FINDEV INC.(formerly Transgaming Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2017

DATED MAY 26 2017

Disclosure Regarding Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets. Other risks may be disclosed from time to time in Findev Inc.'s public disclosures.

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Unless otherwise indicated, in this Management’s Discussion and Analysis (“**MD&A**”) all references to “**dollar**” or the use of the symbol “**$**” are to the Canadian Dollar.

The financial statements were prepared in conformity with Canadian Generally Accepted Accounting Principles that have been revised to incorporate International Financial Reporting Standards (“**IFRS**”), which require management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. Findev Inc. (“**Findev**” or “**Corporation**”) bases its estimates on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from estimates.

ITEM 1 - <u>Overview</u>

Findev Inc. (“**Findev**”, “**the Corporation**”) (formerly known as Transgaming Inc.) has its common shares listed on the TSX Venture Exchange (“**TSXV**”) for trading under the symbol FDI.

Findev is a real estate financing company that lends money to real estate projects that are identified as uniquely positioned to generate above average returns in a two to three-year timeframe. Findev focuses on lending to residential and retail development projects within the Greater Toronto Area (“**GTA**”). Findev provides public market participants an opportunity to invest in an asset class that is typically available only to institutional and high net worth investors who qualify as accredited investors.

The Corporation is focused on creating long-term capital appreciation for its shareholders in conjunction with providing an attractive yield, paid out quarterly. This provides shareholders with immediate cash flow while management works to create long-term capital appreciation. The Corporation paid consecutive quarterly dividends since it changed the nature of its business (as referenced below).

The Corporation targets real estate projects that include condominiums, purpose-built rentals, townhouses, low-rise/subdivisions, and retail developments. It makes debt-investments which provide attractive returns while mitigating down-side risk via maintaining conservative loan-to-asset ratios.

The Corporation’s mortgage and loan investments have taken and are expected to take the following forms:

- land loans registered in first or second position at the earlier stages of the real estate development; or
- registered/unregistered mezzanine or subordinated debt financings of real estate developments that generally have their permits in place and prior to the commercialization stage of selling the units, but on occasion shall fund the final leg of construction.

Mortgages are loans secured by real estate assets, and may include additional forms of security. Unregistered loans are not secured by real estate assets, but are secured by other means, such as personal guarantees or pledges of shares of the entity that owns the development project.

The Corporation’s loans are generally for a period of one to three years, bridging projects through their development cycle. In some cases, as projects progress, land loans will be subordinated to construction financing. The mortgage and loan investments are secured by mortgages registered on title and/or other forms of security, including, but not limited to, floating charge debentures, general security agreements, postponement of specific claims and joint and several guarantees.

The Corporation may syndicate certain of its loan and mortgage investments to private investors or financial institutions. In these cases, investors will assume the same risks, associated with the specific investment transaction, as the Corporation.

The Corporation leverages the collective experience of its directors and management team to access a variety of financing opportunities within the real estate market including land development, joint ventures, takeovers of at-risk and distressed developments, and construction projects. This provides the Corporation with preferential and unique opportunities to build value for shareholders while establishing stronger mutually beneficial relationships with other lenders, equity sources, and real estate developers.

Findev's unique market advantages include its expertise in real estate development and access to its development partners. This provides Findev with a strategic advantage in lending to developers engaged in higher risk projects. Many existing real estate financiers lack the development expertise to take over an incomplete project from a borrower in default. With access to development partners, Findev can assume greater execution risk when lending to developers, resulting in higher "developer-like" returns should a lender default. In addition, Findev's subordinated participation in the capital structure enables senior lenders to provide the appropriate amount of senior financing to the developer at cost efficient rates and with preferential terms given the added level of security which Findev brings.

Management believes that the housing market in the GTA has insufficient supply (new starts combined with resale) to meet demand from purchasers. The following factors support this thesis:

- Population in the GTA continues to grow as immigration levels from other countries and net positive migration levels from Canada's weaker economic areas remain steady
- The GTA continues to have a strong labour market with low unemployment levels
- Interest rates remain low making home-buying accessible
- A weak Canadian dollar drives demand for real estate from both domestic and foreign investors

While prices have risen dramatically in recent years, management believes that there will be continued upward pressure despite the recent legislative measures that the Ontario provincial government has taken. The increase in housing prices is due to a decrease in the supply of housing for the following reasons:

- Scarcity of land resulting from Ontario green belt legislation as well as development over the past 20 years has led to significant reductions in low-rise development across the GTA
- Despite the large number of new condos completed over the past several years, vacancy rental rates have remained under 2%

In addition to being a non-bank lender and an alternative source of capital, Findev is strongly aligned with Plazacorp Investments Limited ("**Plazacorp**"), one of Toronto's most prominent real estate developers. Plazacorp is a significant shareholder in Findev. Plazacorp has completed 34 condominium projects throughout the City of Toronto, representing total revenues in excess of $2 billion. In addition, it has 12 projects under development, representing approximately 4,400 units, expected to generate additional revenue in excess of $1.4 billion.

Findev's relationship with Plazacorp provides it with access to a pool of real estate and investment talent. This strategic relationship brings invaluable connections and deep industry experience to all of Findev's projects, enabling a more successful and profitable outcome for all project stakeholders.

Current Loans and Investments Portfolio

The Corporation has deployed an aggregate of $15,326,663, net of transaction costs and discounts, through debt instruments yielding a weighted average return of 10.6% annually. The following summary is a breakdown of Findev's current portfolio:

Loan	Invested Capital Amount	Interest Rate %	Issue Date	Maturity Date
Plaza (Musee)	$ 5,501,803	10.0%	13-Oct-16	31-Dec-17
Plaza (Wellesley)	5,505,086	10.0%	28-Oct-16	31-Dec-19
Plaza (Wellesley) II	2,000,299	10.0%	17-Nov-2016	31-Dec-19
Land Development loan	1,019,475	15.0%	30-Jan-17	30-Jan-18
Plaza (Abell St)	1,300,000	12.0%	20-Mar-17	20-Mar-18
Total	$ 15,326,663			

Loan Details

Plaza (Musee): "Musee – King Adelaide West", by Musee Residences Corp., is a single condominium tower, comprising 433 residential units, with approximately 5,490 sq. ft. of retail and guest suites, above a four-level below grade parking garage containing 417 parking stalls, located at 523-525 Adelaide Street West, Toronto, Ontario. Findev advanced $5,500,000 as mezzanine financing, secured against ~$27,500,000 (~20% loan to value) in anticipated proceeds post registration of the condominium. The maturity date of the "Musee – King Adelaide West" loan is December 31, 2017.

Plaza (Wellesley) I & II: "50 at Wellesley Station", by Wellesley Residences Corp., is a mixed-use residential and retail condominium project including 378 residential condominiums (including ten (10) townhouse units) and approximately 2,494 sq. ft. of retail space, with a three-level below grade parking garage of approximately 82,500 sq. ft. located at 50 Wellesley Street East, Toronto, Ontario. Findev advanced an aggregate of $7,500,000 as mezzanine financing, secured against $34,000,000 (~22% loan to value) in anticipated proceeds, to be realized after registration of the condominium. The maturity date of the "50 at Wellesley Station" loan is December 31, 2019.

Land Development Loan: proposed 4-storey stacked townhouse development in Toronto. A total of 179 units are planned over four townhouse blocks, with 205 underground parking spaces. The site includes a mix of 83 one bedroom units and 96 two bedroom units, with select suites offering rooftop patios. The location provides tremendous access to shopping and employment. Additionally, the site is ideally located several minutes from the DVP. Findev advanced a second mortgage in the amount of $1,035,000 and is behind a first mortgage of $5,000,000. The land has an estimated value of $12,000,000 which provides the corporation security with a relatively low loan to value ratio of ~51%. The maturity date of this loan is January 30, 2018.

Plaza (Abell): The project on Abell Street is a 482 residential condominiums project located at 48 Abell Street, Toronto. Already one of Toronto's most desirable neighbourhoods, the western rim of Queen Street West has become a haven for fashionistas, artisans, foodies and many of the city's trendiest condominiums. The project, which is located across the street from the Drake Hotel, is at the heart of this über-hip community. At the time of the loan, construction was complete and registration was imminent. The building is now registered, and the loan will be repaid in May, 2017. Findev advanced $1,300,000 as mezzanine financing, secured against $35,000,000 (~4% loan to value) in anticipated proceeds, to be realized after registration of the condominium.

Change of Business ("COB") of the Corporation

The Corporation, with the approval of its shareholders, was recapitalized to enable it to execute its new strategic plan described above. To do so the following steps were taken:

- The common shares were consolidated on the basis of 35 old common shares for 1 new common share;
- $15,019,340 was raised via the following transactions:
    - the issuance of 2,225,000 common shares at a price of $0.525 per common share; and
    - the issuance of 23,085,358 common shares, one (1) eighteen (18) month common share purchase half-warrant and one (1) thirty-six (36) month common share purchase half-warrant. A full-warrant will entitle the holders to acquire one additional common share from the treasury of the Corporation at an exercise price of $0.70. The Corporation may at its sole discretion call the warrants if and when and the common shares trade at a price equal to or greater than $1.20 for five consecutive days
- the sale of its legacy technology business;
- the change of name to Findev Inc.

For further information regarding the change of business, the reader is directed to the Management Information Circular which is incorporated by reference as it is available at www.sedar.com.

ITEM 2 - <u>Selected Annual Information</u>

The following is the Corporation's selected annual information for the preceding three fiscal years:

	December 2016	May 2016	May 2015
Net revenues	$ 245,963	$ Nil	$ Nil
(Loss) Income before discontinued operations	(188,617)	Nil	Nil
Loss per share before discontinued operations - basic	(0.01)	0.00	0.00
Loss per share before discontinued operations - dilutive	(0.01)	0.00	0.00
Net (loss) income	(5,712,806)	3,988,075	(3,047,548)
Loss per share - basic	(0.44)	1.20	(0.91)
(Loss) Earnings per share - dilutive	(0.44)	1.10	(0.91)
Total assets	16,105,060	2,978,815	3,385,532
Long term financial liabilities	Nil	Nil	Nil
Cash dividends declared per share	0.0075	0.00	0.00

For further audited financial information, please refer to the Corporation's audited financial statements that have been filed on SEDAR

ITEM 3 - <u>Results of Operations</u>

<u>For the seven-month period ending December 31, 2016 versus 12 months ending May 31, 2016</u>

During the period that ended December 31, 2016, the Corporation converted its business focus from that of a technology company to one that focuses on financing residential and retail development projects within the **GTA** and deploys capital using varied financial structure models that span the debt/equity spectrum.

As part of this change, its new fiscal year end is now December 31, instead of May 31, and its reporting currency also changed from US dollars to Canadian dollars. The business of the Corporation, before the COB, was carried out through operations with functional currencies other than Canadian dollars. As a result of the COB, the functional currency for the new business is the Canadian dollar. Prior period results have been restated to reflect the change in the reporting currency.

Having disposed of its technology business, the Corporation does not have any comparable prior period continuing business activities.

The revenue from continuing operations for the period beginning June 1, 2016 and ending December 31, 2016 was $245,963 versus nil for the 12 months ended May 31, 2016. As the current business has only been operational since mid-October, the Corporation anticipates the revenues from continuing operations to rise significantly during the current fiscal year.

For the 7 months ended December 31, 2016, general and administrative expenditures from continuing operations were $209,911 versus nil for the for the 12 months ended May 31, 2016. The current operations were in existence for approximately 3 months, subsequent to the change of business. Management anticipates the annualized amount of operating expenses to be significantly less going forward as there were considerable non-recurring charges relating to the change of the business activity, with some of these expenses also occurring during the first quarter of 2017.

For the 7 months ended December 31, 2016, stock-based compensation from continuing operations was $224,669 versus nil for the 12 months ended May 31, 2016. The Corporation granted its new management team and directors 1,450,000 incentive stock options at an exercise price of $0.60. These options vest 25% every three (3) months, and therefore, such non-cash expenses will be incurred throughout 2017.

Loss from continuing operations for the 7 month period ended December 31, 2016 was $188,617 versus nil for the 12 months ended May 31, 2016. The loss was due to non-recurring expenditures that were incurred relating to the COB. Management expects to have income from continuing operations going forward.

The net loss from continuing operations for the 7 month period ended December 31, 2016 was $188,617, resulting in a loss per share of $0.01 based on 12,848,196 weighted average common shares outstanding – basic. There is no difference for the dilutive weighted average common shares of 22,098,558, as it would have been anti-dilutive. For the period ended May 31, 2016, the Corporation had income from continuing operations of nil, resulting in earnings per share of nil based on 3,337,083 weighted average common shares outstanding for the previous period. There is no difference for the dilutive weighted average common shares of 3,660,425.

Net loss from discontinued operations for the 7 months ended December 31, 2016 was $5,524,189 versus a profit of $3,988,075 for the period ended May 31, 2016. The loss in the more recent period was due to the divesture of the Corporation's GameTree TV business for US$225,000, as well as the divesture of all remaining assets that were not required for the new business, which generated a loss of $268,199. The current period loss also includes $4,729,199 of cumulative exchange differences due to the translation of foreign operations reclassified from other comprehensive income as a result of the de-consolidation of the foreign operations. There remains a receivable of $168,997 as at December 31, 2016 from the sale of the discontinued operations.

For the period ending May 31, 2016, the Corporation sold its cross-platform portability technology to NVIDIA for an aggregate purchase price of US$3.75 million, satisfied by payment of US$3.375 million on the date of closing and US$0.375 million ("**Holdback Funds**") paid on June 15, 2016. The assets included the technology that formed the Corporation's Graphics and Portability Group which included Cider, its core-enablement or translation and related technologies, along with associated customer relationships.

The net loss for the 7 month period ended December 31, 2016 was $5,712,806, resulting in a loss per share of $0.44 based on 12,848,196 weighted average common shares outstanding – basic. There is no difference for the dilutive weighted average common shares of 22,098,558, as it would have been anti-dilutive. For the period ended May 31, 2016, the Corporation had a net income of $3,988,075 resulting in a earnings per share of $1.20 based on 3,337,083 weighted average common shares outstanding for the previous period. The dilutive earnings per share $1.09 based on 3,660,425 weighted average common shares fully diluted.

During the period, the Corporation completed the following financings:

1. It raised $1,168,125 via the issuance of 2,225,000 common shares at a price of $0.525; and

2. It raised $13,851,215 via the issuance of 23,085,358 common shares, one (1) eighteen (18) month common share purchase half-warrant and one (1) thirty-six (36) month common share purchase half-warrant. A full-warrant will entitle the holders to acquire one additional common share from the treasury of the Corporation at an exercise price of $0.70. The Corporation may at its sole discretion call the warrants if and when the common shares trade at a price equal to or greater than $1.20 for five consecutive days

The proceeds of the financings helped to finance the change of business and the Corporation's investments in real estate loans as the Corporation invested $13 million in its loan portfolio to yield 9.98%.

The Corporation had a cash and cash equivalents balance as at December 31, 2016 of $2,826,876 (May 31, 2016 - $1,377,738), with working capital of $7,658,384 (May 31, 2016 – $1,655,619).

ITEM 4 - <u>Summary of Quarter Results</u>

The following table sets forth, for each quarter ended on the date indicated for the past eight quarters, information relating to the Corporation's revenue, net loss and loss per common share as prepared in accordance with Canadian GAAP.

	Net Revenue	(Loss) Income from continuing operations	Net (Loss) Income	Loss/share: basic from continuing operations	(Loss) earnings share diluted
March 31, 2017	$ 355,940	$ 3,192	$ 3,192	$ 0.00	0.00
December 31, 2016	245,962	(188,617)	(889,004)	$ 0.01	0.28
August 31, 2016	—	—	(94,604)	0.00	(0.01)
May 31, 2016	—	—	1,918,408	0.00	0.20
February 29, 2016	—	—	(636,224)	0.00	(0.07)
November 30, 2015	—	—	(813,719)	0.00	(0.18)
August 31, 2015	—	—	2,472,995	0.00	1.25
May 31, 2015	—	—	(5,476,641)	0.00	(0.26)

<u>For the three-months ended March 31, 2017 versus the three-months ended February 29, 2016</u>

The quarter ending March 31, 2017, marks the first full quarter since the Corporation changed its business to one that focuses on financing residential and retail development projects within the **GTA** and deploys capital using varied financial structure models that span the debt/equity spectrum.

The revenue from continuing operations for the three-months ending March 31, 2017 was $355,940 versus nil for the three months ended February 29, 2016. Revenue is anticipated to rise slightly in the period to end June 30, 2017, as the balance of the Corporation's capital was invested during the quarter ended March 31, 2017.

For the three-months ended March 31, 2017, general and administrative expenditures from continuing operations were $197,562 versus nil for the for the three months ended February 29, 2016. As with the previous quarter, this period had considerable non-recurring charges relating to the change of business activity. Management anticipates that subsequent quarterly expenditures will be significantly lower.

For the three-months ended March 31, 2017, share-based compensation from continuing operations was $135,387 versus nil for the three months ended February 29, 2019. The Corporation granted its new management team and directors 1,450,000 incentive stock options at an exercise price of $0.60 during the period ending December 31, 2016. As these options vest quarterly, a non-cash expense will be incurred throughout 2017, including in the fourth quarter of 2017.

Income from continuing operations for the three-months ended March 31, 2017 was $3,192 versus nil for the three months ended February 29, 2016. As this is the final quarter in which management is anticipating significant one time charges relating to its change of business, this amount is expected to increase during the quarter ending June 30, 2017.

The net income from continuing operations for the three-month period ended March 31, 2017 was $3,192, resulting in a net income per share of $0.00 based on 28,647,441 weighted average common shares outstanding – basic. There is no difference for the dilutive weighted average common shares of 53,378,199. For the period ended February 29, 2016, the Corporation had income from continuing operations of nil and earnings per share of nil based on 3,337,083 weighted average common shares outstanding for the previous period. There is no difference for the dilutive weighted average common shares of 3,660,425.

Net income from discontinued operations for the three-months ended March 31, 2017 was nil versus a loss of $240,505 for the period ended February 29, 2016. The Corporation disposed of remaining technology assets in November 2016 and there remains a receivable of $148,636 as at March 31, 2017 from the sale of these assets as well as certain payables which management is negotiating to settle.

The net income for the three-months ended March 31, 2017 was $3,192, resulting in earnings per share of $0.00 based on 28,647,441 weighted average common shares outstanding – basic. The diluted earnings per share was $0.00 based dilutive weighted average common shares of 53,378,199,. For the period ended February 29, 2016, the Corporation had a net loss of $240,505 for an loss per share of $0.07 based on 3,337,083 weighted average common shares outstanding for the previous period. The dilutive loss per share was $0.07 based on 3,660,425 weighted average common shares fully diluted.

During the period, the Corporation increased its loans portfolio to $15,328,152 from $13,006,566, increasing its average yield to maturity to 10.6% up from 9.98%, with a weighted life of 1.8 years down from 2.1 years.

For the three-months ended March 31, 2017, the Corporation declared its second quarterly dividend, which was paid in April 2017.

The Corporation had a cash and cash equivalents balance as at March 31, 2017 of $363,926 (December 31, 2016 - $2,826,876), with working capital of $7,582,536 (December 31, 2016 - $7,658,384) .

ITEM 5 - <u>Liquidity</u>

As at March 31, 2017, the Corporation had a cash balance of $363,926 (December 31, 2016 - $2,826,876), with working capital of $7,582,536 (December 31, 2016 - $7,658,384) .

The Corporation has the following stock options issued and outstanding:

			Outstanding		Exercisable	
Exercise Price	Options Outstanding	Expiry Date	Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price
$ 6.125	2,857	April 22, 2019	2.1 years	$ 6.125	2,143	$ 6.125
6.125	14,000	February 2, 2020	2.9 years	6.125	9,214	6.125
0.60	1,250,000	October 20, 2024	7.6 years	0.60	Nil	0.60
0.60	200,000	November 2, 2024	7.6 years	0.60	Nil	0.60

In addition, the Corporation has the following warrants issued and outstanding:

Quantity	Type	Exercise Price	Expiry Dates
178,571	Share Purchase Warrant	$ 3.50	July 5, 2018
11,542,665	Share Purchase Warrant	0.60	April 7, 2018
11,542,665	Share Purchase Warrant	0.60	October 7, 2019

The Corporation currently has a real estate loan portfolio that generates approximately $400,000 in revenue per quarter with a weighted maturity of 1.8 years.

ITEM 6 - <u>Capital Resources</u>

Management believes that the cash flow is sufficient for the Corporation to meet its current expenditures and to maintain its dividend policy of $0.03 per common share per year.

Subject to the real estate financing opportunities that may be originated, Findev may seek to raise additional funds to accelerate such development. The timing and ability of the Corporation to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance the business. Future financing may be completed by the issuance of the Corporation's securities such as equity, as well as debt financing, which includes financial instruments that may permit the investors to receive additional common shares.

ITEM 7 - **Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

ITEM 8 - **Transactions With Related Parties**

Related-party transactions include transactions with parties related by common directors and transactions with other private entities owned or controlled by officers and directors. All transactions are provided in the normal course of business and are measured at exchange amounts agreed upon by the related parties. The following table summarizes the related-party transactions occurring during the fiscal period.

As at or for the period ended	Mar. 31, 2017	Feb. 29, 2016
Revenues		
Interest income	$ 325,249	$ —
Expenses		
Professional Fees	$ 6,904	$ —
Included with accounts payable	$ 20,263	$ —

Payments to key management

As at or for the period ended	Mar. 31, 2017	Feb. 29, 2016
Management Fees	$ 59,287	—
Stock-based compensation	135,387	—

The key management personnel of the Corporation include the Chief Executive Officer, Chief Financial Officer and the Board of Directors.

During the period ended March 31, 2017 and December 31, 2016, no key management personnel were indebted to the Corporation, with the exception that a majority of the Corporation's loans are to Plazacorp and its affiliates which are owned and controlled by a director.

ITEM 9 - **Proposed Transactions**

As of the date of this document, there is no proposed transaction that management of the Corporation believes would require the approval of the Board of Directors of the Corporation as well as the Shareholders of the Corporation.

ITEM 10 - **Risk Factors**

The following risk factors relate to the Corporation's activities subsequent to the completion of its COB. These risks, to which the Corporation is now subject, were previously disclosed within the Corporation's information circular, made available to all shareholders prior to providing the Corporation with its approval to proceed with the COB. This information is also available on the regulator's web site, SEDAR.

Controlling interest of Plazacorp Holdings
Of the issued and outstanding common shares of the Corporation, 40% is controlled by Plazacorp Holdings Inc. ("**Plazacorp Holdings**") which is controlled by Mr. Anthony Heller, a director of the Corporation. Plazacorp Holdings also owns 4,637,500 Share Purchase Warrant that expire April 7, 2018 and an additional 4,637,500 Share Purchase Warrant that expire on October 7, 2019.

As a result, Plazacorp Holdings has the ability to influence the Corporation, including without limitation the election and removal of directors, amendments to the Corporation's articles of amalgamation and by-laws and the approval of any business combination. The interests of Plazacorp Holdings may not in all cases be aligned with interests of other Shareholders.

Future sales of Corporation's Common Shares by Plazacorp Holdings
Subject to compliance with applicable securities laws, Plazacorp Holdings may sell some or all of its common shares in the future. No prediction can be made as to the effect, if any, such future sales of the Corporation's common shares will have on the market price of the Corporation's common shares prevailing from time to time. However, the future sale of a substantial number of the Corporation's common shares by Plazacorp Holdings, or the perception that such sales could occur, could adversely affect the prevailing market prices of the Corporation's common shares.

Real Estate Sector Risks
Investing in real estate development projects can be speculative in nature and the value of the Corporation's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the Corporation's management and board of directors. There can be no assurance that the Corporation will be operated successfully. Further, since a significant aspect of the potential return to the shareholders will be based on the revenue generated by real estate developments, there can be no assurance that such business activities will generate revenues sufficient to meet the operational or financing needs of the Corporation or to return the funds invested.

The Corporation will also be subject to the risks inherent in the development of residential projects located in the City of Toronto, including the inability to obtain re-zoning approvals within a reasonable time or at all, the inability to obtain construction or mortgage financing on reasonable terms or at all, the inability to sell or complete sales of a sufficient number of residential units at reasonable prices or at all, the failure or refusal of purchasers of residential units to complete their transactions, undisclosed liabilities relating to the development projects, fluctuations in interest rates, fluctuations in or volatility of real estate markets, failure to repay or refinance mortgages resulting in foreclosures or powers of sale, construction delays due to strikes or shortages of materials or labour, the inability of the Corporation to achieve profitability in its investment strategy, competition from other properties, limits on insurance coverage and increases in development costs caused by general economic conditions.

Risk of Lack of Diversification of Investments
Investments concentrated in specific sectors are generally more volatile than the overall market. Investing in one specific sector, entails greater risk and greater potential reward than investing in all sectors of the economy. If a sector declines or falls out of favour, the values of most or all of the companies in that sector will generally fall faster than the value of other investments as a whole. The opposite is equally true.

Due Diligence Risks
The due diligence process undertaken by the Corporation in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making such investments, the Corporation will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Corporation may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Corporation will rely on resources available, including information provided by investee and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all

relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Credit Risks
The debt securities in which the Corporation will invest in are subject to credit and liquidity risk. Any loan investment may become a defaulted obligation for a variety of reasons, including non-payment of principal or interest, as well as covenant violations by the borrower in respect of the underlying loan documents. A defaulted loan may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted loan. In addition, such negotiations or restructuring may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted loan. In addition, substantial costs and resources in such situations may be imposed on the Corporation, further affecting the value of its investment. The liquidity of the defaulted loans may also be limited, and to the extent that the defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the financial position of the Corporation and consequently, the market value of the common shares of the Corporation.

Collection Risks
The Corporation may invest in loans, debt securities or equities which rank behind other securities and obligations issued by the investee, all or a significant proportion of which may be secured on that investee's assets. The corporation may, therefore, be subject to collection risk in relation to such investments. The characterisation of an investment as a secured debt obligation does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a borrower. Borrowers may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the debt in which the Corporation invests in. If other indebtedness is incurred that ranks in parity in right of payment or proceeds of collateral with respect to debt securities in which the Corporation invests in, the Corporation would have to share on an equal basis any distributions with other creditors in the event of a liquidation, reorganisation, insolvency, dissolution or bankruptcy of such a borrower. Consequently, there is no guarantee that the Corporation would receive any value for its holdings of a borrower's debt obligations or any securities it may hold if the borrower or issuer were to go enter into insolvency, liquidation or other restructuring proceedings.

Interest Rate Risks
Interest rate risk arises due to exposure to the effects of future changes in the prevailing level of interest rates. The Corporation is exposed to interest rate risk arising from an increase in interest rates that can adversely effect the value of the underlying security of its mortgage and loan investment portfolio . Rising interest rates can have a negative impact on real estate development profitability and potentially effect a borrowers ability to repay a loan. The Corporation mitigates this risk by the general short term nature of its loan and mortgage investments.

No Guaranteed Return or Dividends
There is no guarantee that an investment in the Corporation will earn any positive return in the short term or long term. To date, the Corporation has paid a limited amount of dividends to holders of its common shares and the Corporation is not required to pay any dividends on its common shares on a going forward basis. Any decision to pay dividends will be made on the basis of the Corporation's earnings, financial position, cash flow needs and other conditions as they may arise from time to time.

Risks of Competition
The Corporation will face competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Corporation's opportunities to finance construction projects that are attractive to the Corporation. The Corporation may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Corporation is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Risks of Fluctuations in the Value of the Resulting Issuer and the Shares

The book value of the Corporation's common shares and its market value will fluctuate with changes in the market value of the Corporation's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations who have borrowed from the Corporation and changes in interest rates which may affect the value of interest-bearing securities owned by the Corporation. An investment in the Corporation is speculative and may result in the loss of a substantial portion of an investor's investment. Only potential investors who are experienced in high risk investments and who can afford to lose a substantial portion of their investment should consider such an investment.

Market Disruption Risks

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual corporations or related groups of corporations. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Corporation.

Stress in the Global Economy

Global financial conditions such as reduction in credit, combined with reduced economic activity and the fluctuations in the Canadian dollar, may adversely affect businesses and the real estate development industry. Adverse effects on the capital markets generally make the raising of capital by equity or debt financing more difficult and the Corporation will be dependent upon the capital markets to raise additional funds. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Corporation's business, operating results, and financial condition.

Financing Risks

Additional funding will be required to complete the proposed or future real estate development projects. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Corporation to reduce or delay execution of its business plan. The primary source of funds currently available to the Corporation is derived from the issuance of equity. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Corporation.

Risk of Dilution from Possible Future Offerings

The Corporation may issue additional securities from time-to-time to raise funding for its business and such issuances may be dilutive to Shareholders.

Dependence upon Key Management

The Corporation will depend on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Corporation's operations expand, additional general management resources will be required. The Corporation may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Corporation's operations. The Corporation currently maintains no "key man" life insurance on any members of its management or directors.

ITEM 11 - Critical Accounting Estimates

The Corporation's financial statements are impacted by the accounting policies used, as well as the estimates and assumptions made by management during their preparation. The Corporation's accounting policies are described within the financial statements filed on SEDAR and incorporated by reference, which includes a discussion on accounting estimates considered to be significant to the Corporation.

ITEM 12 - <u>Changes in Accounting Policies</u>

The Corporation would like to direct readers to its audited financial statements for the fiscal period ending December 31, 2016 and unaudited condensed interim financial statements for the period ending March 31, 2017, which are incorporated by reference and can be found at www.sedar.com.

ITEM 13 - <u>Financial Instruments and Other Instruments</u>

The Corporation would like to direct readers to its audited financial statements for the fiscal period ending December 31, 2016 and unaudited condensed interim financial statements for the period ending March 31, 2017, which are incorporated by reference and can be found at www.sedar.com.

ITEM 14 - <u>Capital Structure</u>

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of the date of this MD&A, there were 28,647,441 common shares issued and outstanding as well as the above-mentioned options and warrants.

ITEM 15 - <u>Other MD&A Requirements</u>

As defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, requires that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

The Corporation has evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded that they were effective as of the end of the period covered by this MD&A as well as of the date of this MD&A.

The Corporation has evaluated its internal controls and financial reporting procedures and have found them to be effective with the objective of reporting the Corporation's financial transactions.

The Corporation is not required to file an Annual Information Form under current securities legislation and thus has not filed one; however, an Information Circular in connection with the Corporation's current business of real estate lending dated August 23, 2016 has been filed electronically at www.sedar.com.