



Dear Investors:

We hope that this letter finds you and your family healthy and safe.

Further to our recent update, we are pleased to present this more detailed report on the current status and health of our mortgage portfolio.

Update:

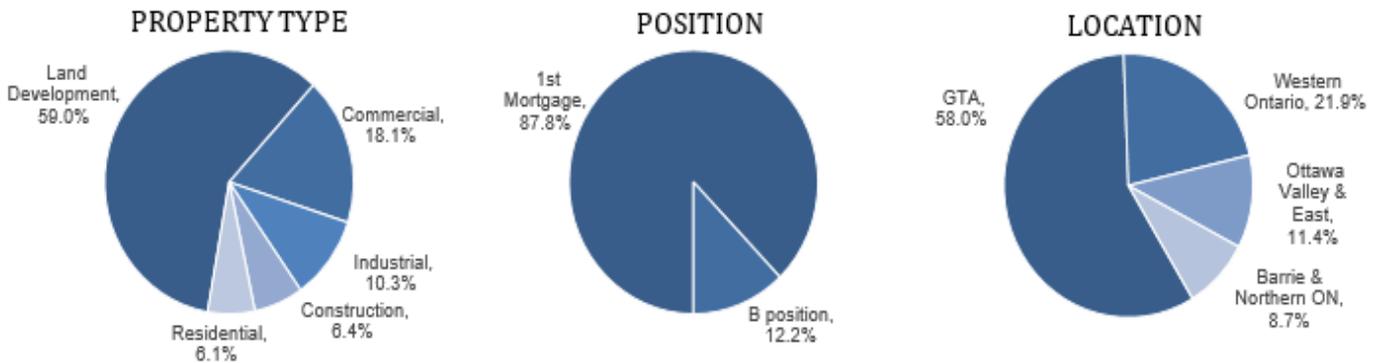
We now have sufficient collections data that we are comfortable in providing an update summarizing the Portfolio's April performance. We are pleased to have experienced no material change in payment patterns from Borrowers compared to earlier months. There were only 3 NSF payments of which one was quickly replaced. Of the balance, one is commercial loan and managed file where the borrower has had some cash flow issues and is in the process of refinancing our loan. The second loan is in our development land category where the project was sold in late March and is expected to firm up in May. The borrower was unable to collect rental income from another commercial property he holds, affecting his payments to First Source. He expects to remit at least partial payment next week and expects to bring us current before the May payment becomes due.

As of April 1, we manage 30 mortgages totalling \$162.9 million. Our First Source Mortgage Fund holds 28 mortgage investments and \$76.6 million of assets under management. Below are key performance indicators for April that we want to highlight given the current crisis:

• April expected interest payments	\$1,417,508
• April interest payments received	\$1,275,657
• Collections Rate	90.0%
• Total Loans in the Fund	28
• Total Loans under Administration	30
• Total Loans in Default	4
• Total Defaulted Loans for which Property is Sold	2

The below charts depict First Source Mortgage Fund exposures by property type, rank and location in Ontario, which you may rely on a representative of all assets under administration.

Portfolio Composition March 2020:



Mortgages In Default:

- There are currently four mortgages in default representing \$141,851 of unpaid interest for April;
- **Total non-performing mortgage principal outstanding of \$1.8 million (1 loan) after the closing of \$8.9 million of sold properties and successful work out of the Plains Road property;**
- The Huntmar property is a firm sale of \$6.8 million (First Source 1st mortgage \$4.5 million) closing this month, and the Plains Road property is not expected to come to a forced sale.
- All principal and interest is expected to be collected upon the sale or refinance of the four loans.

Property	Principal	Fund Portion	April Interest	Notes
Huntmar	\$4,500,000	\$522,500	\$41,330	Sold, closing April 24
Finch	\$4,400,000	\$4,400,000	\$27,563	Sold in late March, Cond'l
Plains Road	\$4,700,000	\$1,927,000	\$35,750	Paid to mid-March
Whiteoaks	\$1,837,500	\$1,598,625	\$37,208	Power-of-Sale

It is our intention to keep you updated regularly as to any changes in payments and defaults as well as material changes to our portfolio or to specific syndicated mortgages. As it is early days of this pandemic, we cannot anticipate specifically the impact Covid 19 will have on our borrowers and our portfolio. However, at this time they seem to be managing given our experience so far.

Thank you for your confidence and support. Stay home and stay healthy.

Yours Truly,

David Mandel
President