

# FIRM CAPITAL CORPORATION - 2011 PERFORMANCE

## \$655 MILLION IN DEBT TRANSACTIONS

2011 was a record year for Firm Capital Corporation. In 2011 we completed \$655 million in new mortgage financings. Our commitment to excellent client service allowed us to achieve these results. The following pages will offer insight into the various debt financings completed in this past year.

We thank our loyal client base for using our services in 2011 and look forward to strengthening our existing relationships and building new ones in 2012.

Sample Transactions:

<p><b>TERM LOAN</b></p> <p><b>\$33,000,000</b> First Mortgage</p> <p><i>Portfolio loan on 70 retail properties</i></p> <p>Various Provinces</p>	<p><b>BRIDGE FACILITY</b></p> <p><b>\$19,560,000</b> Second Mortgage</p> <p><i>Four residential apartment buildings comprising 1,478 units</i></p> <p>Toronto, Ontario</p>	<p><b>BRIDGE FACILITY</b></p> <p><b>\$10,440,000</b> Secondary Debt</p> <p><i>227,364 sq. ft. office building</i></p> <p>Toronto, Ontario</p>	<p><b>MARGIN LOAN</b></p> <p><b>\$10,000,000</b> Secured Loan</p> <p><i>Loan secured by an assignment of units from a public REIT</i></p> <p>Canadian Issuer</p>	<p><b>LAND LOAN</b></p> <p><b>\$15,500,000</b> First Mortgage</p> <p><i>1.06 acre residential condominium development site</i></p> <p>Toronto, Ontario</p>	<p><b>LAND LOAN</b></p> <p><b>\$17,000,000</b> First Mortgage</p> <p><i>150 acres of zoned mixed-use lands</i></p> <p>Calgary, Alberta</p>
<p><b>LAND &amp; CONSTRUCTION LOAN</b></p> <p><b>\$4,000,000</b> First Mortgage</p> <p><i>Four unit condominium project</i></p> <p>Toronto, Ontario</p>	<p><b>LOAN FACILITY</b></p> <p><b>\$4,500,000</b> Secured Loan</p> <p><i>Secured by pledge of CMBS certificates</i></p> <p>Various Provinces</p>	<p><b>REIT ACQUISITION LINE</b></p> <p><b>\$13,500,000</b> First, Second &amp; Third Mortgages</p> <p><i>Secured against 20 properties</i></p> <p>Various Provinces</p>	<p><b>LAND LOAN</b></p> <p><b>\$17,000,000</b> First Mortgage</p> <p><i>Development site approved for a 305,543 sq. ft. condominium building</i></p> <p>Toronto, Ontario</p>	<p><b>MARGIN LOAN</b></p> <p><b>\$35,000,000</b> Secured Loan</p> <p><i>Loan secured by an assignment of units from two public REIT's</i></p> <p>Canadian Issuer</p>	<p><b>REIT PORTFOLIO LOAN</b></p> <p><b>\$17,400,000</b> First, Second &amp; Third Mortgages</p> <p><i>Loan secured against 24 properties</i></p> <p>Various Provinces</p>
<p><b>LAND LOAN</b></p> <p><b>\$16,000,000</b> First &amp; Second Mortgages</p> <p><i>Two development sites totaling 266 acres</i></p> <p>Airdrie, Alberta</p>	<p><b>MEZZANINE LOAN</b></p> <p><b>\$5,300,000</b> Partnership Loan</p> <p><i>Secured by ownership interest in housing development</i></p> <p>Toronto, Ontario</p>	<p><b>LAND, SERVICING &amp; CONSTRUCTION LOAN</b></p> <p><b>\$7,850,000</b> First Mortgage</p> <p><i>4.32 acres of residential development land</i></p> <p>Markham, Ontario</p>	<p><b>LAND &amp; CONSTRUCTION LOAN</b></p> <p><b>\$44,500,000</b> First &amp; Second Mortgage</p> <p><i>Residential condominiums</i></p> <p>Richmond Hill, ON</p>	<p><b>LAND LOAN</b></p> <p><b>\$4,500,000</b> First Mortgage</p> <p><i>.94 acre development site approved for residential condos and townhomes</i></p> <p>Toronto, Ontario</p>	<p><b>LAND LOAN</b></p> <p><b>\$5,600,000</b> Second Mortgage</p> <p><i>26.924 acre residential development site</i></p> <p>Richmond Hill, ON</p>
<p><b>LAND LOAN</b></p> <p><b>\$8,650,000</b> First Mortgage</p> <p><i>32 serviced lots</i></p> <p>Markham, Ontario</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$39,000,000</b> First Mortgage</p> <p><i>5 four-storey condominium buildings with a total of 310,706 sq. ft.</i></p> <p>Edmonton, Alberta</p>	<p><b>PORTFOLIO LOAN</b></p> <p><b>\$15,000,000</b> Second &amp; Third Mortgages</p> <p><i>Loan secured against 6 retirement home properties</i></p> <p>Various Provinces</p>	<p><b>INVESTMENT PROPERTY LOAN</b></p> <p><b>\$3,000,000</b> Blanket First Mortgage</p> <p><i>Comprising of retail/office building and a retail/office plaza</i></p> <p>Greater Toronto Area</p>	<p><b>MEZZANINE LOAN</b></p> <p><b>\$6,925,000</b> Second Mortgage</p> <p><i>Acquisition of 296 20-foot freehold townhouse lots</i></p> <p>Richmond Hill, ON</p>	<p><b>LAND &amp; CONSTRUCTION LOAN</b></p> <p><b>\$14,200,000</b> First Mortgage</p> <p><i>8.32 acre residential/commercial development site</i></p> <p>Airdrie, Alberta</p>
<p><b>MARGIN LOAN</b></p> <p><b>\$17,500,000</b> Secured Loan</p> <p><i>Loan secured by an assignment of units from a public REIT</i></p> <p>Canadian Issuer</p>	<p><b>LAND &amp; CONSTRUCTION LOAN</b></p> <p><b>\$937,750</b> First Mortgage</p> <p><i>3,308 sq. ft. custom home</i></p> <p>Toronto, Ontario</p>	<p><b>LAND LOAN</b></p> <p><b>\$6,200,000</b> First Mortgage</p> <p><i>2.82 acre residential development site</i></p> <p>Richmond Hill, ON</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$2,375,000</b> First Mortgage</p> <p><i>5,268 sq. ft. luxury home</i></p> <p>Vancouver, B.C.</p>	<p><b>ACQUISITION &amp; SERVICING LOAN</b></p> <p><b>\$2,330,000</b> First Mortgage</p> <p><i>Acquisition &amp; servicing of a 2.412 acre residential development site</i></p> <p>Ajax, Ontario</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$1,225,000</b> Second Mortgage</p> <p><i>4,620 sq. ft. custom home</i></p> <p>Oakville, Ontario</p>

# ***\$655 MILLION IN 2011 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT***

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## ***Report to Clients:***

Thanks to a loyal client base 2011 was a record transaction year. We are pleased to have completed \$655 million in new mortgage financings. Our focus has been to build long lasting relationships with real estate owners, builders and developers. These relationships gave us the opportunity to invest with solid borrower partners. Since we are still in a period of uncertainty, our objective has been to structure creative transactions that satisfy the clients' interests and at the same time focus on the preservation of capital. 2012 will continue to be a year that will see us become a problem solver for our clients' real estate capital needs. We are committed to providing an excellent level of service.

## ***Mortgage Debt & Real Estate Capital Activities:***

The enclosed *Debt Transaction Update* represents a selection of debt financings that closed in 2011. We continue to specialize in providing financings focused on construction and short term bridge loans. Our strength is our ability to act fast and provide an innovative approach to each transaction. 2012 will be no different. We have the capital capacity to support our clients' needs in 2012, in the same manner as we accomplished in 2011. With respect to our strategic real estate capital partnership programs - *Equity, Mezzanine and Direct Investments*, we continue to pursue capital partnerships for acquisitions of investment properties and the formulation of development joint ventures, all with experienced developers and landlords.

## ***Asset Management Activities & Capital Capacity:***

2011 saw our Toronto Stock Exchange listed entities, Firm Capital Mortgage Investment Corporation provide a respectable return on equity resulting in stable dividends to our Shareholders. Our private managed RSP Fund, in operation since 1994; Firm Capital Mortgage Investors Corp. accomplished the same respectable returns on Shareholder Equity. We have tremendous capital capacity for investments. Our focus is not yield, rather security with strong sponsors. Mortgage debt and real estate equity under administration is over \$1 billion. These managed entities, along with our additional managed capital base, enables us to be financially positioned to react efficiently and quickly to investment opportunities. We thank our borrower partners for the relationships we have built, as the vast majority of our business is repeat business.

## ***Outlook:***

As we say every year, "*Follow Your Passion*" - be it building homes, buying great properties, developing land or looking for a capital partner - we want to help you, align yourself with a committed financial backer. The Firm Capital team is very focused and committed, we are *Open for Business*. We will continue to strengthen our existing relationships and build new ones. When others are noncommittal, uncertain and concerned, our objective is to be contrarian and lead the way in providing speed, clarity and real estate capital. On behalf of all my partners and associates at Firm Capital, I want to express our gratitude to those strong relationships we have formed. Once again, thank you and we look forward to servicing your requirements in 2012.

Yours truly,  
**FIRM CAPITAL CORPORATION**  
PER:



Eli Dadouch  
President & CEO

# **2011 - DEBT TRANSACTION HIGHLIGHTS**

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## **Term Debt - Investment Properties - \$33,000,000**

- Firm Capital provided a \$33,000,000 first mortgage facility against a 70-asset, single tenant, Ontario retail portfolio
- The properties are located in primary, secondary and tertiary markets
- The tenant was experiencing financial difficulties but this was off set by a 59.0% loan to value and guarantee from public REIT.

## **Secondary Debt - Investment Properties - \$35,000,000**

- Nine (9) retail properties located in various provinces across Canada
- Firm Capital provided a \$35,000,000 equity take out financing which equated to about a 68% loan to value
- This transaction was funded under a very tight timeline – 2 weeks
- Repayment from sale of properties

## **Secondary Debt - Multi-Residential - \$19,560,000**

- Four residential apartment buildings comprising a total of 1,478 suites located in Toronto, Ontario
- Firm Capital provided \$19,560,000 in funding broken into a \$10,035,000 Facility A and a \$9,525,000 Facility B structure
- Collateral third mortgage on office building
- Loan to value was 82.25%
- Corporate covenant with repayment to come from sale of properties

## **Land Financing - Condo Development Site - \$15,500,000**

- 1.06 acre condo development site in downtown Toronto, Ontario
- Site plan approval application process underway but 12 months away from being finalized
- \$15,500,000 first mortgage facility to assist with the \$26,625,000 purchase price resulting in a 58% loan to value

## **Acquisition Facility - Small Cap REIT - \$13,500,000**

- Company was looking for an acquisition facility to grow the REIT, via acquisition of new properties
- Firm Capital provided a \$13,500,000 facility that was secured against 20 properties, with 16 of the properties secured by registered mortgages
- Security structure comprised 2nd and 3rd mortgages with Firm Capital being flexible regarding registration of its security on certain properties

## **Construction Financing - Residential Condominiums - \$44,500,000**

- Firm Capital provided a \$44,500,000 first mortgage land and construction financing facility to fund the land acquisition for a development site that is approved for the development of 818 residential condo units and to provide construction financing for building 1 (200 units)
- Building 1 of the project was 90% pre sold
- Given the limited track record of the developer in the condominium market, Firm Capital introduced the developer to a very experienced condominium construction manager

## A LEADING NON-BANK LENDER PROVIDING REAL ESTATE CAPITAL FOR:

*Landlords • Developers • Builders • Reits • Capital Markets  
Distressed Debt • Special Situations • Real Estate Private Equity*

### **LOAN FACILITY TYPES:**

*First & Second Mortgages • Land & Construction Financing  
Bridge Financing • Investment Property Financing • Mezzanine Financing*

## FIRM CAPITAL MANAGEMENT TEAM

*Experienced management team with significant industry expertise and aligned interests*

**Eli Dadouch** – President & CEO

**Jonathan Mair** – SVP, CFO

**Michael Warner** – SVP, Mortgage Lending

**Michael Carragher** – VP, Mortgage Investments

**Mary Moncada** – VP Finance & Controller

**Forrest Todd** – VP, Mortgage Lending

**Jeff Wagner** – AVP, Mortgage Investments

**Bob McKee** – Managing Director, VP Finance & Operations

**Jonathon Neuhof** – Finance Associate, Real Estate Capital Group

**Susan DiBari** – VP Mortgage Credit & Investor Relations

**Alicia Doucette** – Mortgage Underwriting Administrator

**Allison Secord** – Director, Client Services & Marketing

## CONTACT INFORMATION

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