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# Collapse of Fractional Real Estate Investing Firm Shows Risks of Business Model

Shane Dingman – March 18, 2026



*Real estate companies raised \$94-million through crowdfunding exemptions in the last year, according to the Ontario Securities Commission data. Sean Kilpatrick/The Canadian Press*

The financial collapse of Addy Technology Corp., a company that crowdfunded millions of dollars for “fractional ownership” shares of Canadian commercial and residential real estate, has laid bare some significant risks in the business model, and no clear path for retail investors to recoup their money.

Marketing the sale of shares in businesses is strictly regulated through Canadian securities law, but companies such as Addy have used crowdfunding exemptions designed for tech startups to create this fractional real estate investment model where investors can put up as little as \$1 a share.

Using these loopholes, real estate companies raised \$94-million through crowdfunding exemptions in the last year, according to the Ontario Securities Commission data. That makes up the largest share for any sector, at 39 per cent, of the \$243-million raised using one popular securities exemption.

On Feb. 24, Stephen Jagger, CEO and co-founder of Addy, an online platform for real estate investments that used these same exemptions, sent an e-mail to some investors warning them his company was insolvent.

“The company does not have the liquidity to meet its obligations as they come due, and we do not have a viable path to continue operating in the current structure,” he wrote.

“Given the company’s financial position and how insolvency priorities work, shareholders in Addy Technology Corp., should expect to lose their

investment. We're stating this plainly because anything softer would risk creating false hope."

Mr. Jagger wrote that the company had hired lawyers from Dentons Canada LLP and restructuring professionals from accounting company Crowe MacKay LLP. A search of court records in British Columbia, where Addy is headquartered, showed no signs of any application to the courts for a Companies' Creditors Arrangement Act proceeding as of yet. Mr. Jagger did not respond to requests for comment.

It's not clear how much money is trapped in Addy's fractional ownership deals, but one investor group has collected data on 47 Addy investments with an average of \$250,000 per stake, leaving perhaps more than \$11-million in limbo.

"The majority of investors that went into this were unsophisticated retail investors, the kind who said 'I've never been able to invest in real estate because I don't have that kind of money,'" said Tri Quach, an entrepreneur and real estate investor who set up a WhatsApp group for affected Addy investors.

"They believed Addy was a buffer to help them with the lack of sophistication," he said.

Part of the challenge for Addy's investors has to do with the unique structure of the investments themselves. Addy's model was to run a crowdfunding campaign for an investment in a residential or commercial real estate site, raising as little as \$250,000 to as much as \$1-million for each project. The money was used to buy shares in a limited liability company that would then give the money to the property owner, typically in return for an ownership percentage of the entity that owned or operated the commercial real estate or development property.

Sophisticated real estate investors deploy their capital as loans registered against the title of the property they are investing in. That way, if there's a solvency issue with the borrower, the lender has a secure claim against the value of the property, and they can pursue repayment in court.

Addy's retail investors were two steps away from that secured creditor status: their investments were not recorded as loans on the property title, and as such, they are simply equity shareholders in an Addy investment vehicle that owns a part of another company that owns the property.

The sole directors of each of these Addy vehicles have typically been co-founders Mr. Jagger and Michael Stephenson. Addy itself is often the intermediary for collecting any dividends (for example, from rental revenue from functioning properties), leaving the smaller investors locked out of control over those payments, and with little leverage to force a sale of the stake.

Mr. Quach believes Addy's fall was driven mainly by the failure of its investments in new residential construction, many of which have had to pause or be scrapped by the plunge in demand for new homes across the country.

Experts warn the troubled new-build market could impact other fractional ownership investment companies, sometimes known as "prop-shares," that raised money from retail investors.

"I was watching these with a lot of concern," said Doug Sarro, assistant professor with The University of Ottawa's law school who researches the intersection of securities law and innovation policy. "There are a lot of risks the investor isn't able to control for, especially when the investor is only putting in a small dollar amount."

Mr. Sarro said securities regulators have been under pressure from government and business to make it easier to raise capital from the public for new business sectors. But because real estate speculation often dominated these exempt investments, there have been attempts to dial that back in subsequent regulations. "They are under pressure to create even more exemptions, but they started including qualifiers saying 'This exemption is not available to real estate,'" he said.