

# FIRM CAPITAL CORPORATION - 2012 PERFORMANCE

## \$515 MILLION IN DEBT TRANSACTIONS

In 2012 we completed \$515 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 2012 and look forward to strengthening our existing relationships and building new ones in 2013.

### Sample Transactions:

<p><b>INVENTORY LOAN</b></p> <p><b>\$1,900,000</b> First Mortgage</p> <p><i>7 residential condominium units</i></p> <p>Calgary, Alberta</p>	<p><b>BRIDGE LOAN</b></p> <p><b>\$19,560,000</b> Second Mortgage</p> <p><i>Secondary debt on four residential apartment buildings comprising 1,478 units</i></p> <p>Toronto, Ontario</p>	<p><b>SITE SERVICING LOAN</b></p> <p><b>\$5,400,000</b> First Mortgage</p> <p><i>4 parcels of land comprising 82.37 acre site draft plan approved for the development of 58 estate building lots</i></p> <p>Goodwood, Ontario</p>	<p><b>TERM LOAN</b></p> <p><b>\$3,250,000</b> First Mortgage</p> <p><i>95,127 sq. ft. free standing industrial building with two-storey office area</i></p> <p>Waterloo, Ontario</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>\$14,000,000</b> First Mortgage</p> <p><i>5.67 acres of high density residential condominium lands zoned for 1,214 units</i></p> <p>Markham, Ontario</p>
<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$8,500,000</b> First Mortgage</p> <p><i>75 unit residential condominium building</i></p> <p>Edmonton, Alberta</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$1,200,000</b> First Mortgage</p> <p><i>Single family custom home having an above grade floor area of 4,425 sq. ft.</i></p> <p>Oakville, Ontario</p>	<p><b>LAND ACQUISITION LOAN</b></p> <p><b>\$9,000,000</b> Mezzanine Debt</p> <p><i>5 multi-residential sites</i></p> <p>Calgary &amp; Edmonton, Alberta</p>	<p><b>BRIDGE LOAN</b></p> <p><b>\$33,000,000</b> First Mortgage</p> <p><i>Secured by a first mortgage on a 126-unit newly constructed, fully tenanted student residence</i></p> <p>Cambridge, Ontario</p>	<p><b>LAND LOAN</b></p> <p><b>\$1,260,000</b> First Mortgage</p> <p><i>The subject property is comprised of a 0.43 acre residential development site</i></p> <p>Calgary, Alberta</p>	<p><b>ACQUISITION LOAN</b></p> <p><b>\$15,000,000</b> Second Mortgages</p> <p><i>Property acquisition line secured against 16 investment properties</i></p> <p>Ontario &amp; Quebec</p>
<p><b>INVENTORY LOAN</b></p> <p><b>\$1,245,000</b> First Mortgage</p> <p><i>Two-storey detached custom home having an above grade floor area of 3,813 sq. ft.</i></p> <p>Calgary, Alberta</p>	<p><b>BRIDGE LOAN</b></p> <p><b>\$6,250,000</b> First Mortgage</p> <p><i>Loan secured by 26 loft condominium units</i></p> <p>Toronto, Ontario</p>	<p><b>SITE SERVICING CONSTRUCTION LOAN</b></p> <p><b>\$2,375,000</b> First Mortgage</p> <p><i>Commercial development site with 8.934 acres of developable area</i></p> <p>Brampton, Ontario</p>	<p><b>LAND, SERVICING &amp; CONSTRUCTION LOAN</b></p> <p><b>\$6,050,000</b> First Mortgage</p> <p><i>Thirty residential townhouse units</i></p> <p>Toronto, Ontario</p>	<p><b>LAND LOAN</b></p> <p><b>\$1,750,000</b> First Mortgage</p> <p><i>2.53 acre residential development site</i></p> <p>Canmore, Alberta</p>	<p><b>ACQUISITION LOAN</b></p> <p><b>\$3,500,000</b> First Mortgage</p> <p><i>Loan secured by a 40,578 sq. ft. retail plaza</i></p> <p>Toronto, Ontario</p>
<p><b>TERM LOAN</b></p> <p><b>\$1,000,000</b> Second Mortgage</p> <p><i>254,000 sq. ft. multi-unit industrial complex</i></p> <p>Mississauga, Ontario</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$545,000</b> Second Mortgage</p> <p><i>Two semi-detached units each having an above grade floor area of 1,873 sq. ft.</i></p> <p>Mississauga, Ontario</p>	<p><b>BRIDGE LOAN</b></p> <p><b>\$3,500,000</b> First &amp; Second Mortgages</p> <p><i>Secured by a 1st mortgage on (i)24,552 sq. ft. industrial building, (ii) 140,000 sq. ft. industrial building &amp; a 2nd mortgage on a 69,557 sq. ft. office building</i></p> <p>Mississauga, Ontario</p>	<p><b>INVENTORY LOAN</b></p> <p><b>\$2,105,000</b> First Mortgage</p> <p><i>Two-storey detached custom home having an above grade floor area of 4,620 sq. ft.</i></p> <p>Oakville, Ontario</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 LOAN</b></p> <p><b>\$4,950,000</b> First Mortgage</p> <p><i>Residential development site to be rezoned for a high-rise condominium building</i></p> <p>Toronto, Ontario</p>
<p><b>BRIDGE LOAN</b></p> <p><b>\$16,100,000</b> First Mortgage</p> <p><i>Loan facility secured by 254,793 sq. ft. shopping centre</i></p> <p>Montreal, Quebec</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$1,100,000</b> First Mortgage</p> <p><i>Two semi-detached units each having an above grade floor area of 2,300 sq. ft.</i></p> <p>Calgary, Alberta</p>	<p><b>BRIDGE LOAN</b></p> <p><b>\$24,000,000</b> Second &amp; Third Mortgages</p> <p><i>Secured by a second mortgage on a 298,700 sq. ft. office building and a third mortgage on 227,364 sq. ft. office building</i></p> <p>Toronto &amp; Ottawa, ON</p>	<p><b>LAND &amp; CONSTRUCTION LOAN</b></p> <p><b>\$1,235,000</b> First Mortgage</p> <p><i>Single family custom home having an above grade floor area of 2,786 sq. ft.</i></p> <p>Toronto, Ontario</p>	<p><b>ACQUISITION LOAN</b></p> <p><b>\$52,530,000</b> First Mortgage</p> <p><i>Two luxury residential apartment buildings comprising 274 suites and 1.03 acres of surplus land</i></p> <p>Cambridge, Ontario</p>	<p><b>CONSTRUCTION LOAN</b></p> <p><b>\$39,000,000</b> First Mortgage</p> <p><i>Five 4-storey multi-residential condo buildings</i></p> <p>Edmonton, Alberta</p>

# ***\$515 MILLION IN 2012 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT***

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## ***2012 REPORT TO CLIENTS:***

2013 marks 25 years of building client relationships at Firm Capital Corporation. For the past 25 years, we are pleased to have built a business committed to real estate capital for a strong client base.

Thanks to having built a loyal client base, we accomplished another solid year in 2012, having completed \$515 million in new mortgage financings. Our focus continues to be building solid relationships with real estate owners, builders and developers. These relationships gave us the opportunity to invest and participate with fantastic borrower partners, as their capital provider. Since we are still in a period of economic directional 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. 2013 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 growing with our clients and provide an excellent level of service. *Procrastination leads to failure* .... we are committed to serving our clients' needs expediently, efficiently and with integrity.

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

The enclosed *Transaction Update* represents a selection of debt financings that closed in 2012. We continue to specialize in providing financings focused on construction, short term bridge loans and specialized term debt. Our strength is our ability to act fast and provide an innovative approach to each transaction. We have the capital capacity to support our clients' needs in 2013, in the same manner as we accomplished in 2012. 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. We pride ourselves on being a boutique mortgage bank focused on providing capital efficiently and innovatively, as demonstrated by the \$515 million in debt investments completed in 2012.

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

In summary:

- 2012 saw our Toronto Stock Exchange listed entity Firm Capital Mortgage Investment Corporation provide a respectable return on equity resulting in stable dividends to our Shareholders. We also raised further capital during the year;
- Our private managed RSP Mortgage Fund, in operation since 1994, Firm Capital Mortgage Investors Corporation accomplished the same respectable returns on Shareholder Equity;
- In 2012 we completed a public listing for Firm Capital Property Trust, a vehicle focused on joint-venture acquisitions of investment properties with industry leaders. We provide the capital and our partners provide the expertise for an asset class they own and manage.

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 \$1.5 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 or developing land - we want to help you by being your capital partner. Align yourself with a committed financial backer that will support you in difficult economic times and that will provide a high level of service. We are focused on finding niche lending opportunities where others don't understand the clients' needs. 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 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 2013, and may our clients have great success during the years to come.

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



Eli Dadouch  
President & CEO

***Disciplined Investing • Capital Preservation***

# **2012 - 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 126 unit newly constructed fully tenanted student residence located in Waterloo, Ontario
- The Firm Capital facility was utilized to refinance the first mortgage construction loan and provide an equity take out

## **Bridge Loan - Investment Properties - \$24,000,000**

- A second mortgage on a 298,460 sq. ft. 13-storey office building and a third mortgage on a 227,348 sq. ft. 10-storey office building
- Firm Capital provided a \$24,000,000 equity take out financing which equated to about a 67.5% loan to value
- This transaction was funded under a very tight timeline – 2 weeks
- Repayment from sale of properties

## **Bridge Loan - Multi-Residential - \$52,530,000**

- Two luxury apartment buildings comprising a total of 274 suites located in Cambridge, Ontario
- Firm Capital provided \$52,530,000 in funding broken into a \$43,260,000 Facility A and a \$9,270,000 Facility B structure
- Loan to value was 85%
- Corporate covenant with repayment to come from sale of properties

## **Land Financing - Condo Development Site - \$14,000,000**

- 5.67 acre condo development site in Markham, Ontario
- Site plan approval application process finalized
- \$14,000,000 first mortgage facility to assist with the payment of development charges and to pay other phase 1 project costs

## **Revolving Loan Facility - Public REIT - \$15,000,000**

- Company was looking for a revolving loan facility to grow the REIT, via acquisition of new properties
- Firm Capital provided a \$15,000,000 facility that was secured against 26 properties, with 14 of the properties secured by registered mortgages
- Security structure comprised 2nd mortgages with Firm Capital being flexible regarding registration of its security on certain properties
- The loan will be repaid through the issuance of new equity and/or debentures

## **Construction Financing - Residential Condominiums - \$39,000,000**

- Firm Capital provided a \$39,000,000 first mortgage facility to provide construction financing for five wood frame, 4-storey condominium buildings comprising 327 units located in Edmonton, Alberta and was 90% presold
- The developer has an established track record in the condominium marketplace

## A BOUTIQUE MORTGAGE BANK PROVIDING REAL ESTATE CAPITAL FOR:

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

**Sandy Poklar** – COO & Managing Director, Capital Markets  
& Strategic Developments

**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, Real Estate

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

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

**Alicia Doucette** – Mortgage Underwriting Administrator

**Trevor Dohring** – Finance Associate

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

## CONTACT INFORMATION

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