MORTGAGE FINANCING INVESTMENT SUMMARY

Property:

7170 LAPINIERE, BROSSARD, MONTREAL,QC

2,800,000 SF of land

Zoned Agricultural

Attached Sections:

Section I : :Project Information

Section II : Loan Underwriting

Section III : Analysis Mortgage Loan details

Balto Capital Inc.

SECTION I: PROJECT INFORMATION

Loan Type : Non-Revolving Demand Loan

Loan Amount : $4,030,000.00 First Ranking Hypothecary Loan

Purpose : **Purchase**

Property Address : **7170 Lapiniere, Brossard, Montreal, Québec**
Cadastral #: 2 702 157 (“the property”)

Property Description : **2,813,970 SF of land with a 25,000 SF house on it**

Borrower : **HZ Capital**

Guarantor(s) : Henry Zavriyev

Property / Security : **The Lenders under these facilities will receive the following securities:**

1. A **First Ranking** Immovable Hypothec on the lands and buildings municipally known as **“the property”** and all rents and insurance proceeds. No other second rank is allowed.
2. The personal guarantee of all borrowers (Jointly and Severally) for the full loan amount. The Guarantors shall be solidarily liable with the Borrower and any other Guarantors hereunder.
3. An unlimited environmental indemnity by borrowers and guarantors
4. Reliance letter of clean environmental report
5. Title insurance
6. Main-levee for 25,000 SF house at $0
7. Any other security documentation requested by the Notary.

Purpose / Status :

The purpose of the loan contemplated herein is to assist the borrower with the acquisition of a strategic, extremely well located, piece of land. They are purchasing this land with intention to take advantage of current growth in the area and new rezoning laws being discussed at the municipality. They’re plan is to rezone the land and sell it. Client is purchasing the land for $6,500,000 at $2.31/SF and our loan is of 62% LTV at $1.43/SF. There is a house on the land for which we will allow main-levée at $0 if sold.

Location : Lot is situated in Brossard, a premium location, minutes from the large metropolitan city of Montreal, near the crossroads of Quebec’s transportation hub at the intersection of Highways 10 and 30. This popular intersection is the gateway

to the USA borders, to Québec City, Ottawa, and Toronto, where billions of dollars in merchandise pass every year. Also, to note, the recent inauguration of the new Champlain Bridge, a $4.2 billion investment, giving Brossard a new direct access to Montreal. Brossard is on track to become similar to Mississauga compared to Toronto. Brossard is the fastest growing suburb of Montreal, this area flaunts the arrival of the REM, a massive $7 Billion transportation infrastructure electric light rail, already operational since early summer 2023. To note, this strip of land is exempt from REM tax. Land surrounding the REM has been vigorously acquired by investors determined to be among the first to secure opportunity in the area. Several impressive development projects have emerged at the crossroads of highways 10 and 30, among them, the REM's main hub, erected on land, which was until recently, agriculturally zoned.
This lot is strategically located at the crossroad of the REM, quartier Dix30 and solar uniquartier, home to Quebec's finest real estate projects.

- The DIX 30: Quebec's highly acclaimed, multi-billion dollar "Lifestyle Center". University of Montreal has recently opened a big campus in the area.
- The SOLAR: This spectacular $1.8 billion multi-vocation real estate development project, built in 2020 and ongoing, on lands formerly agricultural.
- The REM: The 4th Largest light rail system in the World

Government is pushing for rezoning and faster development in Brossard; aiming to increase its population by 40% in the coming years. This lot is one of the last vacant lots of land in Brossard and is situated exactly where the city is currently discussing allowing a law of "zone blanche" by end of year. "Zone blanche" would mean to be rezoned to the owners preference, in our case residential. Once rezoned, the minimal value for land based on comparable in the area is of between $80-$250/SF.

Repayment Strategy: Client has hired a zoning consultant to follow closely this new law to be finalized by end of 2024 and to take on the mandate to rezone the land. Alternatively, client has a business where he optimizes assets and resells them to clients like doctors, lawyers etc. Client has demonstrated a perfect track record of execution with our firm and has done over 30 million in loans with us with no late payment or default with consistent, timely successful exits. Given clients experience, strong net worth, liquidity position and low loan to value in this deal we feal significantly mitigated in the case land doesn't get rezoned to be repaid in full and within the year.

Guarantor(s) : **Henry Zavriyev**

Owner of real estate company Leyad (https://www.leyad.ca) with over 30 employees. Mr. Zavriyev has a net worth of over 100 million dollars and above 15 million dollars in cash as of today. He is known for his expertise in turning low performing real estate into high performing assets as well as flipping properties he purchased at significant discounts. The borrower has used private lending over 10 times with us with no issues to date and with successful exits.

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SECTION II: LOAN UNDERWRITING

Loan to Value Ratio (LTV) Based on SF of land

Purchase Price	**:**	**$6,500,000.00**
Loan	:	$4,030,000.00
LTV	:	62%
Land SF	**:**	**2,813,970**
Loan/SF	**:**	**$1.43/SF**

SECTION III: MORTGAE LOAN DETAILS
TOTAL REQUIRED MORTGAGE FINANCING:

The following $4,030,000.00 total loan is required

Loan Amount	:	**$4,030,000.00 First Ranking Hypothecary Loan**
Interest Rate	:	**15% Per Annum**
Net to Investor	:	**14% Per Annum**
Term	:	12 Months, 6 Months Closed
Amortization	:	0, Interest Only
Prepayment Privileges:		Open for repayment after six (6) months, with no prepayment penalty. The Lender must earn a minimum of six (6) months interest on the full loan amount.
Interest Reserves	:	Three (3) months
Monthly Payments	:	$50,375.00 due monthly, interest only, and compounded monthly on each payment date on the total of the principal balance plus accrued interest outstanding on the payment date.
Closing Date	:	April 15th 2023

Loan Participant:

Balto Capital Inc.	**$4,030,000.00**	**100%**

Documents reviewed by Balto Capital Inc. are accessible upon request via OneDrive:

1) Certificate of location
2) A Copy of Guarantor Net worth Statement
3) Zoning document
4) Contract with zoning consultant

Pre-Disbursement Conditions:

1. Clean environmental report with reliance letter
2. Insurance to lender name
3. Site visit

PLEASE BE ADVISED THAT BALTO CAPITAL INC ARE ONLY ACTING AS A NOMINEE FOR THE SUBJECT MORTGAGE INVESTMENT AND EACH INVESTOR IS SOLELY RESPONSIBLE

WITH THE ASSISTANCE OF THEIR PROFESSIONALS FOR EVALUATING THE SUBJECT MORTGAGE INVESTMENT AND DETERMINING WHETHER OR NOT THEY WISH TO INVEST.