended and restated Limited Partnership Agreement ("LPA") became effective. The LPA created classes of limited partnership units where all units have a value of $1.00 per unit. Each class is subject to a trailer fee, depending on the class or series. Effective January 1, 2019, the existing limited partnership units were allocated amongst the new classes.

All classes have the following characteristics:

- No participation rights in the control, management, direction or option of the business or affairs of the Partnership.
- No rights of a fixed return, and the Partnership will make distributions to unit holders on a monthly basis. The Partnership distributes an amount that is based on the net income or net loss of the Partnership for the given period, adjusted at year end for the net income or net loss of the Partnership at the end of the fiscal period. Distributions of available net cash are to be allocated as follows: performance fees or carry fee of 10% (2021 - 10%) of the Partnership's earnings before interest and taxes for the immediately preceding month to the General Partner in respect of the General Partner interest as part of management fees, and the remainder of the Partnership's earnings before taxes to the Limited Partners pro rata according to their respective contributions. During the year ended December 31, 2022, the Partnership recognized $3,276,764 (2021 - $2,077,814) in performance fees. As at December 31, 2021, unpaid performance fees of $331,650 (2021 - $199,076) are included in accounts payable and accrued liabilities.
- A minimum redemption notice period of 90-days, and an indefinite term for the units.

Other characteristics include:

(*i*) Class A partnership units:

Class A partnership units have a trailer fee of 1.00% per annum levied on the value of the Class A units held by the Limited Partner at the valuation date.

(*ii*) Class I partnership units:

Class I partnership units have a trailer fee levied on the value of the units held by the Limited Partner at the valuation date based on the series of the class held by the Limited Partner. Series 1 to 10 (inclusive) have monthly trailer fees of 1.00%, 0.85%, 0.75%, 0.60%, 0.50%, 0.40%, 0.30%, 0.20%, 0.15%, and 0.10%, respectively, per annum.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Notes to Financial Statements

Year ended December 31, 2022

7. Net assets attributable to the Partners (continued):

(b) Capital contribution:

December 31, 2022	Limited Partner commitment	Capital percentage
Limited Partners	$ 258,628,779	99.74%
General Partner	694,187	0.26%

December 31, 2021	Limited Partner commitment	Capital percentage
Limited Partners	$ 208,563,851	99.70%
General Partner	636,493	0.30%

Pursuant to the LPA, the interest in the partnership of the General Partner shall be represented by the General Partner Interest.The General Partner units are included in Class C units.

7. Net assets attributable to the Partners (continued):

(c) Units issued:

	December 31, 2022		December 31, 2021	
	Number	Amount	Number	Amount
Class A partnership units:				
Issued and outstanding, beginning of period	12,054,848	12,054,848	5,369,065	$ 5,369,065
Units issued	4,034,233	4,034,233	7,296,755	7,296,755
Units redeemed	(656,147)	(656,147)	(610,972)	(610,972)
Issued and outstanding, end of period	15,432,934	15,432,934	12,054,848	12,054,848
Class C partnership units:				
Issued and outstanding, beginning of period	66,610,603	66,610,603	63,303,687	63,303,687
Units issued	3,191,466	3,191,466	7,618,835	7,618,835
Units redeemed	(7,364,016)	(7,364,016)	(4,311,919)	(4,311,919)
Issued and outstanding, end of period	62,438,053	62,438,053	66,610,603	66,610,603
Class F partnership units:				
Issued and outstanding, beginning of period	85,270,203	85,270,203	44,593,858	44,593,858
Units issued	44,703,569	44,703,569	42,381,766	42,381,766
Units redeemed	(5,203,060)	(5,203,060)	(1,705,421)	(1,705,421)
Issued and outstanding, end of period	124,770,712	124,770,712	85,270,203	85,270,203
Class I-1 partnership units:				
Issued and outstanding, beginning of period	59,355	59,355	55,348	55,348
Units issued	4,741	4,741	4,007	4,007
Units redeemed	-	-	-	-
Issued and outstanding, end of period	64,096	64,096	59,355	59,355
Class I-2 partnership units:				
Issued and outstanding, beginning of period	556,130	556,130	469,858	469,858
Units issued	27,386	27,386	236,272	236,272
Units redeemed	(100,000)	(100,000)	(150,000)	(150,000)
Issued and outstanding, end of period	483,516	483,516	556,130	556,130
Class I-3 partnership units:				
Issued and outstanding, beginning of period	559,521	559,521	-	-
Units issued	921,424	921,424	559,521	559,521
Units redeemed	(350,000)	(350,000)	-	-
Issued and outstanding, end of period	1,130,945	1,130,945	559,521	559,521
Class I-4 partnership units:				
Issued and outstanding, beginning of period	2,600,210	2,600,210	1,010,204	1,010,204
Units issued	652,849	652,849	1,590,006	1,590,006
Units redeemed	(91,000)	(91,000)	-	-
Issued and outstanding, end of period	3,162,059	3,162,059	2,600,210	2,600,210
Carried forward	207,482,315	207,482,315	167,710,870	167,710,870

7. Net assets attributable to the Partners (continued):

(c) Units issued (continued):

	December 31, 2022		December 31, 2021	
	Number	Amount	Number	Amount
Brought forward	207,482,315	207,482,315	167,710,870	167,710,870
Class I-5 partnership units:				
Issued and outstanding, beginning of period	4,728,769	4,728,769	3,678,946	3,678,946
Units issued	3,510,728	3,510,728	3,128,552	3,128,552
Units redeemed	-	-	(2,078,729)	(2,078,729)
Issued and outstanding, end of period	8,239,497	8,239,497	4,728,769	4,728,769
Class I-6 partnership units:				
Issued and outstanding, beginning of period	5,591,203	5,591,203	6,267,483	6,267,483
Units issued	266,834	266,834	3,111,322	3,111,322
Units redeemed	-	-	(3,787,602)	(3,787,602)
Issued and outstanding, end of period	5,858,037	5,858,037	5,591,203	5,591,203
Class I-7 partnership units:				
Issued and outstanding, beginning of period	17,404,111	17,404,111	3,012,632	3,012,632
Units issued	4,886,004	4,886,004	14,391,479	14,391,479
Units redeemed	(254,910)	(254,910)	-	-
Issued and outstanding, end of period	22,035,205	22,035,205	17,404,111	17,404,111
Class I-10 partnership units:				
Issued and outstanding, beginning of period	300,000	300,000	-	-
Units issued	6,805	6,805	300,000	300,000
Units redeemed	-	-	-	-
Issued and outstanding, end of period	306,805	306,805	300,000	300,000
Class M partnership units:				
Issued and outstanding, beginning of period	13,465,391	13,465,391	10,131,725	10,131,725
Units issued	4,378,557	4,378,557	3,972,798	3,972,798
Units redeemed	(2,442,841)	(2,442,841)	(639,132)	(639,132)
Issued and outstanding, end of period	15,401,107	15,401,107	13,465,391	13,465,391
Total units issued and outstanding, end of period	259,322,966	$ 259,322,966	209,200,344	$ 209,200,344

8. Related party transactions:

The following are related party transactions not disclosed elsewhere in these financial statements:

(a) The Partnership does not have any employees. The Partnership has entered into a management agreement with the General Partner to manage and oversee the Partnership's day-to-day operations. The Partnership has committed to paying the General Partner an annual management fee, a component of which is a service and administration fee equal to 0.75% (2021 - 0.75%) of total investments in mortgages, to be calculated and paid on a monthly basis. During the year ended December 31, 2022, the Partnership recognized $3,036,896 (2021 - $2,332,872) in service and administration fees. As at December 31, 2022, unpaid service and administration fees of $250,950 (2021 - $226,136) are included in accounts payable and accrued liabilities.

(b) Included in accounts payable and accrued liabilities as at December 31, 2022, is $229,818 (2021 - $187,548) in payables to CFT for distributions unpaid at year end. The amounts are unsecured and has no specified terms of repayment.

(c) CFT received $2,654,322 (2021 - $2,442,680) in Partnership distributions during the period. The distributions were paid in the normal course of business.

(d) Neighbourhood Holdings Income Trust I contributed capital of $4,378,557 (2021 - $3,972,798), redeemed $2,442,841 (2021 - $639,132), and received $1,269,180 (2021 - $977,820) in Partnership distributions during the period. The contributed capital and distributions occurred during the normal course of business.

(e) Included in other receivables are amounts advanced to Neighbourhood Holdings Income Trust I to fund the subscription purchases. As at December 31, 2022, $1,967,115 (2021 - $109,642) is due from Neighbourhood Holdings Income Trust I. The balance is unsecured and has no specified terms of repayment.

(f) During the year ended December 31, 2022, the Partnership withheld $149,320 (2021 - $74,148) in fees owed to Neighbourhood Holdings Capital Management Ltd. As at December 31, 2022, unpaid fees of $40,600 (2021 - $10,304) are included in accounts payable and accrued liabilities.

9. Financial instruments and risk management:

(a) Fair values:

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Partnership's assets or liabilities that are measured at amortized cost, but for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

9. Financial instruments and risk management (continued):

(a) Fair values (continued):

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The fair value of the investments in mortgages has been measured using Level 3 valuation methods.

December 31, 2022	Carrying value of loans and receivable	Fair value
Assets not measured at fair value:		
Investments in mortgages	382,400,395	382,400,395
Other receivables	1,967,115	1,967,115
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	3,045,992	3,045,992
Bank indebtedness	121,870,871	121,870,871
Deposits	100,000	100,000
Net assets attributable to redeemable units	259,322,966	259,322,966

December 31, 2021	Carrying value of loans and receivable	Fair value
Assets not measured at fair value:		
Investments in mortgages	344,588,334	344,588,334
Other receivables	109,642	109,642
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	2,012,695	2,012,695
Bank indebtedness	132,667,152	132,667,152
Deposits	-	-
Net assets attributable to redeemable units	209,200,344	209,200,344

9. Financial instruments and risk management (continued):

(a) Fair values (continued):

The valuation techniques and inputs used for the Partnership's financial instruments are as follows:

(*i*) Investments in mortgages:

There is no quoted price in an active market for the mortgage investments. The General Partner makes its determination of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these mortgage investments approximate their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of mortgage investments is based on Level 3 inputs.

(*ii*) Other financial assets and liabilities:

The fair values of cash, other receivables, deposits, accounts payable and accrued liabilities, and bank indebtedness approximate their carrying value due to their short-term maturities.

(*iii*) Net assets attributable to the Partners:

The carrying amount of the Partnership's units also approximates fair value as they are measured at the redemption amount and are classified as Level 3 in the fair value hierarchy.

(b) Financial risk management:

The Partnership has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The General Partner's risk management policies are typically performed as a part of the overall management of the Partnership's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Partnership may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Partnership has not designated any transactions as hedging transactions to manage risk.

9. Financial instruments and risk management (continued):

(b) Financial risk management (continued):

As a part of the overall operation of the Partnership, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Partnership, resulting in a financial loss to the Partnership. This risk arises principally from the investments in mortgages and accrued interest receivable. For risk management reporting purposes the Partnership considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

Credit risk is monitored on an on-going basis by the General Partner in accordance with policies and procedures in place.

The Partnership’s maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2022 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Partnership's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities, primarily distributions and returns of capital to limited partners, when due. As at December 31, 2022, 83% of the Partnership’s mortgage portfolio, being $316,203,369, is due on or before December 31, 2023.

In the General Partner’s opinion, the Partnership has sufficient resources to meet its current cash flow requirement.

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Partnership’s income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

9. Financial instruments and risk management (continued):

(b) Financial risk management (continued):

(*iii*) Market risk (continued):

The Partnership's strategy for the management of market risk is driven by the Partnership's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada that preserves capital and generates returns in order to permit the Partnership to pay the preferred return to the Limited Partners.

The Partnership's market risk is managed on a regular basis by the General Partner in accordance with policies and procedures in place:

(A) Interest rate risk:

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Partnerships interest rate risk is primarily attributable to its return on investments in mortgages relative to its resources to fund the mortgages. The Partnership manages interest rate risk by generally investing in short-term variable rate mortgages with floor rates which are greater than the return paid to the Limited Partners.

(B) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Partnership is not exposed to currency risk.

(C) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Partnership is exposed to price risk because of its investment in mortgages. These risks arise from changes in the real estate market and could be local or national in nature. Deteriorating real estate values increase the Partnership's risk. The Partnership manages these risks by its low loan to value strategy of underwriting, strong borrower relationships and active monitoring of all loans. Further, the Partnership has diversified its portfolio of investment mortgages geographically to manage this risk.

10. Capital management:

The Partnership considers net assets attributable to the Limited Partners and debt to be capital.

The Partnership's objectives when managing capital are:

- to safeguard the Partnership's ability to continue as a going concern so that it can continue to provide a return to its partners; and
- to provide a quarterly return for partners from income earned from a portfolio of mortgages invested by the General Partner.

The Partnership, through its General Partner, manages its capital structure and makes adjustments as required based on the funds available to the Partnership in order to support the continued investment in mortgages. The Partnership invests in mortgage investments using the services of mortgage brokers for origination leads. Those origination leads are then vetted by the Partnership's underwriting team and ultimately approved or declined by the Partnership's Investment Committee. The Partnership's investment strategy continues to be to preserve investor capital, while providing a consistent stream of interest income.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

For the nine months ended September 30, 2023

(Unaudited)

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Condensed Interim Statements of Financial Position

(Unaudited)

	Notes	September 30, 2023	December 31, 2022
Assets			
Investments in mortgages	4	$ 418,748,784	$ 382,400,395
Prepaid expenses		365,060	345,199
Other receivables	8	272,463	1,967,115
Total assets		$ 419,386,307	$ 384,712,709
Liabilities and Net Assets Attributable to the Partners			
Bank indebtedness	5	$ 125,685,465	$ 121,870,871
Accounts payable and accrued liabilities	8	2,997,293	3,045,992
Deferred revenue		434,715	372,880
Deposits	6	350,000	100,000
Total liabilities (excluding net assets attributable to the Partners)		129,467,473	125,389,743
Net assets attributable to the Partners	7	$ 289,918,834	$ 259,322,966
Net assets attributable to the Partners represented by:			
General Partner		$ 741,815	$ 694,187
Limited Partners		289,177,019	258,628,779

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Condensed Interim Statements of Income and Comprehensive Income
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	Notes	2023	2022
Interest income		$ 28,585,971	$ 22,297,244
Other income		1,866,088	2,314,640
		30,452,059	24,611,884
Operating expenses:			
Finance costs		6,592,323	5,080,581
Management fees	8(a)	2,322,943	2,278,562
Trailer fees	7(a)	240,208	208,053
Professional fees		170,667	136,217
General and administrative		149,329	127,652
Provision for mortgage losses	4	115,845	101,734
		9,591,315	11,281,902
Increase in net assets attributable to the Partners from operations		$ 20,860,744	$ 16,679,085

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Condensed Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	Notes	Limited Partners	General Partner	Total
Balance, December 31, 2021		$ 208,563,851	$ 636,493	$ 209,200,344
Unit issuance	7	36,057,018	41,645	36,098,663
Unit repurchases	7	(11,952,844)	-	(11,952,844)
Increase in net assets attributable to the Partners from operations		14,372,474	2,306,611	16,679,085
Partnership distributions	7	(14,372,474)	(2,306,611)	(16,679,085)
Balance, September 30, 2022		$ 232,668,025	$ 678,138	$ 233,346,163

	Notes	Limited Partners	General Partner	Total
Balance, December 31, 2022		$ 258,628,779	$ 694,187	$ 259,322,966
Unit issuance	7	42,624,080	47,628	42,671,708
Unit repurchases	7	(12,075,840)	-	(12,075,840)
Increase in net assets attributable to the Partners from operations		17,952,950	2,907,794	20,860,744
Partnership distributions	7	(17,925,950)	(2,907,794)	(20,860,744)
Balance, September 30, 2023		$ 289,177,019	$ 741,815	$ 289,918,834

The accompanying notes are an integral part of these condensed interim financial statements.

NEIGHBOURHOOD HOLDINGS LIMITED PARTNERSHIP

Condensed Interim Statements of Cash Flows
(Unaudited)

For the nine months ended September 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Cash flows from operating activities:		
Increase in net assets attributable to the Partners from operations	$ 20,860,744	$ 16,679,085
Non-cash transactions		
Interest income	(28,585,971)	(22,297,244)
Finance costs	6,592,323	5,080,581
Provisions for mortgage losses	70,782	101,734
	(1,062,121)	(674,460)
Interest received	28,730,885	21,092,077
Funding of investments in mortgages	(239,345,300)	(261,631,077)
Principal repayments of investments in mortgages	202,781,215	198,746,455
Changes in working capital:		
Change in other receivables	1,694,652	(636,489)
Change in prepaid expenses	(19,861)	(143,843)
Change in accounts payable and accrued liabilities	(48,699)	642,590
Change in deposits payable and deposits	250,000	-
Change in deferred revenue	61,835	(434,775)
Net cash used in operating activities	(6,957,395)	(42,800,916)
Cash flows from financing activities:		
Increase in bank indebtedness	3,639,083	40,249,057
Interest paid	(6,377,151)	(4,866,428)
Financing costs incurred	(39,661)	(48,447)
Issuance of partnership units	42,671,708	35,339,665
Redemption of partnership units	(12,075,840)	(11,193,845)
Distributions to partners	(20,860,744)	(16,679,085)
Net cash from financing activities	6,957,395	42,800,916
Increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	$ -	$ -
Non-cash transactions:		
Partnership units transferred between subscribers, included in unit repurchases and unit issuances	$ 758,999	$ 6,224,838

The accompanying notes are an integral part of these condensed interim financial statements.

1. Reporting entity:

Neighbourhood Holdings Limited Partnership (the “Partnership”) is a Limited Partnership formed between Neighbourhood Holding Company Ltd. (the “General Partner”), a corporation incorporated under the laws of British Columbia, and the Limited Partners set out in note 7 below (the “Limited Partners”). The Partnership was formed on November 16, 2015 pursuant to *The Partnership Act* of British Columbia and is currently governed by the Amended and Restated Limited Partnership Agreement dated January 1, 2019 (the “LPA”). The purpose of the Partnership is to generate income from seeking, originating and holding interests in a portfolio of mortgages of real estate situated in Canada.

The management and control of the Partnership is vested exclusively in the General Partner, and the General Partner is authorized and obligated to carry on the activities and affairs of the Partnership in accordance with the LPA, with full and exclusive power and authority to administer, manage, control and operate the activities and affairs of the Partnership and to perform all acts and enter into and perform all contracts and other undertakings which are necessary or advisable or incidental thereto.

The principal place of business of the Partnership is located at 440 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

2. Basis of presentation:

(a) Statement of compliance:

The condensed interim financial statement of the Partnership have been prepared in compliance with International Accounting Standard 34, *Interim Financial Statements.* Selected explanatory notes are included to explain significant events and transactions that have occurred since December 31, 2022. These condensed interim financial statements do not contain all of the information and disclosures required by International Financial Reporting Standards (“IFRS”) for annual reporting purposes and should be read in conjunction with the Partnership’s annual audited financial statements as at and for the year ended December 31, 2022.

These condensed interim financial statements were authorized for issue by Neighbourhood Holding Company Ltd. on January 26, 2024.

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Partnership.

2. Basis of presentation (continued):

(d) Use of estimates and judgments:

The preparation of financial statements requires the Partnership to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. These estimates are reviewed periodically on a prospective basis, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(*i*) Investments in mortgages:

The Partnership is required to make an assessment of the impairment of investments in mortgages. The Partnership recognizes loss allowances for expected credit losses on its mortgage investments. Expected credit losses reflect an unbiased and probability-weighted allowance determined by evaluating a range of possible outcomes. The estimation of expected credit losses includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary by a material amount.

(e) These financial statements do not include all the assets, liabilities, income, expenses, gains and losses of the partners. There is no provision for income taxes in these financial statements as the Partnership's income is taxed in the hands of the partners.

3. Significant accounting policies:

The condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Partnership's most recent annual financial statements for the year ended December 31, 2022.

4. Investments in mortgages:

(a) An analysis of the Partnership's investment in mortgages is as follows:

	Stage 1	Stage 2	Stage 3	September 30, 2023	December 31, 2022
Investment in residential mortgage	$ 396,655,396	$ 6,586,446	$ 12,136,530	$ 415,378,372	$ 378,814,287
Accrued interest	3,029,301	126,541	821,463	3,977,305	4,122,219
Provisions for mortgage losses	(102,872)	(20,391)	(483,630)	(606,893)	(536,111)
Investment in mortgages	$ 399,581,825	$ 6,692,596	$ 12,474,363	$ 418,748,784	$ 382,400,395

4. Investments in mortgages (continued):

Investment in mortgages bear interest at rates (which excludes lender fees earned by the Partnership) ranging from 5.99% (December 31, 2022 – 5.99%) to 14.70% (December 31, 2022 – 16.99%) per annum payable on a monthly basis. The mortgages are secured by charges on real property. All loans under Stage 2 and Stage 3 have been evaluated and management expects full collection of the outstanding loan based on the underlying value of the collateral asset.

	September 30, 2023		December 31, 2022	
Property location	Number	Amount	Number	Amount
AB	142	$ 42,812,602	104	$ 31,932,993
BC	159	84,607,682	92	42,289,233
ON	443	230,017,506	491	248,200,927
MB	15	3,138,993	18	2,966,987
QC	150	47,498,361	162	48,833,415
NS	21	7,303,227	14	4,590,732
	930	415,378,372	881	378,814,287
Accrued interest		3,977,305		4,122,219
Provision for mortgage losses		(606,893)		(536,111)
		$ 418,748,784		$ 382,400,395

(b) Provision for mortgage losses:

The following table presents a continuity of the provision for the mortgage losses:

	Stage 1	Stage 2	Stage 3	September 30, 2023	December 31, 2022
Balance at January 1	$ 536,111	$ -	$ -	$ 536,111	$ 349,016
Transfer to lifetime (from) Stage 1 (1)	-	-	-	-	-
Transfer to lifetime (from) Stage 2 (1)	-	-	-	-	-
Transfer to lifetime (from) Stage 3 (1)	-	-	-	-	-
Net remeasurement of loss allowance (2)	95,154	837	19,854	115,845	187,095
Mortgage losses for the period, net of recoveries	-	-	(45,064)	(45,064)	-
Balance, end of period	$ 631,265	$ 837	$ (25,210)	$ 606,892	$ 536,111

(1) *Transfers between stages which are presumed to occur before any corresponding remeasurement of the provision.*

(2) *Net remeasurement represents the change in the allowance related to changes in model inputs or assumptions, including changes in macroeconomic conditions, and changes in measurement following a transfer between stages.*

The Partnership holds collateral against investments in mortgages in the form of a charge over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a mortgage is renewed, or is individually assessed as impaired.

4. Investments in mortgages (continued):

A receivable is considered past due when two or more monthly payments have not been received by the contractual due date. Mortgages receivable that are past due are not classified as impaired if they are either:

(*i*) less than 60-days past due unless there is information to the contrary that an impairment event has occurred; or

(*ii*) fully secured and collection efforts are reasonably expected to result in repayment.

As at Septeber 30, 2023, the Partnership recognized an impairement loss on 2 investments in mortgages (2022 – nil) of $45,064 (2022 - $nil).

5. Bank indebtedness:

	September 30, 2023	December 31, 2022
Syndicated facility (a)	$ 120,500,000	$ 124,000,000
Operating facility (b)	5,353,840	(1,785,242)
	125,853,840	122,214,758
Less: Unamortized deferred financing costs	168,375	343,887
Cash, end of period	$ 125,685,465	$ 121,870,871

The Partnership has entered into a credit agreement which comprises the following:

(a) Syndicated facility with maximum available principal of $240,000,000 (December 31, 2022 - $240,000,000) bearing interest at either prime rate + 0.60% and a standby fee calculated on the undrawn portion of the facility at 0.4125% per annum.

(b) Operating facility with maximum available principal of $10,000,000 (December 31, 2022 - $10,000,000) bearing interest at prime rate + 0.60% and a standby fee calculated on the undrawn portion of the facility at 0.4125% per annum. As of September 30, 2023, $5,353,350 had been drawn on the operating facility (December 31, 2022 - $nil) held a cash balance of $nil (December 31, 2022 - $1,785,242).

Prime rate as at September 30, 2023 was 7.20% (December 31, 2022 - 6.45%). The operating facility matures on December 7, 2024. The facilities are collectively secured by first priority security interests (subject to Permitted Encumbrances) on, to and against all present and future property, assets and undertaking of the Borrower, the General Partner and each of their subsidiaries and other security interests as required.

The Partnership is required to maintain various covenants, including a maximum amount of debt to tangible net worth, a minimum amount of interest coverage, and a minimum amount of tangible net worth. As at September 30, 2023, the Partnership was in compliance with all such bank covenants.

6. Deposits:

Deposits are comprised of funds advanced for future limited partnership unit purchases or redemptions. As at September 30, 2023, $350,000 (December 31, 2022 - $100,000) had been advanced to the Partnership for future purchases.

7. Net assets attributable to the Partners:

(a) Limited Partnership Agreement:

On January 1, 2019, the third amended and restated Limited Partnership Agreement (“LPA”) became effective. The LPA created classes of limited partnership units where all units have a value of $1.00 per unit. Each class is subject to a trailer fee, depending on the class or series. Effective January 1, 2019, the existing limited partnership units were allocated amongst the new classes.

All classes have the following characteristics:

- No participation rights in the control, management, direction or option of the business or affairs of the Partnership.
- No rights of a fixed return, and the Partnership will make distributions to unit holders on a monthly basis. The Partnership distributes an amount that is based on the net income or net loss of the Partnership for the given period, adjusted at year end for the net income or net loss of the Partnership at the end of the fiscal period. Distributions of available net cash are to be allocated as follows: performance fees or carry fee of 10% (2022 - 10%) of the Partnership’s earnings before interest and taxes for the immediately preceding month to the General Partner in respect of the General Partner interest as part of management fees, and the remainder of the Partnership’s earnings before taxes to the Limited Partners pro rata according to their respective contributions. During the period ended September 30, 2023, the Partnership recognized $2,907,794 (2022 - $2,306,611) in performance fees. As at September 30, 2022, unpaid performance fees of $331,584 (December 31, 2022 - $331,650) are included in accounts payable and accrued liabilities.
- A minimum redemption notice period of 90-days, and an indefinite term for the units.

Other characteristics include:

(ii) Class A partnership units:

Class A partnership units have a trailer fee of 1.00% per annum levied on the value of the Class A units held by the Limited Partner at the valuation date.

(*ii*) Class I partnership units:

Class I partnership units have a trailer fee levied on the value of the units held by the Limited Partner at the valuation date based on the series of the class held by the Limited Partner. Series 1 to 10 (inclusive) have monthly trailer fees of 1.00%, 0.85%, 0.75%, 0.60%, 0.50%, 0.40%, 0.30%, 0.20%, 0.15%, and 0.10%, respectively, per annum.

7. Net assets attributable to the Partners (continued):

(b) Capital contribution:

September 30, 2023	Limited Partner commitment	Capital percentage
Limited Partners	$ 289,177,019	99.74%
General Partner	741,815	0.26%

December 31, 2022	Limited Partner commitment	Capital percentage
Limited Partners	$ 258,628,779	99.74%
General Partner	694,187	0.26%

Pursuant to the LPA, the interest in the partnership of the General Partner shall be represented by the General Partner Interest. The General Partner units are included in Class C units.

(c) Units issued:

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Class A partnership units:				
Issued and outstanding, beginning of period	15,432,934	$ 15,432,934	12,054,848	$ 12,054,848
Units issued	1,678,593	1,678,593	4,034,233	4,034,233
Units redeemed	(2,621,350)	(2,621,350)	(656,147)	(656,147)
Issued and outstanding, end of period	14,490,177	14,490,177	15,432,934	15,432,934
Class C partnership units:				
Issued and outstanding, beginning of period	62,438,053	62,438,053	66,610,603	66,610,603
Units issued	1,486,981	1,486,981	3,191,466	3,191,466
Units redeemed	(1,191,997)	(1,191,997)	(7,364,016)	(7,364,016)
Issued and outstanding, end of period	62,733,037	62,733,037	62,438,053	62,438,053
Class F partnership units:				
Issued and outstanding, beginning of period	124,770,712	124,770,712	85,270,203	85,270,203
Units issued	21,622,155	21,622,155	44,703,569	44,703,569
Units redeemed	(2,041,985)	(2,041,985)	(5,203,060)	(5,203,060)
Issued and outstanding, end of period	144,350,882	144,350,882	124,770,712	124,770,712
Class I-1 partnership units:				
Issued and outstanding, beginning of period	64,096	64,096	59,355	59,355
Units issued	3,889	3,889	4,741	4,741
Units redeemed	-	-	-	-
Issued and outstanding, end of period	67,985	67,985	64,096	64,096
Carried forward	221,642,081	221,642,081	202,705,795	202,705,795

7. Net assets attributable to the Partners (continued):

(c) Units issued (continued):

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Brought forward	221,642,081	221,642,081	202,705,795	202,705,795
Class I-2 partnership units:				
Issued and outstanding, beginning of period	483,516	483,516	556,130	556,130
Units issued	22,489	22,489	27,386	27,386
Units redeemed	-	-	(100,000)	(100,000)
Issued and outstanding, end of period	506,005	506,005	483,516	483,516
Class I-3 partnership units:				
Issued and outstanding, beginning of period	1,130,945	1,130,945	559,521	559,521
Units issued	17,603	17,603	921,424	921,424
Units redeemed	-	-	(350,000)	(350,000)
Issued and outstanding, end of period	1,148,548	1,148,548	1,130,945	1,130,945
Class I-4 partnership units:				
Issued and outstanding, beginning of period	3,162,059	3,162,059	2,600,210	2,600,210
Units issued	144,423	144,423	652,849	652,849
Units redeemed	(100,000)	(100,000)	(91,000)	(91,000)
Issued and outstanding, end of period	3,206,482	3,206,482	3,162,059	3,162,059
Class I-5 partnership units:				
Issued and outstanding, beginning of period	8,239,497	8,239,497	4,728,769	4,728,769
Units issued	232,417	232,417	3,510,728	3,510,728
Units redeemed	(1,750,000)	(1,750,000)		-
Issued and outstanding, end of period	6,721,914	6,721,914	8,239,497	8,239,497
Class I-6 partnership units:				
Issued and outstanding, beginning of period	5,858,037	5,858,037	5,591,203	5,591,203
Units issued	2,219,721	2,219,721	266,834	266,834
Units redeemed	(3,554,118)	(3,554,118)		-
Issued and outstanding, end of period	4,523,640	4,523,640	5,858,037	5,858,037
Class I-7 partnership units:				
Issued and outstanding, beginning of period	22,035,205	22,035,205	17,404,111	17,404,111
Units issued	11,415,998	11,415,998	4,886,004	4,886,004
Units redeemed	-	-	(254,910)	(254,910)
Issued and outstanding, end of period	33,451,203	33,451,203	22,035,205	22,035,205
Class I-9 partnership units:				
Issued and outstanding, beginning of period	-	-	-	-
Units issued	1,051,221	1,051,221	-	-
Units redeemed	-	-	-	-
Issued and outstanding, end of period	1,051,221	1,051,221	306,805	306,805
Class I-10 partnership units:				
Issued and outstanding, beginning of period	306,805	306,805	300,000	300,000
Units issued	1,282	1,282	6,805	6,805
Units redeemed	(7,067)	(7,067)	-	-
Issued and outstanding, end of period	301,020	301,020	306,805	306,805
Carried forward	272,552,114	272,552,114	243,921,859	243,921,859

7. Net assets attributable to the Partners (continued):

(c) Units issued (continued):

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
Brought forward	272,552,114	272,552,114	243,921,859	243,921,859
Class M partnership units:				
Issued and outstanding, beginning of period	15,401,107	15,401,107	13,465,391	13,465,391
Units issued	2,774,936	2,774,936	4,378,557	4,378,557
Units redeemed	(809,323)	(809,323)	(2,442,841)	(2,442,841)
Issued and outstanding, end of period	17,366,720	17,366,720	15,401,107	15,401,107
Total units issued and outstanding, end of period	289,918,834	289,918,834	259,322,966	$ 259,322,966

8. Related party transactions:

The following are related party transactions not disclosed elsewhere in these financial statements:

(a) The Partnership does not have any employees. The Partnership has entered into a management agreement with the General Partner to manage and oversee the Partnership's day-to-day operations. The Partnership has committed to paying the General Partner an annual management fee, a component of which is a service and administration fee equal to 0.75% (2022 - 0.75%) of total investments in mortgages, to be calculated and paid on a monthly basis. During the period ended September 30, 2023, the Partnership recognized $2,322,943 (2022 - $2,278,562) in service and administration fees. As at September 30, 2023, unpaid service and administration fees of $274,804 (December 31, 2022 - $250,950) are included in accounts payable and accrued liabilities.

(b) Included in accounts payable and accrued liabilities as at September 30, 2023, is $197,248 (2022 - $229,818) in payables to Conconi FT Holdings Ltd. ("CFT") for distributions unpaid at period end. The amounts are unsecured and has no specified terms of repayment.

(c) CFT received $1,831,974 (2022 - $1,960,795) in Partnership distributions during the period. The distributions were paid in the normal course of business.

(d) Neighbourhood Holdings Income Trust I ("NHIT I") contributed capital of $2,774,936 (December 31, 2022 - $4,378,557), redeemed $809,323 (December 31, 2022 - $2,442,841), and received $1,080,427 (December 31, 2022 - $928,146) in Partnership distributions during the period. The contributed capital and distributions occurred during the normal course of business.

(e) Included in other receivables are amounts advanced to NHIT I to fund the subscription purchases. As at September 30, 2023, $272,46 (Deceber 31, 2022 - $1,967,115) is due from NHIT I. The balance is unsecured and has no specified terms of repayment.

(f) During the period ended September 30, 2023, the Partnership withheld $173,455 (December 31, 2022 - $149,320) in fees owed to Neighbourhood Holdings Capital Management Ltd. As

8. Related party transactions (continued):

at September 30, 2023, unpaid fees of $45,069 (December 31, 2022 - $40,600) are included in accounts payable and accrued liabilities.

9. Financial instruments and risk management:

(a) Fair values:

The following table shows a hierarchy for disclosing fair value based on inputs used to value the Partnership's assets or liabilities that are measured at amortized cost, but for which fair value disclosure is required. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities ("Level 1");
- Inputs other than quoted prices in active markets included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The fair value of the investments in mortgages has been measured using Level 3 valuation methods.

September 30, 2023	Carrying value of loans and receivable	Fair value
Assets not measured at fair value:		
Investments in mortgages	418,748,784	418,748,784
Other receivables	272,463	272,463
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	2,997,293	2,997,293
Bank indebtedness	125,685,465	125,685,465
Deposits	350,000	350,000
Net assets attributable to the Partners	289,918,834	289,918,834

December 31, 2022	Carrying value of loans and receivable	Fair value
Assets not measured at fair value:		
Investments in mortgages	382,400,395	382,400,395
Other receivables	1,967,115	1,967,115
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities	3,045,992	3,045,992
Bank indebtedness	121,870,871	121,870,871
Deposits	100,000	100,000
Net assets attributable to the Partners	259,322,966	259,322,966

(a) Fair values (continued):

The valuation techniques and inputs used for the Partnership's financial instruments are as follows:

(*i*) Investments in mortgages:

There is no quoted price in an active market for the mortgage investments. The General Partner makes its determination of fair value based on its assessment of the current lending market for mortgage investments of same or similar terms. Typically, the fair value of these mortgage investments approximate their carrying value given the amounts consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. As a result, the fair value of mortgage investments is based on Level 3 inputs.

(*ii*) Other financial assets and liabilities:

The fair values of other receivables, deposits, accounts payable and accrued liabilities, and bank indebtedness approximate their carrying value due to their short-term maturities.

(*iii*) Net assets attributable to the Partners:

The carrying amount of the Partnership's units also approximates fair value as they are measured at the redemption amount and are classified as Level 3 in the fair value hierarchy.

(b) Financial risk management:

The Partnership has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The General Partner's risk management policies are typically performed as a part of the overall management of the Partnership's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Partnership may be exposed to a number of risks that could affect its operating performance. Management's close involvement in operations will help to identify risks and variations from expectations. The Partnership has not designated any transactions as hedging transactions to manage risk.

As a part of the overall operation of the Partnership, management considers the avoidance of undue concentrations of risk. The risk and the actions taken to manage them include the following:

(*i*) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation that it has entered into with the Partnership, resulting in a financial loss to the

(b) Financial risk management (continued):

Partnership. This risk arises principally from the investments in mortgages and accrued interest receivable. For risk management reporting purposes the Partnership considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

Credit risk is monitored on an on-going basis by the General Partner in accordance with policies and procedures in place.

The Partnership's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at September 30, 2023 is represented by the respective carrying amounts of the relevant financial assets in the statements of financial position.

(*ii*) Liquidity risk:

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Partnership's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities, primarily distributions and returns of capital to limited partners, when due. As at September 30, 2023, 81% of the Partnership's mortgage portfolio, being $339,948,696, is due on or before September 30, 2024.

In the General Partner's opinion, the Partnership has sufficient resources to meet its current cash flow requirement.

(*iii*) Market risk:

Market risk is the risk that changes in market factors, such as interest rates, currency and other price risks will affect the Partnership's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Partnership's strategy for the management of market risk is driven by the Partnership's investment objective which is to invest in a diversified portfolio of mortgages on real property located within Canada that preserves capital and generates returns in order to permit the Partnership to pay the preferred return to the Limited Partners.

The Partnership's market risk is managed on a regular basis by the General Partner in accordance with policies and procedures in place:

(A) Interest rate risk:

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Partnerships interest rate risk is primarily attributable to its return on investments in mortgages relative to its resources to fund the mortgages. The Partnership manages interest rate risk by generally investing in short-term variable rate mortgages with floor rates which are greater than the return paid to the Limited Partners.

(B) Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Partnership is not exposed to currency risk.

(C) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Partnership is exposed to price risk because of its investment in mortgages. These risks arise from changes in the real estate market and could be local or national in nature. Deteriorating real estate values increase the Partnership's risk. The Partnership manages these risks by its low loan to value strategy of underwriting, strong borrower relationships and active monitoring of all loans. Further, the Partnership has diversified its portfolio of investment mortgages geographically to manage this risk.

10. Capital management:

The Partnership considers net assets attributable to the Limited Partners and debt to be capital.

The Partnership's objectives when managing capital are:

- to safeguard the Partnership's ability to continue as a going concern so that it can continue to provide a return to its partners; and
- to provide a quarterly return for partners from income earned from a portfolio of mortgages invested by the General Partner.

The Partnership, through its General Partner, manages its capital structure and makes adjustments as required based on the funds available to the Partnership in order to support the continued investment in mortgages. The Partnership invests in mortgage investments using the services of mortgage brokers for origination leads. Those origination leads are then vetted by the Partnership's underwriting team and ultimately approved or declined by the Partnership's Investment Committee. The Partnership's investment strategy continues to be to preserve investor capital, while providing a consistent stream of interest income.

Pro Forma Condensed Financial Statements

(Expressed in Canadian dollars)

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

As at and for the nine months ended September 30, 2023, and for the year ended December 31, 2022

(Unaudited)

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statement of Financial Position
(Unaudited)

As at September 30, 2023

	NHLP	NHIT I	Adjustments	Notes	Pro Forma
Cash and cash equivalents	-	216,635	(216,625)	3i) 3iii)	10
Amounts receivable	-	122,366	(122,366)	3i)	-
Investments in mortgages	418,748,784	-	-		418,748,784
Prepaid expenses	533,435	-	-		533,435
Due from related parties	272,464	8,394	(280,858)	3i) 3iii)	-
Investment in NHLP	-	17,366,721	(17,366,721)	3i)	-
Other assets	-	104,844	(104,844)	3iii)	-
Total assets	419,554,683	17,818,960	(18,091,414)		419,282,229
Accounts payable and accrued liabilities	2,345,707	174,007	(174,007)	3i) 3iii)	2,345,707
Due to related parties	651,585	278,156	(202,908)	3i) 3ii)	726,833
Deposits	350,000	-	-		350,000
Bank indebtedness	125,853,840	-	(347,777)		125,506,063
Deferred revenue	434,715	-	-		434,715
Total liabilities	129,635,847	452,163	(724,692)		129,363,318
Net assets attributable to holders of units	289,918,836	17,366,797	(17,366,722)		289,918,911
	419,554,683	17,818,960	(18,091,414)		419,282,229

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Interim Statement of Comprehensive Income
(Unaudited)

For the nine months ended September 30, 2023

	NHLP	NHIT I	Adjustments	Notes	Pro Forma
Interest income	28,585,971	-	-		28,585,971
Distribution income	-	1,080,427	(1,080,427)	3i)	-
Other income	1,866,088	69,556	(69,556)	3ii)	1,866,088
	30,452,059	1,149,983	(1,149,983)		30,452,059
Finance costs	6,592,323	341	(341)	3iii)	6,592,323
Management fees	2,322,943	-	-		2,322,943
Trailer fees	240,208	42,200	-		282,408
Professional fees	170,666	35,804	(35,804)	3iii)	170,666
General and administrative	149,329	25,874	(8)	3iii)	175,195
Provision for mortgage losses	115,845	-	-		115,845
Amortization of unit issuance costs	-	24,761	(24,761)	3iii)	-
	9,591,314	128,980	(60,914.00)		9,659,380
Income from operations	20,860,745	1,021,003	(1,089,069)		20,792,679
Distributions to holders of units	20,860,745	1,021,003	(1,089,069)	3i) 3iii)	20,792,679
Increase in net assets	-	-	-		-

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Statement of Financial Position
(Unaudited)

As at December 31, 2022

	NHLP	NHIT I	Adjustments	Notes	Pro Forma
Cash and cash equivalents	-	1,938,171	(1,938,161)	3i) 3iii)	10
Amounts receivable	-	126,434	(126,434)	3i)	-
Investments in mortgages	382,400,395	-	-		382,400,395
Prepaid expenses	689,085	-	-		689,085
Due from related parties	1,967,115	5,047	(1,972,162)	3i) 3iii)	-
Investment in NHLP	-	15,401,107	(15,401,107)	3i)	-
Other assets	-	85,788	(85,788)	3iii)	-
Total assets	385,056,595	17,556,547	(19,523,652)		383,089,490
Accounts payable and accrued liabilities	2,417,717	182,771	(182,771)	3i) 3iii)	2,417,717
Due to related parties	628,274	1,972,594	(1,876,948)	3i) 3ii)	723,920
Deposits	100,000	-	-		100,000
Bank indebtedness	122,214,758	-	(2,062,826)		120,151,932
Deferred revenue	372,880	-	-		372,880
Total liabilities	125,733,629	2,155,365	(4,122,545)		123,766,449
Net assets attributable to holders of units	259,322,966	15,401,182	(15,401,107)		259,323,041
	385,056,595	17,556,547	(19,523,652)		383,089,490

NEIGHBOURHOOD HOLDINGS INCOME TRUST I

Condensed Statement of Comprehensive Income
(Unaudited)

For the year ended December 31, 2022

Income Statement	NHLP	NHIT I	Adjustments	Notes	Pro Forma
Interest income	31,782,326	-	-		31,782,326
Distribution income	-	1,269,180	(1,269,180)	3i)	-
Other income	2,995,911	90,166	(90,166)	3ii)	2,995,911
	34,778,237	1,359,346	(1,359,346)		34,778,237
Finance costs	7,424,436	631	(631)	3iii)	7,424,436
Management fees	3,036,896	-	-		3,036,896
Trailer fees	286,507	49,715	-		336,222
Professional fees	177,366	51,000	(51,000)	3iii)	177,366
General and administrative	169,602	34,039	(243)	3iii)	203,398
Provision for mortgage losses	187,095	-	-		187,095
Amortization of unit issuance costs	-	24,265	(24,265)	3iii)	-
	11,281,902	159,650	(76,139)		11,365,413
Income from operations	23,496,335	1,199,696	(1,283,207)		23,412,824
Distributions to holders of units	23,496,335	1,199,696	(1,283,207)	3i) 3iii)	23,412,824
Increase in net assets	-	-	-		-

On November 6, 2023, Neighbourhood Holdings Income Trust I (the “Trust” or “NHIT I”) entered into a Reorganization Agreement (the “Reorganization Agreement”) with Neighbourhood Holdings Limited Partnership (the “Partnership” or “NHLP”), pursuant to which the Partnership and the Trust have agreed to consolidate the lending business of the Partnership into the Trust (the “Reorganization”). The purpose of the Reorganization is to consolidate the combined legal structure of the Partnership and the Trust into a single legal entity for simplicity and efficiency.

These unaudited pro forma condensed financial statements are based on the Trust’s historical financial statements and the Parternship’s historical financial statements as adjusted to give effect to the Reorganization.

The unaudited pro forma condensed interim statement of financial position and the interim statement of comprehensive income for the nine months ended September 30, 2023, give effect to the Reorganization and the relating transactions as if the reorganization had occurred on January 1, 2023 to illustrate the financial position and comprehensive income statement of NHIT I, had it held the assets and liabilities of NHLP for the same reporting period.

The unaudited pro forma condensed statement of financial position and the statement of comprehensive income for the year ended December 31, 2022, give effect to the Reorganization and the relating transactions as if the reorganization had occurred on January 1, 2022 to illustrate the financial position and comprehensive income statement of NHIT I, had it held the assets and liabilities of NHLP for the same reporting period.

The assumptions and estimates underlying the unaudited adjustments to the pro forma condensed financial statements are described in the accompanying notes, which should be read together with the pro forma condensed financial statements. The unaudited pro forma condensed financial statements should be read together with the Partnership’s and Trust’s interim unaudited financial statements for the 9 months ended September 30, 2023 and the audited financial statements for the year ended December 31, 2022.

1. Basis of preparation

The historical consolidated financial statements for both companies have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The historical financial statements have been adjusted in the unaudited pro forma financial statement to give effect to pro forma events that are directly attributable to the Reorganization to illustrate the financial position and comprehensive income statement of NHIT I, had it held the assets and liabilities of NHLP for the same reporting period.

The pro forma financial statements are based on historical information and include preliminary estimates, accounting judgments and currently available information and assumptions that management believes are reasonable. The notes to the pro forma financial statements provide discussion of how such adjustments were derived and presented in the pro forma financial statements. The pro forma financial statements have been prepared for illustrative purposes only and are not indicative of the Company’s financial statements for the year ended December 31, 2023, nor is such pro forma financial information indicative of the results to be expected in any future period. A number of factors may affect these results and actual results may differ materially.

2. The Reorganziation

As contemplated in the Reorganization Agreement, the Reorganization was completed through a series of transactions whereby (collectively, the “Reorganization Transactions”):

a) the current limited partnership agreement of the Partnership (the “Current LPA”) was amended and restated to facilitate the Reorganization (the “LPA Amendment”);
b) each limited partner of the Partnership (each a “Limited Partner”) that did not agree to participate in the Reorganization (the “Non-Participating Limited Partners”) had their units retracted by the Partnership (the “Retraction”). No retraction notices were required in connection with the Reorganization;
c) the declaration of trust of the Trust (the “Declaration of Trust”) was amended and restated to facilitate the Reorganization (the “Trust Agreement Amendment”);
d) each limited partner of the Partnership that participated in the Reorganization (the “Participating Limited Partners”) exchanged their units of the Partnership for comparable units of the Trust (the “Unit Exchange”); and
e) all of the property, assets, undertakings, debts and liabilities of the Partnership became property, assets, undertakings, debts and liabilities of the Trust, and the Partnership was dissolved (the “Dissolution”).

As a result of the Reorganization Transactions, all Participating Limited Partners became unitholders of the Trust, and the lending business of the Partnership became the lending business of the Trust.

3. Pro Forma Assumptions and Adjustments

I. Unwind NHIT I’s Investment in NHLP

Prior to the Reorganization, the Trust’s principal business was to invest the trust property in and to acquire units of Neighbourhood Holdings Limited Partnership (“NHLP“); and to provide unitholders of the Trust (“Unitholders”) with cash distributions on a periodic basis derived from the income and net proceeds realized by the Trust from its investment in NHLP.

The pro forma financial statements unwind NHIT I’s investment in NHLP and the related “feeder fund” mechanics, including but not limited to, NHIT I’s ownership of all of the outstanding Class M units of NHLP, NHLP cash distributions received by NHIT, and the intercompany balance between NHLP and NHIT I.

II. Reverse NHIT I’s Management Fee Rebate

Included in other income for the nine months ended September 30, 2023, and for year ended December 31, 2022, is $69,556 and $90,166, respectively, for a fee rebate provided by Neighbourhood Holding Company Ltd., a related party due to common control. The rebate is provided on the Class M Units of Neighbourhood Holdings Limited Partnership held by NHIT I and has been reversed in the pro forma financial statements.

III. Reverse Duplicative Expenses and Prepaid Assets in NHIT I

The purpose of the Reorganization was to combined the legal structure of the Partnership and the Trust into a single legal entity for simplicity and efficiency. This results in the elimination of duplicative expenses and capitalized amounts in NHIT I, such as accounting and legal expenses.

Item 14: Date and Certificate

Dated: January 30, 2024

This offering memorandum does not contain a misrepresentation.

BY THE ISSUER

NEIGHBOURHOOD HOLDINGS INCOME TRUST I,
by its Manager, NEIGHBOURHOOD HOLDING COMPANY LTD.

Per: "*Taylor Little*" (signed)

Taylor Little
Director