

**North America Home Finance Inc.**  
**Consolidated Financial Statements**

*As at and for the years ended June 30, 2025, and 2024*

## Independent Auditor's Report

To the Board of Directors of  
North America Home Finance Inc.

### Opinion

We have audited the consolidated financial statements of North America Home Finance Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2025 and 2024, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred net loss of \$1,997,560 during the year ended June 30, 2025 and, as of that date, the Company had an accumulated deficit of \$3,813,198. Additionally, the Company had a working capital deficit of \$5,891,659 as at June 30, 2025 and a positive cash flows from operating activities of \$3,061,915. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## 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 Accounting Standards as issued by the IASB, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Company'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 Company'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 Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

/s/ Deloitte LLP

Chartered Professional Accountants  
Calgary, Alberta  
February 11, 2026

# North America Home Finance Inc.

## Consolidated Statements of Financial Position

*Canadian Dollars*

*As at June 30*

|   | 2025               | 2024              |
|---|--------------------|-------------------|
| <b>Assets</b>   |                    |                   |
| <b>Current</b>  |                    |                   |
| Cash and cash equivalents <i>(Note 4)</i>                       | 105,071            | 187,182           |
| Accounts receivable   | 498,846            | 141,083           |
| Prepaid expenses  | 173,658            | 196,002           |
| Other receivables   | 305,537            | 389,955           |
| Due from related parties <i>(Note 23)</i>                       | 1,109,191          | 1,281,813         |
| Current portion of loans receivable <i>(Note 5)</i>             | 5,998,478          | -                 |
| Current portion of net investment in sub-leases <i>(Note 8)</i> | 143,520            | 126,960           |
|   | <b>8,334,301</b>   | <b>2,322,995</b>  |
| <b>Non-current</b>  |                    |                   |
| Loans receivable <i>(Note 5)</i>                                | 75,687             | 11,343,716        |
| Development properties <i>(Note 6)</i>                          | 1,148,925          | 806,499           |
| Investment properties <i>(Note 7)</i>                           | 60,023,326         | 21,804,744        |
| Net investment in sub-leases <i>(Note 8)</i>                    | 1,514,833          | 1,363,738         |
| Deposits for condominium units <i>(Note 9)</i>                  | 20,254,843         | 13,488,414        |
| Intangible assets <i>(Note 10)</i>                              | 12,500,000         | 12,500,000        |
| Right-of-use assets <i>(Note 11)</i>                            | 3,299,542          | 1,955,326         |
|   | <b>98,817,156</b>  | <b>63,262,437</b> |
| <b>Total assets</b>   | <b>107,151,457</b> | <b>65,585,432</b> |

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# North America Home Finance Inc. Consolidated Statements of Financial Position

Canadian Dollars

As at June 30

|  | 2025               | 2024              |
|--|--------------------|-------------------|
| <b>Liabilities</b>   |                    |                   |
| <b>Current</b>   |                    |                   |
| Accounts payable and accrued liabilities (Note 12)                     | 6,045,564          | 2,183,024         |
| Current portion of promissory note (Note 13)                           | 6,866,816          | 584,896           |
| Current portion of redeemable preference shares (Note 14)              | 577,500            | 641,056           |
| Current portion of lease liabilities (Note 15)                         | 100,003            | 6,509             |
| Current portion of residential development units (Note 17)             | 360,000            | 240,000           |
| Current portion of mortgages payable (Note 18)                         | 3,770              | 12,695,613        |
| Current portion of interest payable                                    | 173,461            | 547,192           |
| Due to related parties (Note 24)                                       | 98,846             | 121,688           |
|  | <b>14,225,960</b>  | <b>17,019,978</b> |
| <b>Non-current</b>   |                    |                   |
| HomePlan Contribution  | 285,750            | 116,469           |
| Promissory note with related party (Note 15), (Note 24)                | 250,000            | 250,000           |
| Lease liabilities (Note 15)  | 1,282,489          | -                 |
| Real property bonds (Note 16)  | 4,246,375          | 3,604,187         |
| Residential development units (Note 17)                                | 19,335,637         | 21,540,017        |
| Variable return on real property bonds and development units (Note 17) | 7,508,485          | 4,495,351         |
| Interest payable   | 1,384,672          | 453,223           |
| Mortgages payable (Note 18)  | 46,188,717         | 4,123,472         |
| Convertible debentures (Note 21)                                       | 139,421            | -                 |
|  | <b>80,621,546</b>  | <b>34,582,719</b> |
| <b>Total liabilities</b>   | <b>94,847,506</b>  | <b>51,602,697</b> |
| <b>Shareholders' Equity</b>  |                    |                   |
| Share capital (Note 22)  | 16,029,700         | 15,798,373        |
| Contributed Surplus (Note 21)  | 87,449             | -                 |
| Income/(Deficit)   | (3,813,198)        | (1,815,638)       |
| <b>Total Equity</b>  | <b>12,303,951</b>  | <b>13,982,735</b> |
| <b>Total liabilities and shareholders' equity</b>                      | <b>107,151,457</b> | <b>65,585,432</b> |

Commitments (Note 29)

Subsequent events (Note 30)

Nature of operations and going concern (Note 1)

Approved on behalf of the Board

"George Lawton"

Director

"Navepal Jagpal"

Director

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

**North America Home Finance Inc.**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

*Canadian Dollars*  
*For the years ended June 30*

|  | <b>2025</b>        | <b>2024</b> |
|--|--------------------|-------------|
| <b>Revenue</b>   |                    |             |
| Home sales   | <b>2,325,670</b>   | 762,400     |
| Acquisition and development management fees                        | <b>269,589</b>     | 856,775     |
| Rental income  | <b>1,642,575</b>   | 244,349     |
| Sub-lease income   | <b>103,527</b>     | 118,681     |
|  | <b>4,341,361</b>   | 1,982,205   |
| <b>Cost of sales</b>   | <b>1,820,828</b>   | 849,589     |
| <b>Gross margin</b>  | <b>2,520,533</b>   | 1,132,616   |
| <b>Expenses</b>  |                    |             |
| Depreciation   | <b>1,483,521</b>   | 153,730     |
| General and administrative expenses                                | <b>955,039</b>     | 236,849     |
| Salaries, wages and benefits                                       | <b>46,484</b>      | 16,550      |
| Professional fees  | <b>1,621,920</b>   | 766,817     |
| Sales and marketing expenses                                       | <b>65,226</b>      | 138,717     |
|  | <b>4,172,190</b>   | 1,312,663   |
| <b>Other income (expense)</b>                                      |                    |             |
| Other income (expense)   | <b>78,839</b>      | (5,407)     |
| Financing costs ( <i>Note 19</i> )                                 | <b>(1,959,461)</b> | (1,137,255) |
| Change in fair value ( <i>Note 20</i> )                            | <b>1,535,515</b>   | 2,269,839   |
| Finance income   | <b>(796)</b>       | 4,125       |
|  | <b>(345,903)</b>   | 1,131,302   |
| <b>Net Income (Loss) and comprehensive income (loss)</b>           | <b>(1,997,560)</b> | 951,255     |
| <b>Weighted average outstanding shares</b>                         | <b>79,229,175</b>  | 78,436,072  |
| <b>Basic and diluted Earnings (loss) per share (<i>Note 3</i>)</b> | <b>\$(0.03)</b>    | \$0.01      |

*The accompanying notes are an integral part of these consolidated financial statements*

**North America Home Finance Inc.**  
**Consolidated Statements of Changes in Equity**

*Canadian Dollars*  
*For the years ended June 30*

|  | <i>Share<br/>capital</i> | <i>Contributed<br/>Surplus</i> | <i>Income/<br/>(Deficit)</i> | <i>Total equity</i> |
|--|--------------------------|--------------------------------|------------------------------|---------------------|
| <b>Balance June 30, 2023</b>                                   | <b>15,608,373</b>        | <b>190,000</b>                 | <b>(2,766,893)</b>           | <b>13,031,480</b>   |
| Issuance of common shares                                      | 190,000                  | (190,000)                      | -                            | -                   |
| Net Income (loss) and comprehensive income (loss) for the year | -                        | -                              | 951,255                      | 951,255             |
| <b>Balance June 30, 2024</b>                                   | <b>15,798,373</b>        | <b>-</b>                       | <b>(1,815,638)</b>           | <b>13,982,735</b>   |
| Issuance of common shares                                      | 231,327                  | -                              | -                            | 231,327             |
| Contributed surplus  | -                        | 87,449                         | -                            | 87,449              |
| Net Income (loss) and comprehensive income (loss) for the year | -                        | -                              | (1,997,560)                  | (1,997,560)         |
| <b>Balance June 30, 2025</b>                                   | <b>16,029,700</b>        | <b>87,449</b>                  | <b>(3,813,198)</b>           | <b>12,303,951</b>   |

*The accompanying notes are an integral part of these consolidated financial statements*

# North America Home Finance Inc. Consolidated Statements of Cash Flows

*Canadian Dollars  
For the years ended June 30*

|   | 2025            | 2024             |
|---|-----------------|------------------|
| <b>Cash provided by (used for) the following activities</b>   |                 |                  |
| <b>Operating activities</b>                                   |                 |                  |
| Net Income (Loss)   | (1,997,560)     | 951,255          |
| Items not affecting the flow of cash:                         |                 |                  |
| Depreciation (Note 7), (Note 11)                              | 1,483,522       | 153,730          |
| Financing costs (Note 19)                                     | 1,491,005       | 1,096,035        |
| Amortization of transaction costs                             | 468,457         | 41,220           |
| Change in fair value (Note 20)                                | (1,535,515)     | (2,269,839)      |
| Revaluation of net investment in sub-leases                   | -               | 46,446           |
| Sub-lease income  | (103,527)       | (118,681)        |
| Gain on recognition of sublease (Note 8)                      | (112,660)       | (37,684)         |
| Redeemable preference shares adjustment                       | (2,058)         | -                |
| Change in non-cash working capital (Note 28)                  | 4,172,701       | (821,310)        |
| Cash (used in) generated from operations                      | 3,864,365       | (958,828)        |
| Interest paid   | (1,292,371)     | (655,773)        |
| Additions to development properties                           | 489,921         | 587,386          |
| Net Cash (used in) generated from operations                  | 3,061,915       | (1,027,215)      |
| <b>Financing activities</b>                                   |                 |                  |
| Advances from HomePlan contributions                          | 169,281         | 116,469          |
| Repayment of lease liability (Note 15)                        | (79,006)        | (42,186)         |
| Advances from Promissory Notes                                | 2,963,657       | 799,803          |
| Repayment of Promissory Notes                                 | (2,459,426)     | (214,905)        |
| Proceeds from residential development units (Note 17)         | 2,666,821       | 9,661,036        |
| Repayment of residential development units (Note 17)          | (4,958,629)     | -                |
| Proceeds from issuance of convertible debentures (Note 21)    | 150,000         | -                |
| Proceeds from mortgages payable (Note 18)                     | 32,496,531      | 11,390,499       |
| Repayment of mortgage payable (Note 18)                       | (3,591,586)     | -                |
| Redemption of preferred shares (Note 14)                      | (61,500)        | (358,944)        |
| Proceeds net of issuance costs from issuance of common shares | 305,697         | -                |
|   | 27,601,840      | 21,351,772       |
| <b>Investing activities</b>                                   |                 |                  |
| Sub-lease payments (Note 8)                                   | 133,400         | 126,020          |
| Deposits for condominium units (Note 9)                       | (2,800,096)     | (6,990,315)      |
| Additions to investment properties (Note 7)                   | (28,079,170)    | (13,876,347)     |
|   | (30,745,866)    | (20,740,642)     |
| <b>(Decrease) Increase in cash and cash equivalents</b>       | <b>(82,111)</b> | <b>(416,085)</b> |
| <b>Cash and cash equivalents, beginning of year</b>           | <b>187,182</b>  | <b>603,267</b>   |
| <b>Cash and cash equivalents, end of year</b>                 | <b>105,071</b>  | <b>187,182</b>   |

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

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

Canadian Dollars  
For the years ended June 30

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### 1. Nature of operations and going concern

North America Home Finance Inc. (the "Company"), a privately held company, was incorporated under the Canada Business Corporations Act on July 27, 2016, and then continued to British Columbia under the Business Corporations Act (British Columbia) on December 22, 2023. The head office is located at 1021 West Hastings Street, 9th Floor, Vancouver, British Columbia, V6E 0C3. The ultimate parent of North America Home Finance Inc. is 1086353 B.C. Ltd.

The Company directly or through its subsidiaries is engaged in the business of acquiring, developing, and administering housing communities as well as providing developers and homebuyers with advanced funding tools and mortgage products, with the goal of increasing home-equity-building opportunities for families.

These consolidated financial statements include the operations of the Company as well as those of wholly owned subsidiaries - Saanich Ridge Development Ltd, a company responsible for the development of the Saanich property, Westcoast Home Ownership Ltd. (incorporated on June 18, 2014), and NAHF Real Estate Trust, (the "Trust") (established on May 31, 2022), 1289900 B.C. Ltd (acquired on March 17, 2025) and 1404122 BC Ltd (incorporated on March 7, 2023). Out of the subsidiaries, Westcoast Home Ownership Ltd. is currently dormant.

On December 6, 2024, the Company incorporated the wholly owned subsidiary MVE Development GP Inc ("MVE GP"). On December 12, 2024, the Company entered the Mountain View Estates Real Estate Development Limited Partnership ("MVE LP") with a third party as a Limited Partner and MVE GP as the General Partner.

These consolidated financial statements have been prepared on a going-concern basis, with the assumption that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company incurred net loss of \$1,997,560 during the year ended June 30, 2025 (2024 – net income of \$951,255), and as of that date, the Company had an accumulated deficit of \$3,813,198 (2024 - \$1,815,638). Additionally, the Company has a working capital deficit of \$5,891,659 as at June 30, 2025 (2024 - \$14,696,983). The Company has positive operating cash flows of \$3,061,915 for the year ended June 30, 2025 (2024 – negative \$1,027,215). The Company's continuing operations are dependent upon the Company's ability to obtain additional capital, successfully develop and sell the Saanich property, develop and/or lease the rental units, and identify, evaluate, and negotiate the acquisition of an interest in properties, assets or a business. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will continue to develop and sell the remaining homes under development in the Saanich property in the next fifteen months. The Company has also started developing the next two 26-home rental communities. The outcome of these matters cannot be predicted at this time. In assessing whether the going concern assumption is appropriate, management evaluated all available information about the future which is at least, but not limited to, twelve months from the end of the reporting period. These consolidated financial statements do not include adjustments to amounts and classifications of assets, liabilities and expenses that might be necessary should the Company be unable to continue as a going concern and that such adjustments could be material.

### 2. Basis of preparation

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards"). The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 11, 2026.

#### **Basis of preparation**

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

Canadian Dollars  
For the years ended June 30

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### 2. Basis of preparation (Continued from previous page)

#### **Basis of consolidation**

Subsidiaries are all entities over which the Company has control. Control is achieved when the entity has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee or subsidiary if facts, circumstances, and events indicate that there are changes to one or more of the three elements of control listed above. Currently, the Company has control over all of the subsidiaries reported in the consolidated financial statements (either directly or indirectly) and there are no non-controlling interests to report at this time. These consolidated financial statements include the accounts of Saanich Ridge Development Ltd., NAHF Real Estate Trust, Westcoast Home Ownership Ltd., 1289900 B.C. Ltd., MVE GP, MVE LP and 1404122 BC Ltd., companies incorporated in British Columbia, Canada. All inter-company balances, and gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

#### **Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Judgment is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas where significant management estimates and judgments have been applied include:

#### Significant accounting judgments

##### i.) Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended June 30, 2025. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management considers all available information about the future which is at least but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate.

##### ii.) Development properties

In applying the Company's policy with respect to development properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the properties and, for properties under development, identifying the point at which capitalization of borrowing and other costs ceases.

Further, judgment is also applied in determining the number of homes to be sold in the next 12 months for current vs. noncurrent classification of development properties.

##### iii.) Impairment of non-financial assets

Judgment is used in analysing whether the non-financial assets are to be impaired in accordance with the requirements of IAS 36 which includes the analysis of impairment indicators at each reporting date. The Company shall estimate the recoverable amount of the asset when there is an indicator of impairment.

#### Significant accounting estimates

##### i.) Intangible assets

Management has exercised judgments and assumptions for determining the recoverable amount of the intangible assets, to assess whether the intangible assets have been impaired as of June 30, 2025.

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

Canadian Dollars  
For the years ended June 30

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### 2. Basis of preparation (Continued from previous page)

#### **Use of estimates and judgments**

##### ii.) Leases

The application of IFRS 16 requires the Company to make judgments in determining whether certain leases are operating or financing and to make estimates that affect the value of the right-of-use assets and the lease liabilities, which mainly relate to the implicit and incremental rates of borrowing and to whether purchase, renewal or termination options are reasonably certain of being exercised.

##### iii.) Net Investment in sub-leases

In applying the requirements of IFRS 16 for accounting of net investment in sub-leases, the Company has used an actual area per home for the allocation of the right-of-use asset to the homes sold during the year. The average area is derived based on the area of homes sold and homes to be sold in the coming year.

##### iv.) Development properties

The Company evaluates the carrying value of its development properties at the lower of cost and net realizable value. The net realizable value is estimated based on current market prices that the Company would expect to receive from the sale of the properties.

##### v.) Financial instruments at fair value through profit or loss

In determining the fair value of financial instruments measured at fair value, the Company estimates the fair value based on the expected return on the underlying agreements or investments. The resulting fair value estimates may not be indicative of the amounts realized at settlement and as such are subject to measurement uncertainty.

#### **Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

### 3. Material accounting policies

#### **Operating segments**

The Company determines its operating segments based on the differences in the nature of operations, sales, economic characteristics and regulatory environments. The chief operating decision maker is the Chief Executive Officer, who reviews operating results at this level to assess financial performance and make resource allocation decisions. The Company has one reportable operating segment which is made up of its real estate operations based in British Columbia and Alberta, Canada. All of the Company's noncurrent assets are located in and revenue is earned in Canada.

#### **Financial instruments**

##### Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

##### Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured at fair value through profit or loss. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

*Canadian Dollars*  
*For the years ended June 30*

### 3. Material accounting policies (Continued from previous page)

#### **Financial instruments (Continued from previous page)**

##### Classification and initial measurement of financial assets

All financial assets are initially measured at fair value. Financial assets are classified into the following categories:

- amortized cost;
- fair value through other comprehensive income (“FVOCI”); or
- fair value through profit or loss (“FVTPL”).

The classification is determined by both:

- the Company’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

##### Subsequent measurement of financial assets

##### *Financial assets at amortized cost*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method.

Financial assets with an embedded derivative, including those with a variable return that is not closely related to the underlying host contract are measured at fair value through profit or loss with changes in fair value recognized in net income (loss) and comprehensive income (loss). The fair value of these assets is determined based on level 3 inputs including the expected return on the underlying development project.

| Financial Assets               | Classification and Measurement |
|--------------------------------|--------------------------------|
| Cash and cash equivalents      | Amortized Cost                 |
| Accounts receivable            | Amortized Cost                 |
| Other receivables              | Amortized Cost                 |
| Due from related parties       | Amortized Cost                 |
| Loan receivable                | FVTPL                          |
| Net investment in sub-leases   | Amortized Cost                 |
| Deposits for condominium units | FVTPL                          |

##### Impairment of financial assets

The impairment of financial assets uses forward-looking information to recognize expected credit losses – the ‘expected credit loss (“ECL”) model’.

# North America Home Finance Inc.

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The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, subsequently measured at amortized cost unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

The carrying value of certain financial liabilities at initial recognition is at amortized cost, with an embedded derivative bifurcated to recognize the variable return based on the profitability of the corresponding investment project or an embedded conversion option, when the embedded derivative is not closely related to the underlying host contract. The host contract is subsequently measured at amortised cost using the effective interest method. The embedded derivative is subsequently measured at fair value at the end of each reporting period with the fair value gain or loss recognized in net income (loss) and comprehensive income (loss).

There are no financial liabilities classified as fair value through OCI.

| <b>Financial Liabilities</b>             | <b>Classification and Measurement</b> |
|--|---------------------------------------|
| Accounts payable and accrued liabilities | Amortized Cost                        |
| Interest payable                         | Amortized Cost                        |
| Promissory note                          | Amortized Cost                        |
| Redeemable preference shares             | Amortized Cost                        |
| Mortgages payable                        | Amortized Cost                        |
| Lease liability                          | Amortized Cost                        |
| Due to related parties                   | Amortized Cost                        |
| HomePlan contribution                    | Amortized Cost                        |
| Promissory note with related party       | Amortized Cost                        |
| Real property bond units                 | Amortized Cost                        |
| <b>Residential development units:</b>    |                                       |
| Five bridges development units           | Amortized Cost                        |

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| Financial Liabilities                            | Classification and Measurement |
|--|--------------------------------|
| Collinson rise units                             | Amortized Cost                 |
| Glenlake units                                   | Amortized Cost                 |
| Saanich DCUs                                     | Amortized Cost                 |
| Conversion of Saanich DCUs into HY units         | FVTPL                          |
| Variable return on residential development units | FVTPL                          |

The fair values of the Saanich discounted convertible units and the Variable return on residential development units are based on level 3 inputs including the expected return on the underlying development project.

### **Cash and cash equivalents**

Cash consists of cash at bank, and on hand that is highly liquid. The Company considers all highly liquid investments with terms to maturity of three months or less when acquired, to be cash equivalents. Cash consist of cash held in the Company's US and Canadian denominated accounts.

### **Development properties**

Development property costs are associated with land held for development for future sale and is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Development costs include all pre-construction costs essential and directly attributable to the development of the property which include, but are not limited to, consulting fees, professional fees, construction costs, direct and indirect borrowing costs, real estate taxes and other costs incurred during the period of development. Capitalization of costs continues until the development is complete and ready for sale.

Where development projects include units to be held for rental income purposes, costs related to the rental units are accounted for under investment property.

### **Borrowing costs**

Borrowing costs on funds directly attributable to finance the acquisition, production or construction of a qualifying asset are capitalized until such time as substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. A qualifying asset is one that takes a substantial period of time to prepare for its intended use. Capitalization is discontinued when the asset enters the production stage or development ceases. Where the funds used to finance a project form part of general borrowings, interest is capitalized based on the interest rate applicable to the general borrowings outstanding during the period of construction.

### **Investment properties**

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. The Company has elected to apply the cost model for measuring its investment property. Under the cost model, the investment property is measured at cost less accumulated depreciation using a useful life of 20 years.

### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. Impairment is tested at an individual asset level unless the asset does not generate cash flows independently from other assets, in which case the Company allocates the intangible asset to the cash-generating units to which the asset belongs.

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The recoverable amount is the higher of fair value less costs of disposal and value in use. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be appropriate. If the intangible assets no longer have an indefinite life, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of Net Income (loss) and comprehensive income (loss).

### **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease obligation and corresponding ROU asset are recognized at the commencement of the lease. Lease liabilities are initially measured at the present value of the unavoidable lease payments and discounted using the Company's incremental borrowing rate when an implicit rate in the lease is not readily available. The Company determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased. The Company used a weighted average incremental borrowing rate of 5.64% for the continuing lease arrangements for the year ended June 30, 2025 (June 30, 2024 – 8.72%). Interest expense is recognized on the lease obligations using the effective interest rate method. The ROU assets are recognized at the amount of the lease liabilities, adjusted for lease incentives received and initial direct costs, on commencement of the leases. ROU assets are depreciated on a straight-line basis over the lease term. The Company is required to make judgments and assumptions on incremental borrowing rates and lease terms. Short-term and low value leases have not been included in the measurement of lease liabilities.

The Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured when there is change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amounts expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or net income if the right-of-use asset is already reduced to zero.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

At the commencement date of a finance lease, the Company recognizes assets held under a finance lease as an amount equal to the net investment in the lease, discounted using the interest rate implicit in the lease. The lease payments included in the measurement of the net investment in the lease comprise of payments for the right to use the underlying asset that are not received at the commencement date, including fixed payments less any lease incentives payable, variable lease payments that depend on an index or a rate, any residual value guarantees provided to the lessor, the exercise price of a purchase option if the lessee is reasonably certain to exercise and payments of penalties for termination of the lease if the lease term reflects the lessee exercising an option to terminate the lease. After the commencement date, the Company recognizes sub-lease income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease.

### **Impairment of non-financial assets**

Assets which are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets are reviewed for possible impairment or reversal of a previously recorded impairment at each reporting date.

### **Revenue recognition**

Revenue is recognized to the extent that the Company's performance obligations are satisfied.

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Revenue is generated primarily from the sale of homes under development, sub-lease income, rental income as well as acquisition and development management fees.

Revenue from home sales is recognized at a point in time when possession or title passes to the purchaser and all performance obligations of the sales contract have been met. At this time, all proceeds are received, or collectability is reasonably assured.

The Company acquired an interest in a 99-year lease for the property identified as Saanich Ridge Estates with 45 renewal options of 20 years each. The Company develops and constructs homes on the leased land and subsequently sells these homes to the customers.

Revenue from sub-lease income comprises the finance income and is recognised over the initial sub-lease term in accordance with IFRS 16.

Revenue from acquisition and development management fees is recognised as and when the Company provides the services under the terms of the acquisition and development management fee agreement.

The Company has retained substantially all of the risks and benefits of ownership of its rental properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease. Any suite specific incentives offered, or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease. Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16.

### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

### **Earnings per share**

Basic and diluted earnings (loss) per share is calculated using the weighted average number of shares outstanding during the year. Redeemable preference shares have been excluded from the calculation of diluted earnings (loss) per share as they are anti-dilutive.

| <b>Year Ended June 30</b>                          | <b>2025</b>     | <b>2024</b>   |
|--|-----------------|---------------|
| <b>Net Income (Loss)</b>                           | (1,997,560)     | 951,255       |
| Weighted average outstanding shares                | 79,229,175      | 78,436,072    |
| <b>Basic and diluted earnings (loss) per share</b> | <b>\$(0.03)</b> | <b>\$0.01</b> |

### **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in comprehensive income (loss). Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Trust qualified as a "mutual fund trust" as defined under the Income Tax Act (Canada) (the "Tax Act") and as a Real Estate Investment Trust ("REIT") is eligible for the 'REIT Exemption' in accordance with the rules affecting the tax treatment. Accordingly, the Trust is not taxable on any income that is distributed or made payable to unitholders. This exemption, however, does not extend to the Company or the corporate subsidiaries of the Company that are subject to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: differences relating to investments in subsidiaries and jointly controlled entities to the extent that it

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

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is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### **Provisions**

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

### **New accounting pronouncements adopted**

The Company adopted the following new amendments to standards during the year ended June 30, 2025.

#### **Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The adoption of these amendments had no impact on the Financial Statements.

### **Standards issued but not yet effective**

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at June 30, 2025, but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

#### **Classification and measurement of financial instruments (IFRS 9 and IFRS 7 – Classification and measurement of financial instruments)**

IFRS 9 and IFRS 7 Classification and measurement of financial instruments issued May 2024, clarifies the requirements for timing of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system and new disclosure requirements for certain instruments that can change cash flows. Disclosure requirements for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI) are also updated.

The amendments are effective for annual periods beginning on or after January 1, 2026. The Company does not expect this standard to have a material impact on its consolidated financial statements.

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### **Presentation and Disclosures in Financial Statements (IFRS 18 - Presentation and Disclosure in Financial Statements)**

IFRS 18 Presentation and Disclosure in Financial Statements issued April 19, 2024, while carrying forward many of the requirements of IAS1 introduces new requirements to present specified categories and defined subtotals in the statements of profit or loss, provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, applied retroactively to comparative Financial Statements. Based on a preliminary assessment, the Company expects this standard to impact the structure and mapping of income and expenses into operating, investing and financing categories and disaggregating other income, including updates to the financial system. The Company is continuing to assess additional impacts of these amendments on its consolidated financial statements.

#### **4. Cash and Cash Equivalents**

As at June 30, 2025, the Company held cash and cash equivalents of \$105,071 (June 30, 2024- \$187,182). The credit risk associated with the Company's cash and cash equivalents was considered low as the Company's balances were held with large Canadian chartered banks.

#### **5. Loans receivable**

On July 5, 2021, the Company entered into an agreement with Five Bridges Development Limited Partnership ('Five Bridges') pursuant to which, the Company will advance up to \$6,500,000 with a return based on 2.70% interest per annum and a pro rata share in the excess of proceeds over disposition of the development project. The amount advanced will be used for construction and development of a real estate property located in Kelowna. The loan along with the accrued interest and pro rata share of profit on the development project is repayable by Five Bridges by June 30, 2026. The amount advanced is secured by a mortgage on the six real estate properties located in Kelowna.

On February 16, 2024, the Company entered into a purchase and sale agreement for 80 condominium units in the Five Crossings development for \$26.5 million subject to certain closing conditions that were met on March 31, 2025. The Company received repayments of \$5,579,800 in the form of a credit applied to the settlement of the purchase of the 80 condominium units and \$407,840 in the form of condominium credits provided to those investors that purchased condominium units in the development.

Several loans totalling \$92,620 were made to other parties during the year ended June 30, 2025, repayable in 2026.

|  | <b>2025</b>        | <b>2024</b> |
|--|--------------------|-------------|
| <b>Loans Receivable</b>                        |                    |             |
| Balance – beginning of the year                | <b>11,343,716</b>  | 6,677,516   |
| Advances during the year                       | <b>92,751</b>      | -           |
| Repayments during the year                     | <b>(5,987,640)</b> | -           |
| Change in fair value (Note 20)                 | <b>625,338</b>     | 4,666,200   |
| <b>Balance - end of the year</b>               | <b>6,074,165</b>   | 11,343,716  |
| <b>Less current portion of loan receivable</b> | <b>5,998,478</b>   | -           |
| <b>Balance - end of year</b>                   | <b>75,687</b>      | 11,343,716  |

At June 30, 2025, the Company recognized a liability of \$3,887,040 relating to the pro rata return owed to the Five Bridges development unit holders (Note 17).

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**6. Development properties**

|   | 2025        | 2024      |
|---|-------------|-----------|
| <b>Balance - beginning of year</b>                                | 806,499     | 1,842,230 |
| Development projects under construction additions during the year | 1,787,140   | 323,861   |
|   | 2,593,639   | 2,166,091 |
| Less: Reclassified to cost of sales representing homes sold       | (2,202,694) | (694,774) |
| Subtotal  | 390,945     | 1,471,317 |
| Less: Reclassified as investment properties (Note 7)              | -           | (664,818) |
| Subtotal  | 390,945     | 806,499   |
| Development projects held for sale additions                      | 757,980     | -         |
| <b>Balance - end of year</b>                                      | 1,148,925   | 806,499   |
| Less: Reclassified as current                                     | -           | -         |
| <b>Balance - end of year</b>                                      | 1,148,925   | 806,499   |

The development property under construction has been divided into 7 phases and is made up of 118 units of single family detached homes of which 27 have been sold and 13 are being developed for sale and 78 are for inclusion in the Company's rental pool of properties. The Company's HomePlan model for rental homes is structured for a minimum term of five years after which the tenants under such model have the option to purchase the home between the end of fifth year up to the end of seventh year. Costs associated with the development of the rental units of \$Nil (2024 - \$664,818) are now classified as investment properties.

**7. Investment properties**

The Company records investment properties at cost less accumulated depreciation.

| Description                          | 2025              |                  |                   |
|--------------------------------------|-------------------|------------------|-------------------|
|                                      | Cost              | Depreciation     | Carrying Value    |
| Edmonton Properties                  | 158,987           | 15,301           | 143,686           |
| Lot 142 Saanich Ridge                | 54,000            | 5,400            | 48,600            |
| Lot 140 Saanich Ridge                | 709,798           | 62,108           | 647,690           |
| Saanich - Rental Community #1        |                   |                  |                   |
| Development costs                    | 21,638,529        | 1,048,661        | 20,589,868        |
| Right-of-Use Asset (Note 11)         | 1,257,528         | 37,479           | 1,220,049         |
| Saanich - Rental Community #2 and #3 |                   |                  |                   |
| Development costs                    | 7,710,415         | -                | 7,710,415         |
| Right-of-Use Asset (Note 11)         | 2,126,849         | -                | 2,126,849         |
| Five Crossings                       | 27,884,727        | 348,558          | 27,536,169        |
|                                      | <b>61,540,833</b> | <b>1,517,507</b> | <b>60,023,326</b> |

| Description                          | 2024              |                |                   |
|--------------------------------------|-------------------|----------------|-------------------|
|                                      | Cost              | Depreciation   | Carrying Value    |
| Edmonton Properties                  | 158,987           | 6,964          | 152,023           |
| Lot 142 Saanich Ridge                | 54,000            | 2,700          | 51,300            |
| Lot 140 Saanich Ridge                | 709,798           | 26,618         | 683,180           |
| Saanich - Rental Community #1        |                   |                |                   |
| Development costs                    | 17,608,847        | 85,230         | 17,523,617        |
| Right-of-Use Asset (Note 11)         | 1,257,528         | 24,777         | 1,232,751         |
| Saanich - Rental Community #2 and #3 |                   |                |                   |
| Right-of-Use Asset (Note 11)         | 2,126,848         | -              | 2,126,848         |
| Five Crossings                       | 35,025            | -              | 35,025            |
|                                      | <b>21,951,033</b> | <b>146,289</b> | <b>21,804,744</b> |

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On July 25, 2025, the Company sold one of the Edmonton properties for \$95,000 and has determined that the fair value at June 30, 2025, for both properties is \$190,000 (2024 – fair value approximated the carrying value).

The Company has determined that the fair value at June 30, 2025, and 2024 of Lot 142 Saanich and Development costs and Right of use asset for the Saanich Rental Communities #2 and #3 approximates the carrying value of these assets shown above.

The fair value of Lot 140 Saanich Ridge has been independently appraised at a value of \$840,000 on June 30, 2025, and 2024.

The Company has determined that the fair value of the Saanich Rental Community #1 is \$24,232,247 (2024 - \$24,342,116) based on the option to purchase agreements signed by HomePlan tenants and the discounted cash flows from these agreements.

The fair value of Five Crossings has been independently appraised at \$28,950,000.

The Company earned rental income during the year ended June 30, 2025, of \$1,642,575 (2024- \$244,349) from these investment properties which has been recognized in rental income in the statements of net income (loss) and comprehensive income (loss).

### 8. Net investment in sub-leases

During the year ended June 30, 2025, the Company entered into sub-lease agreements to lease the land associated with 3 homes (2024 - 1 home) which were sold during the year in connection with Saanich Ridge Estates (Note 11). The Company is the head lessee on the land and enters into sub-lease agreements with customers when a sale of a home occurs (Note 6). As per the agreement, the Company has a right to terminate the term of the lease in case of events of default. The terms of the subleases are for the majority of the remaining economic life of the right-of-use asset and therefore, is classified as a finance lease.

During the year ended June 30, 2025, the Company entered into sublease agreements which resulted in the derecognition of \$84,867 (2024 - \$29,721) of the related right of use asset and recognized a gain on the resulting recognition of the sublease of \$112,660 (2024- \$37,682) and recorded the gain in other income on the statement of income (loss) and comprehensive income (loss). During the year ended June 30, 2025, sublease payments were discounted to present value at a rate of 8% over 99 years (2024 – 8% over 99 years).

The Company has recognized the following net receivables for the sub-leases:

|   | 2025             | 2024             |
|---|------------------|------------------|
| <b>Net investment in sub-leases</b>                   |                  |                  |
| Balance – beginning of the year                       | 1,490,698        | 1,477,099        |
| Revaluation of net investment in sub-leases           | -                | (46,446)         |
| Additions during the year                             | 197,528          | 67,384           |
| Interest accretion                                    | 103,527          | 118,681          |
| Lease payment received                                | (133,400)        | (126,020)        |
| <b>Balance - end of the year</b>                      | <b>1,658,353</b> | <b>1,490,698</b> |
| Less: Current portion of net investment in sub-leases | (143,520)        | (126,960)        |
|   | <b>1,514,833</b> | <b>1,363,738</b> |

### ***Sub-leases as lessor***

The future undiscounted lease payments receivable under sub-leases are as follows:

|      | <b><i>Undiscounted<br/>lease<br/>payments</i></b> |
|------|---|
| 2026 | <b>143,520</b>                                    |
| 2027 | <b>143,520</b>                                    |
| 2028 | <b>143,520</b>                                    |

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|  | <b>Undiscounted<br/>lease<br/>payments</b> |
|--|--|
| 2029   | 143,520                                    |
| 2030   | 143,520                                    |
| Thereafter                                   | 13,490,880                                 |
| <hr/>  |  |
| Total undiscounted lease payments receivable | 14,208,480                                 |
| Less: unearned finance income                | (12,693,647)                               |
| <hr/>  |  |
| <b>Net investment in sub-leases</b>          | <b>1,514,833</b>                           |

**9. Deposits for condominium units**

|  | <b>2025</b>       | <b>2024</b>       |
|--|-------------------|-------------------|
| <b>Collinson Rise</b>                      |                   |                   |
| Balance, beginning of period               | 10,786,673        | 5,498,242         |
| Advances during the period                 | -                 | 4,484,630         |
| Discount capitalized                       | (13,447)          | 40,729            |
| Change in fair value (Note 20)             | 3,491,142         | 763,072           |
| <b>Balance, end of period</b>              | <b>14,264,368</b> | <b>10,786,673</b> |
| <hr/>                                      |                   |                   |
| <b>Glenlake Highview (a related party)</b> |                   |                   |
| Balance, beginning of period               | 2,701,741         | -                 |
| Advances during the period                 | 2,800,096         | 2,503,185         |
| Discount capitalized                       | 56,469            | 138,497           |
| Change in fair value (Note 20)             | 432,169           | 60,059            |
| <b>Balance, end of period</b>              | <b>5,990,475</b>  | <b>2,701,741</b>  |
| <hr/>                                      |                   |                   |
| <b>Total</b>                               | <b>20,254,843</b> | <b>13,488,414</b> |

i.) Collinson Rise

On June 1, 2022, the Trust entered into an agreement with Collinson Rise Limited Partnership ("Collinson Rise"), an independent third party, pursuant to which, the Trust will advance up to \$9,500,000 to be applied against the future purchase price of condominiums in the respective projects as and when elected by the Company.

The amounts advanced are secured by a collateral mortgage registered against the lands as security for Collinson Rise's obligations. The Trust would be obtaining seventy-five units in the future condominium to be built by Collinson Rise, and the amount advanced would be considered part of the total consideration to be paid for the units by the Trust.

The amounts advanced under the agreement may be repaid by:

- a. the transfer of future condominiums, free of any prior encumbrances, to the Trust in accordance with a purchase agreement for the purchase price applicable to the transferred future condominiums.
- b. the return by Collinson Rise to the Trust of any cash amount or other asset of a value agreed to by the Trust.
- c. the return by Collinson Rise to the Trust of any credit amount of prepayment after completion of selection and conveyance to the Trust of any applicable strata lots in the project; or
- d. following the occurrence of any event of default, the net recovery by the Trust from the enforcement of the collateral mortgage or any other security documents held to secure the obligations of Collinson Rise to the Trust under this agreement.

The amounts advanced have been measured at fair value through profit or loss.

On April 30, 2024, the Company signed an indemnity agreement in return for First West Credit Union to make a loan to Collinson Rise Limited Partnership. The Company indemnifies the Credit Union and holds the Credit Union harmless against all losses, costs, expenses and damages relating to or arising out of the Credit Union making the loan, including principal monies advanced and readvanced, interest, costs, charges and expenses due to the Credit Union in connection with the loan totaling \$59,595,717. The Company did not receive a premium associated with the indemnity agreement. On May 30, 2024, the Company signed an indemnity agreement among Collinson Rise Limited

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Partnership, as principal, Collinson Rise Development Inc., focus Kelowna Homes Inc., and Ryan Joel Tamblyn, as joint indemnitors, the Company, as a several indemnitor, and Travelers Insurance Company of Canada, as surety for the same loan.

### ii.) Glenlake Highview

On November 1, 2023, the Trust entered into an agreement with Glenlake Highview Limited Partnership ("Glenlake Highview"), a related party, pursuant to which, the Trust will advance up to \$9,010,000 to be applied against the future purchase price of condominiums in the respective projects as and when elected by the Company.

The amounts advanced are secured by a collateral mortgage registered against the lands as security for the Glenlake Highview's obligations. The Trust would be obtaining 35% of the total number of units in the future condominium to be built by Glenlake Highview, and the amount advanced would be considered as a part of the total consideration to be paid for the units by the Trust.

The amounts advanced under the agreement may be repaid by:

- a. the transfer of future condominiums, free of any prior encumbrances, to the Trust in accordance with a purchase agreement for the purchase price applicable to the transferred future condominiums.
- b. the return by Glenlake Highview to the Trust of any cash amount or other asset of a value agreed to by the Trust;
- c. the return by Glenlake Highview to the Trust if any credit amount of prepayment after completion of selection and conveyance to the Trust of any applicable strata lots in the project; or
- d. following the occurrence of any event of default, the net recovery by the Trust from the enforcement of the collateral mortgage or any other security documents held to secure the obligations of Glenlake Highview to the Trust under this agreement.

The amounts advanced have been measured at fair value through profit or loss.

## 10. Intangible assets

The Company entered into a license agreement with 1086353 BC Ltd (majority shareholder) on June 29, 2018, to acquire intellectual property relating to HomeIndex Mortgage, HomePlan, and HomeSaver. The intellectual property includes, brands, developed financial products composed of legal contracts precedents, financial models and formulas. In consideration for the intellectual property, the Company issued 62,500,000 common shares valued at \$12,500,000. The Company initially fair valued the shares at \$0.20 which is used for the purpose of valuing the aforementioned shares.

The intellectual property has an indefinite useful life and is not amortized since the Company foresees no limit to the period during which the intellectual property can be expected to generate future cash flows. At the year ended June 30, 2025, the Company performed an annual impairment test on the intellectual property, revising assumptions to incorporate the impact of economic changes on future cash flows. On the date of this test, the recoverable amounts exceeded the carrying amounts. The useful life is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

## 11. Right-of-use assets

On August 24, 2017, the Company entered a 99-year front ended head lease with renewal options (the "Lease") for the property identified as Saanich Ridge Estates. Saanich Ridge Estates is located at Lot 8-1 Tsawout First Nation Lands, Central Saanich, British Columbia and is made up of approximately 14 acres.

Management has assessed the terms of this arrangement and concluded that it meets the definition of a lease given management has control over the leased property. Accordingly, a right-of-use asset and lease liability has been recorded which represents the discounted value of the land lease over the initial lease term being 99 years. Refer to Note 15 for details related to the lease liability.

On June 1, 2023, pursuant to the agreement signed by the Company with the lessor, the land was subdivided into 2 land parcels, one parcel which would be governed by the original lease arrangement and the other parcel, on which 26 rental homes would be constructed, would be governed by the amended lease agreement. The Company has paid a one-time amendment fee of \$24,000, as per the terms of the agreement, to the lessor. (Note 7).

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On November 29, 2024, the Company entered into a 99-year front ended head lease with renewal options (the "MVE Lease") for the property identified as Mountain View Estates. Mountain View Estates is located at Lot 73, CLSR Plan No. 52745 Cowichan Indian Reserve No. 1, Duncan, British Columbia and is made up of approximately 19.6 acres.

Management has assessed the terms of this arrangement and concluded that it meets the definition of a lease given management has control over the leased property. Accordingly, a right-of-use asset and lease liability has been recorded which represents the discounted value of the land lease over the initial lease term being 99 years. Refer to Note 15 for details related to the lease liability.

|  | <b>2025</b>      | <b>2024</b>      |
|--|------------------|------------------|
| <b>Balance - beginning of the year</b>                               | 1,955,326        | 1,995,477        |
| Add: Initial recognition of right of use asset                       | 1,422,398        | -                |
| Add: Remeasurement of lease liability                                | 37,453           | -                |
| Less: Derecognition related to net investment in sub-leases (Note 8) | (84,867)         | (29,721)         |
| Less: Depreciation during the year                                   | (30,768)         | (10,430)         |
| <b>Balance - end of the year</b>                                     | <b>3,299,542</b> | <b>1,955,326</b> |

### 12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities is made up of the following:

|                           | <b>2025</b>      | <b>2024</b> |
|---------------------------|------------------|-------------|
| Trade Accounts Payable    | 3,952,469        | 1,788,038   |
| Accrued liabilities       | 1,820,325        | 120,070     |
| Payroll withholdings      | -                | 4,916       |
| Customer advance payments | <b>2,770</b>     | -           |
| Financing fee payable     | <b>270,000</b>   | 270,000     |
|                           | <b>6,045,564</b> | 2,183,024   |

### 13. Promissory note

In the year ended June 30, 2024, the Company entered into two promissory notes totaling \$799,802 for the purpose of bridge financing. These notes bear a 10% annual interest rate and are repayable at the discretion of the Company. At June 30, 2024, \$584,896 remained outstanding.

In the year ended June 30, 2025, the Company entered into a promissory note without interest totaling \$5,774,407 for the purpose of final settlement of the acquisition of the Five Crossings investment property. This note is repayable on demand.

In the year ended June 30, 2025, the Company entered into a promissory note totaling \$2,324,295 for the purpose of settlement of development costs. This note bears interest at an annual rate of 10% and is repayable at the discretion of the Company. At June 30, 2025, \$1,092,409 remained outstanding.

### 14. Redeemable preference shares

|   | <b>2025</b>      | <b>2024</b> |
|---|------------------|-------------|
| <b>Balance - beginning of the year</b>                | <b>641,056</b>   | 1,000,000   |
| Less: Shares redeemed during the year                 | <b>(63,556)</b>  | (358,944)   |
| <b>Balance - end of the year</b>                      | <b>577,500</b>   | 641,056     |
| Less: Current portion of redeemable preference shares | <b>(577,500)</b> | (641,056)   |
| <b>Non-Current balance – end of the year</b>          | <b>-</b>         | -           |

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During the year ended June 30, 2025, 61.5 redeemable preference shares were redeemed at a price of \$1,000 per share for total consideration of \$61,500.

**15. Lease Liability**

| Description                     | 2025             | 2024         |
|---------------------------------|------------------|--------------|
| <b>Saanich Ridge Estates</b>    |                  |              |
| Balance – beginning of year     | 6,509            | 48,695       |
| Lease payments                  | (6,509)          | (67,006)     |
| Interest accrued                | -                | 24,820       |
| Balance – June 30, 2025         | -                | 6,509        |
| <b>Mountain View Estates</b>    |                  |              |
| Balance – beginning of the year | -                | -            |
| Initial recognition             | 1,422,400        | -            |
| Lease payments                  | (72,500)         | -            |
| Interest accrued                | 32,592           | -            |
| Balance – June 30, 2025         | 1,382,492        | -            |
| <b>Total Lease Liability</b>    | <b>1,382,492</b> | <b>6,509</b> |
| <b>Current portion</b>          | <b>100,003</b>   | <b>6,509</b> |
| <b>Long term portion</b>        | <b>1,282,489</b> | <b>-</b>     |

The promissory note payable of \$250,000 to a related party is considered as a part of lease consideration and has been included in the maturity analysis. This note had a 5-year term originally due on August 24, 2022, which was extended to July 31, 2030, bears interest at the prime rate and is secured by way of a collateral \$250,000 mortgage charge against the head lease for Saanich Ridge Estates ranking behind the first mortgage loan with 1 City Financial Ltd. Accrued interest of \$105,629 (2024 - \$86,132) has been recognized under interest payable.

On November 29, 2024, the Company signed the MVE lease a formal head lease for the development of the property identified as Mountain View Estates located at Lot 73, CLSR Plan No. 52745 Cowichan Indian Reserve No. 1, Duncan, British Columbia and recognized \$1,422,400 lease liability. Accrued interest of \$32,591 (2024 - \$Nil) has been recognized under interest payable.

The following table sets out a maturity analysis of lease liabilities:

|  | 2025             | 2024           |
|--|------------------|----------------|
| <b>Maturity analysis – contractual undiscounted cash flows</b> |                  |                |
| 2025   | -                | 6,509          |
| 2026   | 100,000          | 250,000        |
| 2027   | 100,000          | -              |
| 2028   | 100,000          | -              |
| 2029   | 100,000          | -              |
| Thereafter   | 1,232,492        | -              |
| <b>Total undiscounted lease liability</b>                      | <b>1,632,492</b> | <b>256,509</b> |
| Current - Lease liability                                      | 100,003          | 6,509          |
| Non-current – Lease liability                                  | 1,282,489        | -              |
| Non-current - Promissory note with related party               | 250,000          | 250,000        |

**Amounts recognized**

During the year, the Company expensed \$Nil (2024 - \$24,821) of interest on the lease liability as financing costs and made lease payments of \$Nil (2024 - \$42,186) for Saanich Ridge Estates.

During the year, the Company expensed \$32,592 (2024 - \$Nil) of interest on the MVE lease liability as financing costs and made lease payments of \$72,500 (2024 - \$Nil) for Mountain View Estates.

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### 16. Real property bonds

|  | Real Property Bonds | Saanich RPUs     | Total            |
|--|---------------------|------------------|------------------|
| <b>Balance, beginning of year</b>        | <b>1,407,523</b>    | <b>1,617,061</b> | <b>3,024,584</b> |
| Development rights accrual               | 141,959             | 336,082          | 478,041          |
| Interest accrual                         | 33,301              | 27,041           | 60,342           |
| Amortization of transaction costs        | 20,000              | 21,220           | 41,220           |
| <b>Balance, year ended June 30, 2024</b> | <b>1,602,783</b>    | <b>2,001,404</b> | <b>3,604,187</b> |
| Development rights accrual               | 163,456             | 418,555          | 582,011          |
| Interest accrual                         | 33,210              | 26,967           | 60,177           |
| Amortization of transaction costs        | -                   | -                | -                |
| <b>Balance, year ended June 30, 2025</b> | <b>1,799,449</b>    | <b>2,446,926</b> | <b>4,246,375</b> |

The Company's Real property bonds' amortized cost is equivalent to the fair value of these liabilities.

The Company issued participating debt securities to third parties, the terms of which are disclosed as follows:

- i.) Real property bond units ("RPB Units"): 1,250 RPB Units were issued, each RPB Unit consisting of a real property bond ("RP Bond"), a redeemable capital growth based right ("RP Right") and up to 2,000 Common share purchase warrants (the "RPB Warrants"). Each RP Bond carries an interest rate of 2.70% per annum (simple interest paid on maturity) with the Series 50 RP Bonds having a term of 60 months. The RP Right will payout \$500 per RP Right minus the accrued interest to the 60<sup>th</sup> month on the Series 50 RP Bonds or it will payout \$1,000 per RP Right minus accrued interest to the 90<sup>th</sup> month on the Series 100 RP Bonds. Each RPB Warrant entitled the holder to purchase one common share of the issuer at an exercise price of \$0.001 per common share. The Company concluded that the value of the warrants was deemed to be negligible. As such, the Company has allocated the value of the monies received to the debt instrument. All warrants were exercised in 2018. The subscription price is \$1,000 per RPB Unit (\$999.99 per RP Bond, and \$0.01 per RP Right).

The bonds had a maturity period of 60 months, which matured prior to the beginning of the year ended June 30, 2024. However, the bondholders approved the postponement of repayment of the bond until the time of repayment of the 1 City mortgage borrowed by the Company due September 1, 2026. Accordingly, the entire balance of bonds payable has been classified as non-current liability as the mortgages are not due within next 12 months.

During the year ended June 30, 2025, the Company has capitalized interest and development rights of \$190,664 (2024 - \$33,301) on real property bond units as part of the development property (Note 6).

- ii.) Saanich RPUs: In October 2020, the Company issued 1,020 Saanich RPUs to accredited investors on an exempt private placement basis for Saanich Real Property units with each RP Unit, for the first \$750,000 of aggregate investment, at a price of ninety-seven cents (\$0.97) per RP Unit and subsequently at a price of \$1.00 per RP Unit up to a maximum of \$1,000,000. The securities offer an 8% cumulative annual preferred return and a share of profit equal to 35% of the unit value invested. The units mature on the sale of the 40<sup>th</sup> home in the Saanich Ridge Estates Development.

During the year ended June 30, 2025, the Company has capitalized interest and development rights of \$418,555 (2024 - \$27,041) on real property bond units as part of the development property (Note 6).

### 17. Residential development units

|  | Five Bridges     | Collinson Rise   | Glenlake (a related party) | Saanich DCUs     | Housing Yield Units | Total             |
|--|------------------|------------------|----------------------------|------------------|---------------------|-------------------|
| Balance, beginning of year               | 6,500,000        | 5,593,148        | -                          | -                | -                   | 12,093,148        |
| Issued during the year                   | -                | 4,180,912        | 2,900,124                  | 2,580,000        | -                   | 9,661,036         |
| Amortization of deferred discount        | -                | 25,833           | -                          | -                | -                   | 25,833            |
| Other                                    | -                | (4,000)          | -                          | -                | 4,000               | -                 |
| <b>Balance, year ended June 30, 2024</b> | <b>6,500,000</b> | <b>9,795,893</b> | <b>2,900,124</b>           | <b>2,580,000</b> | <b>4,000</b>        | <b>21,780,017</b> |

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|   | Five Bridges     | Collinson<br>Rise | Glenlake (a<br>related<br>party) | Saanich<br>DCUs | Housing<br>Yield Units | Total             |
|---|------------------|-------------------|----------------------------------|-----------------|------------------------|-------------------|
| Issued during the year                        | -                | -                 | 2,561,241                        | 55,000          | 50,580                 | 2,666,821         |
| Repaid during the year                        | (4,958,629)      | -                 | -                                | -               | -                      | (4,958,629)       |
| Repaid by way of<br>condominium credits       | (407,840)        | -                 | -                                | -               | -                      | (407,840)         |
| Conversion of DCUs<br>into Housing Yield Unit | -                | -                 | -                                | (2,635,000)     | 2,635,000              | -                 |
| Distribution in kind                          | -                | -                 | -                                | -               | 16,018                 | 16,018            |
| Premium on conversion                         | -                | -                 | -                                | -               | 599,250                | 599,250           |
| <b>Balance, year ended<br/>June 30, 2025</b>  | <b>1,133,531</b> | <b>9,795,893</b>  | <b>5,461,365</b>                 | <b>-</b>        | <b>3,304,848</b>       | <b>19,695,637</b> |
| Current portion                               | -                | (120,000)         | (120,000)                        | -               | (120,000)              | (360,000)         |
| <b>Non-current</b>                            | <b>1,133,531</b> | <b>9,675,893</b>  | <b>5,341,365</b>                 | <b>-</b>        | <b>3,184,848</b>       | <b>19,335,637</b> |

| Variable gain on<br>residential<br>development units | Five Bridges     | Collinson<br>Rise | Glenlake (a<br>related<br>party) | Saanich<br>DCUs | Housing<br>Yield Units | Total            |
|--|------------------|-------------------|----------------------------------|-----------------|------------------------|------------------|
| Balance, beginning of<br>year                        | 1,029,730        | 246,129           | -                                | -               | -                      | 1,275,859        |
| Change in fair value                                 | 2,419,482        | 739,951           | 60,059                           | -               | -                      | 3,219,492        |
| <b>Balance, year ended<br/>June 30, 2024</b>         | <b>3,449,212</b> | <b>986,080</b>    | <b>60,059</b>                    | <b>-</b>        | <b>-</b>               | <b>4,495,351</b> |
| Change in fair value                                 | 437,828          | 2,143,137         | 432,169                          | -               | -                      | 3,013,134        |
| <b>Balance, year ended<br/>June 30, 2025</b>         | <b>3,887,040</b> | <b>3,129,217</b>  | <b>492,228</b>                   | <b>-</b>        | <b>-</b>               | <b>7,508,485</b> |

The Company issued participating debt securities to third parties, the terms of which are disclosed as follows:

- i.) 6,500 development units were issued by the Company to raise funds to loan to Five Bridges Development Limited Partnership. Each development unit consists of one development property bond ("Development Bond") and one redeemable right ("Development Right"). The Development Bond bears simple interest from the date of issuance accrued on the principal amount of the Development Bonds outstanding from time to time at the rate of 2.7% per annum. Interest shall accrue up to and become payable on the date that is earlier of July 30, 2026 (i.e. the Maturity date) and date of redemption. Additionally, each Development Right can be redeemed and cancelled at face value by the Company, or the Development Right Holder is entitled to, on the Maturity Date of the Development Bonds, an amount equal to the aggregate of 9.6% return per year on the principal amount of the associated Development Bond, plus either:
  - a. where the Five Bridges development property is sold on or before the Maturity Date, 70% pro rata share of the amount that is or was the issuer's excess of proceeds of disposition of its interest in the Five Bridges development project and the issuer's adjusted cost base therein or;
  - b. where the Five Bridges development property is not sold on or before maturity, 70% pro rata share of the issuer's appreciated value in the Five Bridges development project.

In either case, the return is net of the accrued interest expense on the associated Development Bond accrued to the time of redemption.

The portion of the return on the Five Bridges investment related to the pro rata share of the amount that is the issuer's excess of proceeds over disposition of its interest in the Five Bridges development project was bifurcated from the development units and recorded in Variable Return on Property Bonds and measured at FVTPL. At June 30, 2025, the change in fair value of the loan receivable related to the Five Bridges project was \$5,552,915, which is ultimately used to settle this obligation when it comes due to the development unit holders.

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During the year ended June 30, 2025, \$4,958,629 of the principal amount of the development units was repaid to investors. Additionally, certain investors exchanged their development units for credits against the purchase of units in the Five Crossings property.

- ii.) The Trust issued 9,795,893 Collinson Rise units (the "CR units"), at subscription prices between \$0.96 and \$1 per unit. Each unit has a face value of \$1 and includes a non-compounded preferred return of 9% on the aggregate subscription price of a unitholder.

On April 30, 2023, the Trust entered into an agreement with Collinson Rise Limited Partnership, wherein, the amount of discount offered on the securities by the Company would be required to be automatically re-invested back into the deposit for condominium units by Collinson Rise Limited Partnership. "Discount" means the difference between the face value and offered subscription price of the Securities, instituted at the discretion of the Trust for the purpose of incentivizing purchases of the Securities.

The CR Units are non-voting, rank in priority to the common trust units and can be converted to common trust units. The aggregate subscription price on a redemption is payable solely out of the net proceeds that the Trust receives from Collinson Rise Limited Partnership and, after completion of the purchase transaction, from net rental revenues and sales of condominium units acquired and not from any other assets of the Trust. If such proceeds are less than the amount required to pay the principal amount of the CR Units and the full preferred return to all unitholders, the amounts payable to such persons shall be adjusted downward to reflect the amount available for payment to all such persons on a pro rata basis.

The CR Units are redeemable by the Trust at any time for an amount equal to the outstanding (and not previously returned) aggregate subscription price of such CR Units, plus the preferred return (the "Redemption Price") calculated up to and including the redemption date. A unitholder may elect and request that the Trust redeem the CR Units for an amount equal to the Redemption Price discounted by 10% if the redemption is requested by the holder prior to the completion date of the project as set out in note 9. Redemptions are paid out on a pro rata basis up to a maximum monthly amount of \$10,000 in total for all CR unitholders.

The portion of the return on the Collinson Rise investment related to the pro rata share of the amount that is the issuer's excess of proceeds over disposition of its interest in the Collinson Rise development project was bifurcated from the Collinson Rise Units and recorded in Variable Return on Property Bonds and measured at FVTPL. At June 30, 2025, the fair value of the embedded derivative on condominium units related to the Collinson Rise project was \$4,437,310 which is ultimately used to settle this obligation when it comes due to the CR unitholders.

- iii.) During the year, the Trust issued 2,561,241 (2024: 2,900,124) Glenlake units (the "GL units"), at subscription prices between \$0.96 and \$1 per unit. Each unit has a face value of \$1 and includes a non-compounded preferred return of 9.6% on the aggregate subscription price of a unitholder.

On November 1, 2023, the Trust entered into an agreement with Glenlake Highview Limited Partnership, a related party, wherein, the amount of discount offered on the securities by the Company would be required to be automatically re-invested back into the deposit for condominium units by Glenlake Highview Limited Partnership. "Discount" means the difference between the face value and offered subscription price of the Securities, instituted at the discretion of the Trust for the purpose of incentivizing purchases of the Securities. During the year ended June 30, 2025, an amount of \$56,468 (2024 - \$138,498) has been considered as re-investment to the deposit for condominium units.

The GL Units are non-voting, rank in priority to the common trust units and can be converted to common trust units. The aggregate subscription price on a redemption is payable solely out of the net proceeds that the Trust receives from Glenlake Highview Limited Partnership and, after completion of the purchase transaction, from net rental revenues and sales of condominium units acquired and not from any other assets of the Trust. If such proceeds are less than the amount required to pay the principal amount of the GL Units and the full preferred return to all unitholders, the amounts payable to such persons shall be adjusted downward to reflect the amount available for payment to all such persons on a pro rata basis.

The GL Units are redeemable by the Trust at any time for an amount equal to the outstanding (and not previously returned) aggregate subscription price of such GL Units, plus the preferred return (the "Redemption Price") calculated up to and including the redemption date. A unitholder may elect and request that the Trust redeem the GL Units for an amount equal to the Redemption Price discounted by 10% if the redemption is requested by the holder prior to the completion date of the project as set out in note 9. Redemptions are paid out on a pro rata basis up to a maximum monthly amount of \$10,000 per month.

The portion of the return on the Glenlake investment related to the pro rata share of the developer's profit, and the discounted purchase option of the condominium units, was bifurcated from the GL units and measured at FVTPL. At June 30, 2025, the fair value of the embedded derivative was \$492,228 (2024 - \$60,059).

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- iv.) During the year, the Company issued 55,000 (2024: 2,580,000) Saanich Discounted Convertible units (the 'DC units'). The DC Units were issued on an exempt private placement basis under and pursuant to the provisions of the Discounted Convertible Unit Indenture and DC Unit Terms.

The DC Units offer a 20% premium upon conversion after 12 months into any other class of securities offered by the Company or any subsidiary entity of the Company. The first \$1,000,000 subscribed into this offering will receive a 24% premium upon conversion into Housing Yield Units ("HY units") issued by the Trust and the second \$1,000,000 (up to \$2,000,000) will have a 22% premium.

The DC Units will rank behind any registered mortgage charges on the 26-home rental community parcel abstract. The securities may not be transferred except with the consent of the Company. The DC Units are subject to a right of first refusal in favor of the Company. The DC units are not redeemable within 12-months of issuance, which ends between October 2024 and July 2025, subject to acceptance by the Company. Conversion into HY Units is required to receive the 20% lift in value when converting to HY units, in conjunction with the sale of the 26-home rental community into the Trust.

A subscriber in DC units will have the same redemption right available to HY unitholders following conversion into HY units.

During the year, all of the DCU unitholders converted 2,635,000 DCUs into 323,425 HY units.

- v.) During the year, the Company issued 5,058 (2024: Nil) HY units as part of an offering memorandum to issue up to 500,000 HY units which would raise gross proceeds of \$5,000,000 at a price of \$10.00 per HY unit. HY units are redeemable (subject to a monthly limit), non-voting units which entitle the holder to distributions of income or capital as declared by the trustees of the Trust.

### 18. Mortgages payable

|  | 2025             | 2024      |
|--|------------------|-----------|
| <p>On January 7, 2021, the Company secured a second mortgage on the Saanich Ridge property in the amount of \$2,335,000 payable by way of draws based on development expenses incurred. The mortgage bears interest on the advanced balance at 12% per annum calculated monthly until April 1, 2023, and 24% per annum calculated monthly thereafter for a term of 20 months maturing on September 7, 2022. In addition, the un-advanced balance will accrue interest at 6% per annum. Monthly payments have been waived and interest will accrue on the balance advanced and un-advanced each month. On November 17, 2021, the loan amount for the second mortgage on the Saanich Ridge property was increased to \$3,760,000. In addition, the maturity date was amended to June 1, 2023. On May 11, 2023, the loan amount was refinanced for a total drawdown amount of \$4,510,000, the interest rate changed to 12% until August 1, 2024, and 24% thereafter with the maturity date amended to October 1, 2024. Subsequent to June 30, 2024, the maturity date was further amended to July 1, 2025, and the interest rate changed to 12% until December 1, 2025, and 24% thereafter. The maturity date was further amended to September 1, 2026, and the interest rate changed to 12% until July 1, 2026, and 24% thereafter. Interest of \$637,179 (2024 - \$421,132) has been capitalized as part of the development property (Note 6). As at June 30, 2025, \$3,100,516 (2024 - \$4,500,000) has been drawn on the mortgage. Accrued interest of \$1,005,990 (2024 - \$421,132) has been recognized under interest payable. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$4,566,292.</p> | <b>3,100,516</b> | 4,500,000 |
| <p>On November 25, 2022, the Company secured an additional mortgage on the Saanich Ridge property in the amount of \$1,610,000 from 1 City Financial Ltd. The mortgage bears interest on the advanced balance at 12% per annum calculated monthly until April 15, 2023, and 24% per annum calculated monthly thereafter for the term maturing on June 15, 2023. In addition, the un-advanced balance will accrue interest at 6% per annum. Monthly payments have been waived and interest will accrue on the balance advanced and un-advanced each month. On March 29, 2023, the maturity date was amended to August 1, 2024. In addition, the interest rate was amended to 13% per annum compounded monthly until December 1, 2023, on the advanced balance, and 24% thereafter. The amendment was accounted for as a debt modification under IFRS 9, resulting in a non-cash loss of \$57,667 in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). On August 19, 2024, the maturity date was further</p>   | <b>1,113,625</b> | 1,122,625 |

**North America Home Finance Inc.**  
**Notes to the Consolidated Financial Statements**

*Canadian Dollars*  
*For the years ended June 30*

|   | <b>2025</b>        | <b>2024</b> |
|---|--------------------|-------------|
| <p>amended to July 1, 2025. In addition, the interest rate of 13% per annum compounded monthly was extended to December 1, 2024, on the advanced balance, and 24% thereafter. The maturity date was further amended to September 1, 2026, and the interest rate of 13% per annum compounded monthly was extended to July 1, 2026, and 24% thereafter. For the year ending June 30, 2025, interest of \$213,249 (2024 - \$152,894) has been capitalized as part of the development property (Note 6). As at June 30, 2025, \$1,113,625 (2024 - \$1,122,625) has been drawn on the mortgage. Accrued interest of \$268,149 (2024 - \$56,815) has been recognized under interest payable. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$1,537,026.</p>   |                    |             |
| <p>On April 26, 2023, the Company secured an additional mortgage on the Saanich Ridge property in the amount of \$551,000 from Robert D. Gibbens Law Corporation. The mortgage bears interest of higher of Royal Bank Prime Rate plus 2.80% or 9.50% per annum until May 1, 2024, and 21% per annum calculated monthly thereafter for the term maturing on July 1, 2024. Interest of \$Nil (2023 - \$Nil) has been capitalized as part of the development property (Note 6). As at June 30, 2025, \$546,000 (2024 - \$546,000) has been drawn on the mortgage. Accrued interest of \$78,836 (2024 - \$9,858) has been recognized under interest payable. On September 26, 2024, the maturity date was extended to July 1, 2025. The maturity date was further amended to July 1, 2026, and the interest rate changed to 9.75% until May 1, 2026, and 21% thereafter. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$682,841.</p> | <b>546,000</b>     | 546,000     |
| <p>On January 10, 2023, the Company obtained a mortgage from People's Trust for an amount of \$12,780,000 at an annual rate of Prime + 0.25%, subject to a minimum rate of 6.70%. Interest of \$149,946 (2024 - \$444,090) has been capitalized as part of investment properties (Note 7). As at June 30, 2025, \$13,205,750 (2024 - \$11,190,256) has been drawn on the mortgage. The mortgage had a due date of December 1, 2024. On May 7, 2025 the mortgage was converted into a 5-year mortgage with a maturity date of December 1, 2030. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$12,307,814.</p>  | <b>13,205,750</b>  | 11,190,256  |
| <p>On March 31, 2025, the Company obtained a mortgage for an amount of \$22,114,000 for a first mortgage for the acquisition of 80 units in the Five Crossings development as part of investment properties (Note 6). The CMHC-insured mortgage bears an annual rate equal to the 5-year Canada Mortgage Bond + 0.50%. The mortgage matures on June 1, 2030. At June 30, 2025, accrued interest of \$62,628 (June 30, 2024 - \$nil) has been recognized under interest payable. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$20,047,993.</p>   | <b>21,997,693</b>  | -           |
| <p>On January 31, 2025, the Company obtain a construction loan for an amount of up to \$36,244,756 for the development of the Saanich Ridge rental development properties (Note 5). As at June 30, 2025, \$8,031,328 has been drawn on the mortgage. The mortgage is due on February 1, 2027. The mortgage bears an annual rate equal to RBC Prime – 0.05% with a minimum rate at 6.15%. For the period ended June 30, 2025, interest of \$156,421 (2024 - \$Nil) has been capitalized as part of the development property (Note 5). At June 30, 2025, accrued interest of \$38,111 has been recognized under interest payable. As of June 30, 2025, the fair value of this mortgage, estimated using a discounted cash flow model based on current market interest rates and the company's credit rating, is \$8,155,883.</p>  | <b>8,031,328</b>   | -           |
| <p>Total mortgages payable</p>  | <b>47,994,912</b>  | 17,358,881  |
| <p>Unamortized transaction costs</p>  | <b>(1,802,425)</b> | (539,796)   |
| <p><b>Mortgages payable</b></p>   | <b>46,192,487</b>  | 16,819,085  |

**North America Home Finance Inc.**  
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|  | 2025              | 2024       |
|--|-------------------|------------|
| Current portion of mortgages payable   | 3,770             | 12,695,613 |
| Long term portion of mortgages payable | <b>46,188,717</b> | 4,123,472  |

**19. Financing Costs**

**For the year ending June 30, 2025**

|                                       | Cash financing costs paid | Non-cash financing costs | Financing costs capitalized | Financing costs expensed |
|---------------------------------------|---------------------------|--------------------------|-----------------------------|--------------------------|
| <b>Mortgages</b>                      | 1,176,391                 | 894,332                  | 1,156,795                   | 913,928                  |
| <b>Related party promissory notes</b> | -                         | 19,497                   | -                           | 19,497                   |
| <b>Promissory Notes</b>               | 44,940                    | -                        | -                           | 44,940                   |
| <b>HYU distributions</b>              | 21,830                    | 16,018                   | -                           | 37,848                   |
| <b>Other financing costs</b>          | 49,210                    | 1,503,257                | 609,219                     | 943,248                  |
| <b>Total</b>                          | <b>1,292,371</b>          | <b>2,433,104</b>         | <b>1,766,014</b>            | <b>1,959,461</b>         |

**For the year ending June 30, 2024**

|                                       | Cash financing costs paid | Non-cash financing costs | Financing costs capitalized | Financing costs expensed |
|---------------------------------------|---------------------------|--------------------------|-----------------------------|--------------------------|
| <b>Mortgages</b>                      | 533,450                   | 553,989                  | 1,018,116                   | 69,323                   |
| <b>Related party promissory notes</b> | -                         | 34,320                   | -                           | 34,320                   |
| <b>Promissory Notes</b>               | 55,250                    | (6,793)                  | -                           | 48,457                   |
| <b>Other financing costs</b>          | 67,073                    | 691,610                  | 27,300                      | 731,383                  |
| <b>Amortization of costs</b>          | -                         | 253,772                  | -                           | 253,772                  |
| <b>Total</b>                          | <b>655,773</b>            | <b>1,526,898</b>         | <b>1,045,416</b>            | <b>1,137,255</b>         |

**20. Change in Fair Value**

|   | 2025               | 2024        |
|---|--------------------|-------------|
| Loan receivable (Note 5)                                    | <b>625,338</b>     | 4,666,200   |
| Deposit for condominium units – Collinson Rise (Note 9)     | <b>3,491,142</b>   | 763,072     |
| Deposit for condominium units – Glenlake Highview (Note 9)  | <b>432,169</b>     | 60,059      |
| Residential Development units – Five bridges (Note 17)      | <b>(437,828)</b>   | (2,419,482) |
| Residential Development units – Collinson Rise (Note 17)    | <b>(2,143,137)</b> | (739,951)   |
| Residential Development units – Glenlake Highview (Note 17) | <b>(432,169)</b>   | (60,059)    |
| Change in fair value  | <b>1,535,515</b>   | 2,269,839   |

**21. Convertible debentures**

On June 26, 2025, the Company issued and sold convertible debenture units comprised of debenture notes totaling \$150,000. The convertible debentures contain common share conversion rights to the common shares of the Company (“CD Rights”) and 75,000 common stock purchase warrants in the Company.

The aggregate principal number of convertible debentures which may be issued and outstanding from time to time is \$1,700,000.

The convertible debentures incur interest at an annual rate of 10% and have a maturity date that is July 31, 2026, or upon the date the Company becomes a Reporting Issuer.

The CD Rights are recorded with the liability and the warrants have been measured at \$13,079 and are recorded as contributed surplus in equity.

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

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### 22. Share capital

Authorized

Unlimited common shares no par value - Voting and participating  
Unlimited preferred shares at no par value - Non-voting and non-participating

Issued

|                          | <b>Number of shares</b> | <b>Share capital</b> |
|--------------------------|-------------------------|----------------------|
| <hr/>                    |                         |                      |
| Common shares            |                         |                      |
| Balance at June 30, 2023 | <b>78,040,456</b>       | <b>15,608,373</b>    |
| Issue of shares          | 950,000                 | 190,000              |
| Balance of June 30, 2024 | <b>78,990,456</b>       | <b>15,798,373</b>    |
| Issue of shares          | <b>772,500</b>          | <b>231,327</b>       |
| Balance at June 30, 2025 | <b>79,762,956</b>       | <b>16,029,700</b>    |

On July 17, 2024, the Company issued 272,500 common shares at \$0.20 per share.

On December 12, 2024, the Company issued 500,000 common shares at \$0.50 per share. Additionally, warrants to purchase 500,000 common shares at \$0.50 expiring August 30, 2027, were also issued and valued at \$74,370 which has been recorded as contributed surplus.

i.) Warrants

The following warrants were outstanding at June 30, 2025

| Date issued       | Number of warrants | Expiry          | Strike price |
|-------------------|--------------------|-----------------|--------------|
| December 12, 2024 | 500,000            | August 31, 2027 | \$0.50       |
| June 26, 2025     | 75,000             | August 31, 2027 | \$0.50       |
| <b>Total</b>      | <b>575,000</b>     |                 |              |

### 23. Due from related parties

On January 1, 2025, the Company signed a management agreement with NAHF Equity Management Ltd. ("the Manager") whereby the Manager will provide strategic, advisory, asset management, development management and administrative services to the Company and its subsidiaries, among other things.

|  | <b>2025</b>    | <b>2024</b> |
|--|----------------|-------------|
| Due from NAH Equity Company GP Inc. a company controlled by George Lawton<br>Funds advanced for operating expenses   | <b>273,289</b> | 181,092     |
| Due from NAHF Equity Management Ltd., a company owned by NAH Equity Company GP Inc. a company controlled by George Lawton<br>Funds advanced for operating expenses | -              | 287,525     |
| Due from Se-Mi-Ah-Mu LLP, an entity controlled by George Lawton and Navi Jagpal<br>Funds advanced for operating expenses   | <b>199,590</b> | 65,938      |
| Due from Glenlake Highview Development LP, an entity controlled by George Lawton and Navi Jagpal<br>Funds advanced for operating expenses                          | <b>550,640</b> | 743,215     |
| Due from Emerge Modular Ltd., a company where Navi Jagpal has significant influence<br>Construction cost of modular homes  | <b>77,691</b>  | -           |

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|   | <b>2025</b>      | <b>2024</b> |
|---|------------------|-------------|
| Due from Pacific Hwy Industrial Development GP Inc. a company controlled by George Lawton and Navi Jagpal | <b>4,446</b>     | 4,043       |
| Funds advanced for operating expenses   |                  |             |
| Due from Steve Alphonse   | <b>3,535</b>     | -           |
| Funds advanced for cost sharing   |                  |             |
|   | <b>1,109,191</b> | 1,281,813   |

The amounts due from related parties are not interest bearing and are due upon demand.

**24. Due to related parties**

|   | <b>2025</b>    | <b>2024</b> |
|---|----------------|-------------|
| Transactions                                |                |             |
| Consulting fees to key management personnel | <b>378,223</b> | 283,114     |
|   | <b>378,223</b> | 283,114     |

|   | <b>2025</b>   | <b>2024</b> |
|---|---------------|-------------|
| <b>Balance with related parties</b>   |               |             |
| Due to 1086353 BC Ltd., the majority shareholder and a company controlled by George Lawton                              | <b>10,292</b> | 10,693      |
| Funds advanced by parent company for operating expenses   |               |             |
| Due to NAHF Equity Management Ltd., a company owned by NAH Equity Company GP Inc. a company controlled by George Lawton | <b>80,971</b> | -           |
| Funds advanced for operating expenses   |               |             |
| Due to Emerge Modular Ltd., a company where Navi Jagpal has significant influence                                       | -             | 107,494     |
| Construction cost of modular homes  |               |             |
| Due to NA Equity Co. LP, an entity controlled by NAH Equity Company GP Inc. a company controlled by George Lawton       | <b>7,583</b>  | 3,501       |
| Funds advanced for operating expenses   |               |             |
|   | <b>98,846</b> | 121,688     |

The balances with related parties are not interest bearing and are due upon demand.

Related party transactions also include promissory note with 1086353 BC Ltd, a majority shareholder for \$250,000 (2024 - \$250,000) (Note 15).

**25. Financial risk management Overview**

The Company's activities expose it to certain financial risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. The actions taken to manage them are outlined below. The directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

i.) Credit risk

Credit risk is defined as the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, accounts receivable, other receivable, mortgage receivable, loan receivable, net investment in sub-lease and deposit for condominium units. The Company is exposed to credit risk as some tenants may experience financial difficulty and may default in payment of rent in the current economic environment. The Company attempts to minimize possible risks by collecting security deposits from tenants. At June 30, 2025, the Company has provided for \$91,580 (2024 - \$Nil) expected credit losses.

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The Company has mortgage title and security over properties financed by the loan receivable and the deposits for condominium units. Further, cash balances are deposited with a major Canadian banking institution. The Company's maximum exposure to credit risk is the value of its cash and cash equivalents, accounts receivable, other receivable, mortgage receivable, loan receivable, deposit for condominium units, net investment in subleases and due from related parties.

### ii.) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company ensures that there is sufficient capital to meet short term business requirements, after considering cash flows from operations and the Company's holdings of cash. The Company acquires mortgages from financial institutions and completion of private debt placement to meet ongoing financial obligation, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

The Company's liquidity risk arises from obligations in normal course of operations including accounts payable and accrued liabilities, interest payable, lease liability, promissory note with related party, due to related parties, real property bonds, residential development units, convertible debentures, mortgages payable, and redeemable preference shares. After examining the economic factors that could cause liquidity risk, the Company believes it will have sufficient liquidity to support its operations and meet its financial obligations for at least twelve months. If the Company is not successful, then this uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern (see Note 1).

The following table details the Company's contractual maturities of its financial liabilities at June 30, 2025, and 2024:

|  | Year ended June 30, 2025 |                          | Year Ended June 30, 2024 |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Less than one<br>year    | Greater than<br>one year | Less than one<br>year    | Greater than<br>one year |
| Accounts payable and accrued liabilities | 6,045,564                | -                        | 2,183,024                | -                        |
| Interest payable                         | 173,461                  | 1,384,672                | 547,192                  | 453,223                  |
| Current portion of promissory note       | 6,866,816                | -                        | 584,896                  | -                        |
| HomePlan contribution                    | -                        | 285,750                  | -                        | 116,469                  |
| Promissory note with related party       | -                        | 250,000                  | -                        | 250,000                  |
| Lease liabilities                        | 100,003                  | 1,282,489                | 6,509                    | -                        |
| Redeemable preference shares             | 577,500                  | -                        | 641,056                  | -                        |
| Real property bonds                      | -                        | 4,246,375                | -                        | 3,604,187                |
| Residential development units            | 360,000                  | 19,335,637               | 240,000                  | 21,540,017               |
| Convertible debentures                   | -                        | 139,421                  | -                        | -                        |
| Mortgages payable                        | 3,770                    | 46,188,717               | 12,695,613               | 4,123,472                |

### iii.) Foreign exchange risk

The Company holds minimal cash balances in US dollar denominated accounts which have exposure to currency fluctuations. As the Company's cash balance in the US dollar denominated account is not considered significant, the Company's exposure to foreign exchange rate risk is minimal.

### iv.) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's Real Property Bonds, Residential Development Units, mortgages

# North America Home Finance Inc.

## Notes to the Consolidated Financial Statements

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and promissory note are based on both fixed and variable interest rates and are therefore impacted by fluctuations in market interest rates. A fluctuation of 1% on the prime interest rate would lead to a \$365,459 change in interest payments on the mortgages payable that have an interest rate linked to the prime rate and the promissory note with related parties.

### 26. Capital disclosures

The Company manages its capital, consisting of shareholders' equity, promissory notes with a related and unrelated parties, real property bonds and mortgages payable, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analysed by management and approved by the directors. As of June 30, 2025, the Company has a net current liability position of \$5,891,659 (2024 - \$14,696,983).

The Company's objectives when managing capital are:

- a) to safeguard the Company's ability to continue as a going concern; and
- b) to facilitate the completion of corporate objectives.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity, and quarterly review of financial results. There is no change to the Company's approach to management of capital during the period. The Company is not subject to any externally imposed capital requirements.

### 27. Income tax

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the period ended June 30, 2025, and 2024:

|  | <b>2025</b>        | <b>2024</b> |
|--|--------------------|-------------|
| Income (loss) and comprehensive income (loss) before tax | <b>(1,997,560)</b> | 951,255     |
| Statutory tax rate (in percentage)                       | <b>27</b>          | 27          |
| Expected income tax (recovery)                           | <b>(539,341)</b>   | 256,839     |
| Non-deductible items                                     | <b>11,062</b>      | (297,490)   |
| Change in estimates                                      | <b>(730,004)</b>   | 55,251      |
| Change in deferred tax asset not recognized              | <b>1,125,317</b>   | (52,768)    |
| Other  | <b>132,966</b>     | 38,168      |
| <b>Total income tax expense (recovery)</b>               | <b>-</b>           | <b>-</b>    |

The unrecognized deductible temporary differences as at June 30, 2025, and 2024 are comprised of the following:

|  | <b>2025</b>       | <b>2024</b>      |
|--|-------------------|------------------|
| Non-capital losses carry forward – Canada                  | <b>4,514,307</b>  | 3,006,321        |
| Development properties                                     | <b>4,259,082</b>  | 24,920           |
| Investment properties                                      | <b>-</b>          | 2,700            |
| Real property units  | <b>8,311,383</b>  | 1,090,173        |
| Financing costs  | <b>473,639</b>    | -                |
| <b>Total unrecognized deductible temporary differences</b> | <b>17,558,411</b> | <b>4,124,114</b> |

The Company has not recognized a deferred tax asset in respect of non-capital loss carry forward of approximately \$4,514,307 (2024 - \$3,006,321) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring between 2040 and 2045.

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**28. Changes in non-cash working capital**

|  | <b>2025</b>      | <b>2024</b> |
|--|------------------|-------------|
| Decrease (increase) in accounts receivable           | <b>(357,763)</b> | 80,598      |
| (Increase) decrease in prepaid expenses              | <b>528,037</b>   | (28,121)    |
| Increase in due from related parties                 | <b>172,622</b>   | (1,071,846) |
| (Decrease) Increase in due to related parties        | <b>(22,841)</b>  | 69,182      |
| Increase in accounts payable and accrued liabilities | <b>3,860,977</b> | 349,547     |
| Increase in other receivables                        | <b>(8,331)</b>   | (220,670)   |
|  | <b>4,172,701</b> | (821,310)   |

**29. Commitments**

During the year ended June 30, 2025, the Company signed contracts for the future construction of fifty-two homes for a total amount of \$25,940,258 (including GST) with its vendor of which \$22,287,385 remains unbilled.

The Company has guaranteed certain financing provided by KV Capital to Boynton Developments (Kelowna) Ltd and Highland Promontory Development Limited Partnership with an aggregate indebtedness of \$7,559,693 at June 30, 2025.

The Company has guaranteed certain financing provided by Peakhill Capital to Glenlake Highview Development Limited Partnership, a related party, with an aggregate indebtedness of \$13,500,000. The financing is secured with collateral charges on the Saanich Ridge property and the Five Crossings Apartment Property. The funds advanced by the Company to the Glenlake Highview Development Limited Partnership are subordinate to loans advanced under this Peakhill Capital financing. The obligations under this Peakhill Capital financing are guaranteed by, among others, the Company, NAHF Limited Partnership, 1404122 B.C. Ltd., and 1289900 B.C. Ltd. The Company has not adjusted the financial statements because the Company has determined that it is not probable that any liability will arise from this guarantee.

**30. Subsequent events**

On October 30, 2025, the Company completed a first mortgage of \$14,500,000 for the replacement of the existing mortgage from People's Trust and a \$1,500,000 pay down of the 1 City Mortgage. The mortgage is a demand facility payable at any time upon demand by the lender at an interest rate equal to the RBC Prime Rate plus 275 basis points with a minimum of 7.45%. In February 2026 Peakhill Capital changed the facility to a term loan with a maturity date of June 1, 2027.

In February 2026, the mortgage maturity date of the 2021 second mortgage with 1 City on the Saanich Ridge Property was extended to September 1, 2027 and the mortgage maturity date of the 2022 mortgage with 1 City on the Saanich Ridge Property was extended to September 1, 2027.