FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

SECOND QUARTER REPORT TO SHAREHOLDERS

JUNE 30, 2015

DISCIPLINED INVESTING | CAPITAL PRESERVATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Advisory: *Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2015 objectives and our strategies to achieve those objectives, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.*

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described below in this MD&A under Risks and Uncertainties, which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include risks associated with mortgage lending, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters and shareholder liability. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include that there is not a significant decline in the value of the general real estate market, market interest rates remain relatively stable and the Corporation is generally able to sustain the size of its Investment Portfolio; adequate investment opportunities are presented to the Corporation, and adequate bank indebtedness and bank loans are available to the Corporation. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INTRODUCTION

Firm Capital Mortgage Investment Corporation (the "Corporation") is a non-bank lender, investing predominantly in short-term residential and commercial real estate mortgage loans and real estate related debt investments. The Corporation operates as a mortgage investment corporation under the Income Tax Act (Canada). Mortgage investment corporations have no income tax payable provided that they satisfy the requirements in subsection 130.1(6) of the Income Tax Act (Canada).

The Corporation's primary investment objective is the preservation of shareholders' equity, while providing shareholders with a stable stream of dividends from the Corporation's investments. The Corporation achieves its investment objectives by pursuing a strategy of investing in loans in selected niche real estate markets that are under-serviced by larger financial institutions.

Firm Capital Corporation (the "Mortgage Banker") is the Corporation's mortgage banker and acts as the Corporation's loan originator, underwriter, servicer and syndicator. The Corporation's affairs are administered by FC Treasury Management Inc. (the "Corporation Manager").

The Corporation has in place a Dividend Reinvestment Plan ("DRIP") and a Share Purchase Plan (collectively, with the DRIP, the "Plans") that are available to its shareholders. The Plans allow participants to have their monthly cash dividends reinvested in additional common shares of the Corporation ("Shares") and grant participants the right to purchase additional Shares. Shareholders who wish to enroll or who would like further information about the Plans should contact Investor Relations at (416) 635-0221.

Additional information on the Corporation, its Plans and its Investment Portfolio is available on the Corporation's web site at www.firmcapital.com. Additional information about the Corporation, including its Annual Information Form ("AIF"), can be found on the SEDAR website at www.sedar.com.

BASIS OF PRESENTATION

The Corporation has adopted International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board as its basis of financial reporting.

The Corporation's reporting currency is the Canadian dollar.

The following discussion is dated as of August 10, 2015 and should be read in conjunction with the unaudited condensed interim financial statements of the Corporation and the notes thereto for the three and six months ended June 30, 2015 and 2014, and the audited financial statements of the Corporation and the notes thereto for the years ended December 31, 2014 and 2013, and Management's Discussion and Analysis, including the section on "Risks and Uncertainties", along with each of the quarterly reports for 2014 and 2013.

HIGHLIGHTS

STABLE PROFIT

Income and profit (referred to herein as "Profit") for the three months ended June 30, 2015 remained relatively consistent at $4,800,434 compared to $4,800,625 for the same period in the prior year. Profit for the six months ended June 30, 2015 remained relatively consistent at $9,648,299 compared to $9,770,228 for the six months ended June 30, 2014. Basic weighted average profit per share for the three months ended June 30, 2015 was $0.237, compared to $0.239 per share reported for the same period in 2014. Basic weighted average profit per share for the six months ended June 30, 2015 was $0.477, compared to $0.492 per share reported for the same period in 2014.

SIGNIFICANT PORTFOLIO GROWTH

The Corporation's investment portfolio (the "Investment Portfolio"), which is comprised of mortgage and debt investments as at June 30, 2015 increased by $54.5 million to approximately $394 million as compared to $339.5 million as at December 31, 2014 (both net of the impairment provision of $3.36 million) and remains well diversified.

COMPLETION OF A CONVERTIBLE DEBENTURE OFFERING

On April 17, 2015, the Corporation completed a public offering of 25,000 5.30% convertible unsecured subordinated debentures at a price of $1,000 per debenture for gross proceeds of $25,000,000. The debentures mature on May 31, 2022 and interest is paid semi-annually. The debentures are convertible at the option of the holder at any time prior to the maturity date at a conversion price of $13.95.

RETURN ON EQUITY

The Corporation continues to exceed its yield objective of producing a return on shareholders' equity in excess of 400 basis points over the average one year Government of Canada Treasury

bill yield. Profit for the quarter ended June 30, 2015 represents an annualized return on shareholders' equity (based on the month end average shareholders' equity) of 9.12%, representing return on shareholders' equity of 854 basis points per annum over the average one year Government of Canada Treasury bill yield of 0.58%.

INVESTMENT PORTFOLIO

The Corporation's Investment Portfolio, totaled $394,009,555 as at June 30, 2015 (net of an impairment loss provision of $3,360,000) as compared to $339,505,051 (net of an impairment loss provision of $3,360,000) as at December 31, 2014, representing an increase of approximately $54.5 million. The June 30, 2015 Investment Portfolio is comprised of 205 investments (177 as at December 31, 2014). The average gross investment size (excluding impairment loss provision) was approximately $1.9 million with 9 investments individually exceeding $7,500,000.

Amount	Number of Investments	%	Total Amount (before provision)	%
$0 - $2,500,000	156	76.1%	$ 134,151,598	33.8%
$2,500,001 - $5,000,000	30	14.6%	103,852,447	26.1%
$5,000,001 - $7,500,000	10	4.9%	68,342,855	17.2%
$7,500,001 +	9	4.4%	91,022,655	22.9%
	205	**100%**	**$ 397,369,555**	**100%**

Unadvanced committed funds under the existing Investment Portfolio amounted to $102,128,329 as at June 30, 2015 ($83,646,839 as at December 31, 2014). Generally, investments are shared with other syndicate partners to diversify risk.

	Jun 30, 2015		Dec 31, 2014		% Change
Conventional First Mortgages	$ 268,143,125	67.5%	$ 249,021,514	72.7%	**8%**
Related Investments	65,365,438	16.4%	48,313,224	14.1%	**35%**
Conventional Non-First Mortgages	39,008,967	9.8%	30,551,339	8.9%	**28%**
Non-Conventional Mortgages	19,829,250	5.0%	10,075,074	2.9%	**97%**
Discounted Debt Investments	5,022,775	1.3%	4,903,900	1.4%	**2%**
Total Investments (at amortized cost)	**$ 397,369,555**	**100.0%**	**$ 342,865,051**	**100.0%**	**16%**
Less: Impairment Provision	(3,360,000)		(3,360,000)		**-**
Investment Portfolio	**$ 394,009,555**		**$ 339,505,051**		**16%**

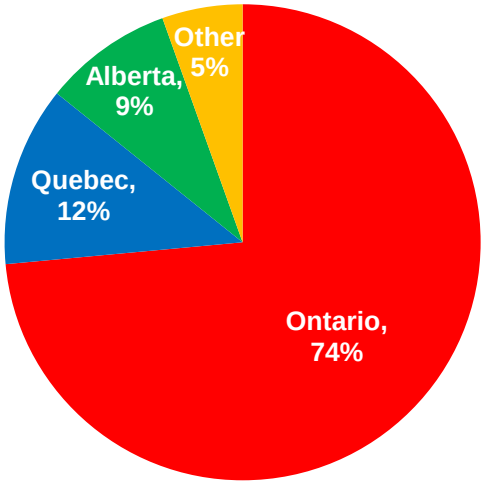
The $54.5 million growth in the Investment Portfolio was achieved by the Corporation increasing the size of its investments in all of its investment categories.

Conventional first mortgages increased by 8% and represented 68% of the Corporation's portfolio at June 30, 2015 as compared to 73% at December 31, 2014. Related investments increased by 35% and represented 16% of the Corporation's Investment Portfolio in comparison to 14% at December 31, 2014. Conventional non-first mortgages increased by 28% and represented 10% of the Investment Portfolio. Non-conventional mortgages increased by 97% and represented 5% of the Investment Portfolio. Discounted debt investments increased by 2% and represented 1% of the Investment Portfolio.

The weighted average face interest rate on the Corporation's Investment Portfolio was 8.02% as at June 30, 2015 as compared to 8.29% as at December 31, 2014.

The Corporation's Investment Portfolio as at June 30, 2015 includes one mortgage investment totaling $4,303,000, on which interest payments are not being received. The investment originated as a mortgage loan purchased from a Schedule A Bank. The original mortgage loan was a non-performing loan and was acquired at a discount to its principal outstanding balance, on the premise that upon ultimate realization of the security under the loan, accrued interest and a component of the discount could be realized.

The Corporation continues to focus its lending into core markets that can be monitored closely during evolving economic conditions. The mortgage portfolio has some geographic diversification with 26% of the investments in the portfolio secured by properties outside of Ontario.



The Corporation's strategy is to mitigate loan loss risk by focusing on those areas of mortgage lending that have historically withstood market corrections and retained their underlying real estate asset value, while limiting its exposure to those real estate asset classes that do not.

As at June 30, 2015, the Investment Portfolio continued to be heavily concentrated in short-term investments with 55% of the portfolio maturing by June 30, 2016. The short-term nature of the portfolio provides the Corporation with the ability to continually revolve the portfolio and adapt to changes in the real estate market.

We remain focused on our primary objective of preserving shareholders' equity by creating a portfolio that:

(i) is widely diversified across many investments;
(ii) is concentrated in first mortgages;
(iii) has reduced exposure as a result of participation in various loan syndicates; and
(iv) is primarily short-term in nature.

RESULTS OF OPERATIONS

INTEREST AND FEES

For the three months ended June 30, 2015, interest and fees earned increased by 8% to $8,118,717 as compared to $7,521,122 for the three months ended June 30, 2014. Interest and fees earned for the six months ended June 30, 2015 increased by 4% to $15,773,870 as compared to $15,197,114 for same six month period in the prior year. Interest and fees earned for the three months and six months ended June 30, 2015 and June 30, 2014 are broken down as follows:

Three Months Ended	Jun 30, 2015	%	Jun 30, 2014	%	% Change
Interest	$ 7,551,022	93%	$ 6,785,218	90%	**11%**
Commitment & Renewal Fees	357,258	4%	321,488	4%	**11%**
Special Income	210,437	3%	414,416	6%	**(49%)**
	$ 8,118,717	**100%**	**$ 7,521,122**	**100%**	**8%**

Six Months Ended	Jun 30, 2015	%	Jun 30, 2014	%	% Change
Interest	$ 14,456,186	92%	$ 14,069,241	93%	**3%**
Commitment & Renewal Fees	641,316	4%	650,122	4%	**(1%)**
Special Income	676,368	4%	477,751	3%	**42%**
	$ 15,773,870	**100%**	**$ 15,197,114**	**100%**	**4%**

Interest income of $7,551,022 and $14,456,186 for the three and six months ended June 30, 2015 respectively increased by 11% and 3% as compared to same three and six month period in 2014. Interest income represents 93% of the Corporation's revenues for the three months ended June 30, 2015 and 92% for the six months ended June 30, 2015. The year over year increase in interest income is generally a result of the Corporation holding a larger investment portfolio compared to the same period in 2014.

Recorded fee income, relating to commitment and renewal fees, for the quarter ended June 30, 2015 increased by approximately 11% compared to the quarter ended June 30, 2014. As at June 30, 2015, the Corporation had unearned commitment fee income of $959,097 (December 31, 2014: $700,202). The Corporation's policy is to recognize commitment fees over the term of the related loan where such fees are individually greater than $4,000. The unrecognized component of the fees are recorded as unearned income on the Corporation's balance sheet. These fees have been received and are not refundable to borrowers.

Special income generated during the three months ended June 30, 2015 decreased by 49% when compared to the same period last year. Special income generated during the six months ended June 30, 2015 increased by 42% when compared to the same period last year. Special income relates to certain fees and interest generated from a number of the Corporation's non-conventional mortgages and the timing of earning of such income is not necessarily consistent in

each period. The timing of the recognition and collection of special income is difficult to predict and the collection of a particular amount is not a reflection of the future collection of such income. Non-conventional mortgage investments can attract higher loss risk due to their subordinate ranking to other mortgage charges and/or high loan to value ratio. Consequently, this higher risk is compensated for by a higher rate of return. The Corporation remains very selective in cautiously sourcing high yielding non-conventional mortgages that meet the Corporation's investment criteria.

CORPORATION MANAGER INTEREST ALLOCATION

The Corporation Manager, through an interest spread arrangement, received $708,134 for the quarter ended June 30, 2015 as compared to $632,144 for the quarter ended June 30, 2014. For the six months ended June 30, 2015, the Corporation Manager received $1,352,258 as compared to $1,235,047 for the six months ended June 30, 2014. The increase is generally due to the increase in the size of the Corporation's daily average Investment Portfolio over the comparable periods.

The Corporation's earnings are impacted by the Mortgage Banker's ability to source and generate appropriate mortgage and loan investments that provide sufficient yields, while adhering to pre-determined risk guidelines.

INTEREST EXPENSE

For the three months ended June 30, 2015, interest expense increased by 30% to $2,373,452 as compared to $1,818,785 during the three months ended June 30, 2014. For the six months ended June 30, 2015, interest expense increased by 18% to $4,377,131 as compared to the six months ended June 30, 2014 amount of $3,724,964. Interest expense, in general is higher in the 2015 comparable periods as a result of the Corporation having larger bank indebtedness, loan payables and convertible debentures in 2015 versus 2014. The additional indebtedness that resulted in a $554,667 increase in interest expense for the three months ending June 30, 2015 allowed the Corporation to hold a larger investment portfolio which generated $765,804 of additional interest income when comparing the three months ended June 30, 2015 to the same period in 2014. Interest expense is broken down as follows:

Three Months Ended	**Jun 30, 2015**	**%**	**Jun 30, 2014**	**%**	**% Change**
Bank Interest Expense	$ 270,038	11%	$ 173,473	10%	**56%**
Loan Payable Interest Expense	253,339	11%	108,171	5%	**134%**
Debenture Interest Expense	1,850,075	78%	1,537,141	85%	**20%**
	$ 2,373,452	**100%**	**$ 1,818,785**	**100%**	**30%**

Six Months Ended	**Jun 30, 2015**	**%**	**Jun 30, 2014**	**%**	**% Change**
Bank Interest Expense	$ 507,693	12%	$ 405,731	11%	**25%**
Loan Payable Interest Expense	481,303	11%	247,684	7%	**94%**
Debenture Interest Expense	3,388,135	77%	3,071,549	82%	**10%**
	$ 4,377,131	**100%**	**$ 3,724,964**	**100%**	**18%**

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES
G&A expenses decreased by approximately 12% to $236,697 for the quarter ended June 30, 2015 as compared to $269,568 for the quarter ended June 30, 2014.

INCOME & PROFIT ("PROFIT")
Profit for the three months ended June 30, 2015 was $4,800,434 which is consistent when compared to the same three month period in the prior year. The Profit for the six months ended June 30, 2015 of $9,648,299 represents a 1% decrease over the comparable six month period in the 2014 year of $9,770,228.

Profit for the quarter ended June 30, 2015 represented an annualized return on shareholders' equity (based on the month end average shareholders' equity) of 9.12% versus a previously reported return on shareholders' equity of 9.21% for the quarter ended June 30, 2014. This return on shareholders' equity represents 854 basis points per annum over the average one year Government of Canada Treasury bill yield of 0.58% and is well in excess of the Corporation's stated target yield objective of 400 basis points per annum over the average one year Government of Canada Treasury bill yield. The above return on shareholders' equity is a non-IFRS financial measure and does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This non-IFRS measure provides useful information to the Corporation's shareholders as it provides a measure of return generated on the Corporation's equity base.

TOTAL COMPREHENSIVE INCOME
As discussed further in the Marketable Securities section later herein, commencing in the third quarter of 2014 the Corporation has invested in a marketable securities portfolio. The Corporation classifies this financial asset as available for sale and as such records the portfolios carrying value at fair value.

Commencing in the third quarter of 2014, the Corporation began to include in its financial statements separate statements of income and separate statements of comprehensive income. The statements of comprehensive income presents the impact of the changes in fair value of the marketable securities.

The change in fair value of marketable securities for the quarter ended June 30, 2015 was a reduction of $268,031 compared to nil for the quarter ended June 30, 2014. The change in fair value of marketable securities for the six months ended June 30, 2015 was a reduction of $362,006 compared to nil for the six months ended June 30, 2014. The total comprehensive income for the six months ended June 30, 2015 was $9,286,293 compared to $9,770,228 for the six months ended June 30, 2014.

PROFIT PER SHARE
Basic weighted average profit per share for the three months ended June 30, 2015 was $0.237, which is slightly lower than the $0.239 per share reported for the three months ended June 30, 2014. Basic weighted average profit per share for the six months ended June 30, 2015 was $0.477, which is lower compared to the $0.492 per share reported for the six months ended June 30, 2014.

QUARTERLY FINANCIAL INFORMATION

($ in millions except per unit amounts)	Jun. 30 2015	Mar. 31 2015	Dec. 31 2014	Sep. 30 2014	Jun. 30 2014	Mar. 31 2014	Dec. 31 2013	Sep. 30 2013
Operating revenue	$ 8.12	$ 7.65	$ 7.70	$ 7.80	$ 7.52	$ 7.68	$ 7.41	$ 7.06
Interest expense	2.37	2.00	1.94	2.10	1.82	1.91	1.93	1.78
Corporation manager interest allocation	0.71	0.64	0.64	0.72	0.63	0.60	0.61	0.56
Expenses & finance costs	0.24	0.16	0.15	0.18	0.27	0.20	0.31	0.24
Impairment loss on investment portfolio	-	-	0.03	-	-	-	0.15	-
Profit	**$ 4.80**	**$ 4.85**	**$ 4.94**	**$ 4.80**	**$ 4.80**	**$ 4.97**	**$ 4.41**	**$ 4.48**
Profit per share								
- Basic	**$0.237**	**$0.240**	**$0.245**	**$0.239**	**$0.239**	**$0.253**	**$ 0.243**	**$ 0.247**
- Diluted	**$0.231**	**$0.238**	**$0.243**	**$0.237**	**$0.237**	**$0.248**	**$ 0.246**	**$ 0.244**
Dividends per share	**$0.234**	**$0.234**	**$0.268**	**$0.234**	**$0.234**	**$0.234**	**$ 0.282**	**$ 0.234**

Note:
Fourth quarter dividends include one-time payout of accumulated excess earnings throughout the year

DIVIDENDS

For the three and six months ended June 30, 2015, the Corporation declared dividends totaling $4,741,613 and $9,465,941 respectively or $0.234 and $0.468 per share versus $4,700,202 and $9,399,219 or $0.234 and $0.468 per share for the three and six months ended June 30, 2014. While the per share amount of dividends did not change quarter over quarter, the quantum of dividends paid is higher in 2015 as a result of the increase in the number of shares outstanding. The number of shares outstanding at June 30, 2015 was 20,275,619 as compared to 20,095,452 at June 30, 2014.

Six Months Ended	Jun 30, 2015	Jun 30, 2014	Change
Cash Flow From Operating Activities (net of interest expense)	$ 9,238,315	$ 9,804,265	**(6%)**
Profit	$ 9,648,299	$ 9,770,228	**(1%)**
Declared Dividends	$ 9,465,941	$ 9,399,219	**1%**
Excess (Deficiency) Cash Flow From Operating Activities Over Declared Dividends	$ (227,626)	$ 405,046	
Excess Profit Over Declared Dividends	$ 182,358	$ 371,009	

AMOUNTS RECEIVABLE & PREPAID EXPENSES

The amounts receivable and prepaid expenses totaled $3,313,520 as at June 30, 2015 (comprised of interest receivable of $2,470,160, special income receivable of 445,313, fee receivable of $288,609 and prepaid expenses of $109,438) compared to $2,446,717 as at December 31, 2014, representing an increase of $866,803. The increase in the current period largely relates to the recording of special income receivable of $445,313, additional interest receivable of $280,178 and additional fee income receivable of $130,425 when compared to the same categories at December 31, 2014.

MARKETABLE SECURITIES

The Corporation holds publicly traded units of two Canadian real estate investment trusts. The units were acquired through the exercise of warrants which were granted by the issuers as part of a loan facility in which the Corporation was a participant. The units generate distributions that

are consistent with the Corporation's overall yield objective. The $1,767,235 balance reported on the Corporation's balance sheet as at June 30, 2015 represents the fair value of the marketable securities comprising the portfolio (December 31, 2014 – $2,221,756). The Corporation's purchase price for the units was $2,056,275.

DEBENTURE PORTFOLIO INVESTMENT

The Corporation holds a small portfolio of publicly traded convertible debentures of Canadian real estate investment trusts. These investments, when purchased at the appropriate purchase price, generate interest income and yields that are consistent with the Corporation's overall yield objective. The $1,329,178 balance reported on the Corporation's balance sheet at June 30, 2015 (December 31, 2014 - $687,758) represents the fair value of the convertible debentures comprising the portfolio.

BANK INDEBTEDNESS

Bank indebtedness increased by approximately $22.8 million to $37,441,801 as compared to $14,664,178 at December 31, 2014. The increase in bank indebtedness during the quarter ended June 30, 2015 is primarily a result of (i) the utilization of the net proceeds from the debenture offering completed in the second quarter of approximately $23.8 million, (ii) the utilization of the net proceeds from the equity offering completed in the first quarter of approximately $1 million , (iii) the receipt of funds from increasing loans payable of approximately $7.2 million, offset by (i) the use of $54.5 million to increase the Investment Portfolio, and (ii) the net use of $0.3 million for other items.

LOAN ON DEBENTURE PORTFOLIO INVESTMENT

The Corporation holds a small portfolio of publicly traded convertible debentures of Canadian real estate investment trusts within its debenture portfolio investment. As a result of the very attractive leverage available on the portfolio from an interest rate stand point, the Corporation has a loan payable against the portfolio in the amount of $901,191 as at June 30, 2015 (December 31, 2014 - $331,800). The loan essentially represents a margin loan against the debenture portfolio and is open for repayment at any time.

LOANS PAYABLE

Loans payable, which are borrowings matched to specific mortgages at fixed interest rates increased to $29,003,318 as at June 30, 2015 compared to $21,847,970 as at December 31, 2014 and are secured by a first priority charge on specific mortgage investments. The loans payable have maturity dates matching those of the underlying mortgages. The loans are on a non-recourse basis and are asset specific, such that the Corporation will not be liable for any deficiency sustained by the lender on any specific loan.

CONVERTIBLE DEBENTURES

As at June 30, 2015, the Corporation has five series of convertible debentures outstanding, as outlined below:

Ticker Symbol	Coupon	Issue Date	Maturity Date	Principal at Issue Date	Current Principal	Strike Price Per Share	Accounting Liability
FC.DB.A	5.75%	Oct 13, 2010	Oct 31, 2017	31,443,000	31,443,000	$ 15.90	30,870,757
FC.DB.B	5.40%	Aug 23, 2011	Feb 28, 2019	25,738,000	25,738,000	$ 14.35	24,784,585
FC.DB.C	5.25%	Mar 31, 2012	Mar 31, 2019	20,485,000	20,485,000	$ 14.80	19,577,095
FC.DB.D	4.75%	Mar 28, 2013	Mar 31, 2020	20,000,000	20,000,000	$ 15.80	18,981,622
FC.DB.E	5.30%	April 17, 2015	May 31, 2022	25,000,000	25,000,000	$ 13.95	23,712,692
Total / Average	**5.34%**			**$ 122,666,000**	**$122,666,000**		**$ 117,926,751**

As at June 30, 2015 the current principal balance for the outstanding convertible debentures is $122,666,000. The recorded convertible debenture liability as at June 30, 2015 is $117,926,751 compared to $93,746,796 as at December 31, 2014. The weighted average effective interest rate is 5.34% per annum (5.35% as at December 31, 2014).

On April 17, 2015, the Corporation closed a $25,000,000 aggregate principal amount of 5.30% convertible unsecured subordinated debentures due May 31, 2022. These debentures bear interest at a rate of 5.30% per annum, payable semi-annually in arrears on the last day of May and November in each year commencing on November 30, 2015. The debentures mature on May 31, 2022 and are convertible at the holder's option into common shares of the Corporation at a conversion price of $13.95 per Share.

OTHER LIABILITIES

Other liabilities for the Corporation include the following:

Additional Liabilities	Jun 30, 2015	Dec. 31, 2014	% Change
Accounts Payable and Accrued Liabilities	$ 2,113,082	$ 2,123,043	**(0%)**
Unearned Income	959,097	700,202	**37%**
Shareholder Dividend Payable	1,581,498	2,258,174	**(30%)**
Total	**$ 4,653,677**	**$ 5,081,419**	**(8%)**

Accounts payable and accrued liabilities of $2,113,082 as at June 30, 2015 was consistent with the December 31, 2014 balance. Accounts payable and accrued liabilities include interest payable of $1,640,469 and accrued liabilities of $450,882.

Unearned income relating to commitment fees generated on the Corporation's mortgage investments increased by 37% to $959,097 as at June 30, 2015 as compared to $700,202 as at December 31, 2014. The Corporation's policy is to recognize commitment fees over the term of the related loan where such fees are individually greater than $4,000. The unrecognized component of the fees is recorded as unearned income on the Corporation's balance sheet.

SHAREHOLDERS EQUITY

Shareholders' equity at June 30, 2015 totaled $210,492,750 compared to $209,189,119 as at December 31, 2014. The Corporation had 20,275,619 Shares issued and outstanding as at June 30, 2015, compared to 20,162,266 as at December 31, 2014. The majority of the increase in shares is attributable to i) a private placement of 80,000 shares which was completed at the end of the first quarter of 2015 and ii) shares issued under the dividend reinvestment plan.

IMPAIRMENT LOSS

Investments consist of participation in mortgage loans and real estate related debt investments. Such investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage loans are measured at amortized cost using the effective interest method, less any impairment losses. The Company assesses individually significant investments at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of the investments measured at amortized cost is calculated as the difference between its carrying amount and the amount of the future cash flows estimated to be recovered on the loan security. Estimates and assumptions are made as to the gross sale proceeds that would be generated on the forced sale of the real property securing the related mortgage loan and reflect estimates of the current local market conditions. Estimates are made as to the costs of enforcing under the mortgage loan and of realizing on the real property. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Losses are recognized in the statement of income and reflected in an impairment provision against the investments. Interest on the impaired asset continues to be recognized to the extent it is deemed to be collectable.

Investments that have been assessed individually and found not to be impaired and all individually insignificant mortgages are then assessed collectively in groups of mortgages with similar risk characteristics, to determine whether a collective allowance should be recorded due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes into account (i) data from the Investment Portfolio (such as borrower financial position, loan defaults and arrears, loan to value ratios, etc.); (ii) economic data (including current real estate prices for various real estate asset categories); and (iii) actual historical loan losses. Modeling and projections based on historical loan losses have not been done given that no actual loan losses have been incurred. The impact of the assumed theoretical declines in real estate values on the collective loan category is also considered. The conclusion of this assessment is that zero collective allowance is required to be taken.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income or profit. The impairment provision stood at $3,360,000 as at June 30, 2015 (December 31, 2014 - $3,360,000) and represents the total amount of management's estimate of the shortfall between the Investment Portfolio principal balances and the estimated net realizable recovery from the collateral securing the loans. The impairment provision represents approximately 1% of the Investment Portfolio balance.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete, reliable and timely. In addition, the Corporation's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Corporation, and have reviewed and approved this MD&A as well as the interim condensed financial statements as at June 30, 2015 and 2014.

CONTROLS AND PROCEDURES

The Corporation maintains appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable, and timely. The Corporation's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of the design and operating effectiveness of the Corporation's disclosure controls and procedures (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at June 30, 2015 and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

The Corporation has also established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS for periods effective January 1, 2010. The Corporation's Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision, of the design and operating effectiveness of the Corporation's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at June 30, 2015 . Based on that assessment, it was determined that the Corporation's internal controls over financial reporting were appropriately designed and were operating effectively.

The Corporation did not make any changes to the design of the Corporation's internal controls over financial reporting during the quarter ended June 30, 2015 that would have materially affected or would be reasonably likely to materially affect the Corporation's internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties and are measured at fair value.

The Corporation Manager (a company related to officers and/or directors of the Corporation) receives an allocation of interest, referred to as Corporation Manager spread interest, calculated as 0.75% per annum of the Corporation's daily outstanding performing investment balances. For the six months ended June 30, 2015, this amount was $1,352,258 (June 30, 2014 - $1,235,047) and for the three months ended June 30, 2015, the amount was $708,134 (June 30, 2014 - $632,144). Included in accounts payable and accrued liabilities of the Corporation at June 30, 2015 are amounts payable to the Corporation Manager of $241,034 (December 31, 2014 - $215,420).

The total directors' fees paid for the six months ended June 30, 2015 was $91,500 (June 30, 2014 - $81,750). Certain key management personnel are also directors of the Corporation and receive compensation from the Corporation Manager.

The Mortgage Banker (a company related to the president of the Corporation) receives certain fees directly from borrowers as follows: loan servicing fees equal to 0.10% per annum on the principal amount of each of the Corporation's investments; 75% of all the commitment and renewal fees generated from the Corporation's investments; and 25% of all the special profit income generated from the non-conventional investments after the Corporation has yielded a 10% per annum return on its investments. Interest and fee income is net of the loan servicing fees paid to the Mortgage Banker of approximately $180,000 for the six months ended June 30, 2015 (June 30, 2014 - $165,000). The Mortgage Banker also retains all overnight float interest and incidental fees and charges payable by borrowers on the Corporation's investments.

The Corporation Management Agreement and Mortgage Banking Agreement contain provisions for the payment of termination fees to the Corporation Manager and Mortgage Banker in the event that the respective agreements are either terminated or not renewed.

Several of the Corporation's investments are shared with other investors of the Mortgage Banker, which may include members of management of the Mortgage Banker and/or officers or directors of the Corporation. The Corporation ranks equally with other members of the syndicate as to receipt of principal and income.

Mortgages totaling $10,809,357 (December 31, 2014 - $10,684,581) are outstanding to borrowers controlled by certain directors of the Corporation. Each investment is dealt with in accordance with the Corporation's existing investment and operating guidelines.

Related party transactions are further discussed and detailed in the Corporation's AIF for the year ended December 31, 2014 as filed on SEDAR and in Note 13 of the accompanying financial statements.

INCOME TAXES

The Corporation qualifies as a mortgage investment corporation within the meaning of the Income Tax Act (Canada). As such, the Corporation is entitled to deduct from its taxable income dividends paid to shareholders during the year or within the first 90 days of the following taxation year. In order to maintain its status as a mortgage investment corporation, the Corporation must continually meet all criteria enumerated in the relevant section of the Income Tax Act (Canada) throughout such taxation year. The Corporation intends to maintain its status as a mortgage investment corporation and intends to distribute sufficient dividends in the year and in future years to ensure that the Corporation has no tax payable under the Income Tax Act (Canada). Accordingly, for financial statement reporting purposes, the tax deductibility of the Corporation's dividends results in the Corporation being effectively exempt from taxation and no provision for current or deferred income taxes is required.

ENVIRONMENTAL MATTERS

Under various federal, provincial and municipal laws, an owner or operator of real property could become liable for the cost of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The existence of such liability can have a negative impact on the value of the underlying real property securing a mortgage. The Corporation does not own the real property securing its Investment Portfolio and thus would not attract the environmental liability that an owner would be exposed to. In rare circumstances where a mortgage is in default, the Corporation may take possession of real property and may become liable for environmental issues as a mortgagee in possession. The Corporation obtains phase 1 environmental reports for mortgages where the Mortgage Banker determines that such reports would be prudent given the nature of the underlying property.

CRITICAL ACCOUNTING ESTIMATES

The determination of the impairment provision for the Investment Portfolio is a critical accounting estimate.

The Investment Portfolio is classified as loans and receivables. Such investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the mortgage loans are measured at amortized cost using the effective interest method, less any impairment losses. The mortgage investments are assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of the mortgage investments measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows and cash recoveries discounted at the asset's original effective interest rate. Losses are recognized in the statement of income and reflected in an allowance account against the mortgage investments. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income or profit. Management is required to consider the estimated future cash flow recovery from the collateral securing the mortgage investments. The estimation of cash flow recovery is performed on an individual mortgage basis and is based on assumptions pertinent to each mortgage investment. Each mortgage analysis often has unique factors that are considered in determining the cash flow and realizable value of the underlying security. The estimates are based on historical experience and other assumptions that management believes are responsible and appropriate in the circumstances. Actual results may differ from these estimates.

FINANCIAL INSTRUMENTS

The fair values of amounts receivable and prepaid expenses, bank indebtedness, accounts payable and accrued liabilities and shareholder dividends payable approximate their carrying values due to their short-term maturities.

The fair value of the Investment Portfolio approximates its carrying value as the majority of the loans are repayable in full at any time without penalty, and have floating interest rates. There is no quoted price in an active market for the mortgage and loan investments or mortgage syndication liabilities. Management makes its determinations of fair value based on its assessment of the current lending market for mortgage and loan investments of same or similar terms. As a result, the fair value of mortgage and loan investments is based on Level 3 on the fair value hierarchy.

The fair values of loans payable approximate their carrying values due to the fact that the majority of the loans are: (i) repayable in full, at any time upon the borrower under the underlying loan that secures the loan payable, repaying their loan without penalty; and (ii) have floating interest rates linked to bank prime interest rate.

The fair value of convertible debentures, including their conversion option, has been determined based on the closing price of the debentures of the Corporation on the Toronto Stock Exchange for the respective date.

The fair value of the debenture portfolio investment has been determined based on the closing price of convertible debenture securities of the respective listed entities on the Toronto Stock Exchange for the respective date.

The fair value of loans on the debenture portfolio approximates its carrying value due to the fact that it is fully open for repayment and has a floating rate of interest.

The tables in note 16 to the financial statements present the fair values of the Corporation's financial instruments as at June 30, 2015 and 2014. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

CONTRACTUAL OBLIGATIONS

Contractual obligations as at June 30, 2015 are due as follows:

	Total	Less than 1 Year	1 - 3 Years	4 - 7 Years
Bank Indebtedness	$ 37,441,801	$ 37,441,801	-	-
Accounts Payable & Accrued Liabilities	2,113,082	2,113,082	-	-
Loan on Debenture Portfolio Investment	901,191	901,191	-	-
Shareholder Dividend Payable	1,581,498	1,581,498	-	-
Loans Payable	29,003,318	-	29,003,318	-
Convertible Debentures	122,666,000	-	31,443,000	91,223,000
Total Liabilities	$ 193,706,890	$ 42,037,572	$ 60,446,318	$ 91,223,000
Future Advances Under Investment Portfolio	102,128,329	102,128,329	-	-
Contractual Obligations	**$ 295,835,219**	**$ 144,165,901**	**$ 60,446,318**	**$ 91,223,000**

SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies is described in note 3 of the Corporation's financial statements for the quarter ended June 30, 2015 and year ended December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

As a result of the Corporation's intent to qualify as a mortgage investment corporation, the Corporation intends to distribute no less than 100% of the taxable income of the Corporation, determined in accordance with the Income Tax Act (Canada), to its shareholders. The result is that growth in the Investment Portfolio can only be achieved through the raising of additional equity, issuing debt and utilizing available borrowing capacity. As at June 30, 2015, the Corporation had not utilized its full leverage availability, being a maximum of 60% of its first mortgage investments. Un-advanced committed funds under the existing Investment Portfolio amounted to $102,128,329 as at June 30, 2015 (December 31, 2014 - $83,646,839). These commitments are anticipated to be funded from the Corporation's credit facility and borrower repayments under the Investment Portfolio. The Corporation has a revolving line of credit with its principal banker to fund the timing differences between mortgage advances and mortgage repayments. There are limitations in the availability of funds under the revolving line of credit which is made up of a committed component and a demand component. The Corporation's investments are predominantly short-term in nature, and as such, the continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing investments and funding commitments.

RISKS AND UNCERTAINTIES

The Corporation follows investment guidelines and operating policies. The board of directors, in its discretion, may amend or approve investments that exceed these guidelines and policies, as investments are made. These policies govern such matters as: (i) restricting exposure per mortgage investment; (ii) requirements for director approvals; and (iii) implementation of operational risk management policies.

The Corporation is faced with the following ongoing risk factors, among others, that would affect shareholders' equity and the Corporation's ability to generate returns. A greater discussion of risk factors that affect the Corporation are included in the AIF under the section "Risk Factors", which section is incorporated herein by reference.

- *Economic conditions that would result in a significant decline in real estate values and corresponding loan losses.*
- *The inability to obtain borrowings and leverage, thus reducing yield enhancement*.
- *Dependence on the Corporation Manager and Mortgage Banker*. The Corporation's earnings are impacted by the Mortgage Banker's ability to source and generate appropriate investments that provide sufficient yields while maintaining pre-determined risk parameters. The Corporation has also entered into long-term contracts with the Mortgage Banker and the Corporation Manager, as more particularly described in the AIF. The Corporation is exposed to adverse developments in the business and affairs of the Corporation Manager and Mortgage Banker, since the day to day activities of the Corporation are run by the Corporation Manager and since all of the Corporation's investments are originated by the Mortgage Banker.
- *Portfolio face rate fluctuations*. The interest rate earned on the Corporation's Investment Portfolio fluctuates given that (i) it continually revolves given that it is short term in nature; and (ii) the portfolio is predominately floating rate interest with floors.

- *Interest rate risk.* The Corporation's operating loan is floating rate and an increase in short term rates would increase the Corporation's cost of borrowing.
- *No guaranteed return*. There is no guarantee as to the return that an investment in Shares of the Corporation will earn.
- *Qualification as a Mortgage Investment Corporation.* Although the Corporation intends to qualify at all times as a mortgage investment corporation, no assurance can be provided in this regard. If for any reason the Corporation does not maintain its qualification as a mortgage investment corporation under the Tax Act, dividends paid by the Corporation on the Shares will cease to be deductible by the Corporation in computing its income and will no longer be deemed by the rules in the Tax Act that apply to mortgage investment corporations to have been received by shareholders as bond interest or a capital gain, as the case may be. In consequence, the rules in the Tax Act regarding the taxation of public corporations and their shareholders should apply, with the result that the combined corporate and shareholder tax may be significantly greater.
- *Availability of investments*. Our ability to make investments in accordance with our objectives and investment policies depends upon the availability of suitable investments and the general economy and marketplace. Increased competition in the lending market place in which the Corporation operates from chartered banks or other public or private lending entities may impact the availability of suitable investments and achievable investment yields for the Corporation.
- *Limited sources of borrowing*. The Canadian financial marketplace is characterized as having a limited number of financial institutions that provide credit to entities such as ours. The limited availability of sources of credit may limit our ability to take advantage of leveraging opportunities to enhance the yield on our mortgage investments.
- *Specific investment risk for non-conventional mortgage and second mortgage investments*. Non-conventional and second mortgage investments attract higher loan loss risk due to their subordinate ranking to other mortgage charges and sometimes high loan to value ratio. Consequently, this higher risk is compensated for by a higher rate of return. In order to mitigate risk and maintain a well-diversified investment portfolio, the operating policies of the Corporation generally limit the amount of Conventional Non-First Mortgage investments to a maximum of 30% of the Corporation's capital, subject to the Board of Directors' approval for any modifications to the operating policies.
- *Specific investment risk for land mortgage investments.* Land mortgages pose a unique risk in the event of default in that the work-out period can be lengthy while the asset has no capacity to generate cash flow.
- *Reliance on Borrowers.* After the funding of an investment, we rely on borrowers to maintain adequate insurance and proper adherence to environmental regulations during the ongoing management of their properties.

OUTLOOK

We see very little change for the balance of 2015 to our investment approach and will continue to pay very close attention to the Alberta real estate and the housing market in general. For the balance of 2015, we anticipate that the Corporation will continue to exceed its stated objective of generating a return on its equity of 400 basis points over the average one year Government of Canada Treasury bill yields. We have exceeded this stated objective since going public.

During the balance of 2015 the Corporation intends to continue with its plan to: (i) seek out market niches that others are not focused on; and (ii) reach out to our deep pool of long standing repeat clients who are financially strong and can address economic market changes.

The overabundance of capital in the market has provided an environment where borrowers request loan structures that incorporate either too much risk exposure or too little return for the loan parameters. The Corporation will not lend in these situations and will instead look for safer transactions that will protect our Shareholders equity.

Condensed Interim Financial Statements of

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

For the Three and Six Months Ended June 30, 2015 and 2014 (unaudited)

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

The accompanying unaudited condensed interim financial statements of Firm Capital Mortgage Investment Corporation for the six months ended June 30, 2015 have been prepared by and are the responsibility of management. These unaudited condensed interim financial statements, together with the accompanying notes, have been reviewed and approved by members of Firm Capital Mortgage Investment Corporation's audit committee. In accordance with National Instrument 51 - 102, Firm Capital Mortgage Investment Corporation discloses that these unaudited condensed interim financial statements have not been reviewed by Firm Capital Mortgage Investment Corporation's auditors.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

Condensed Interim Balance Sheets

(in Canadian dollars)

As at	Jun. 30, 2015 (unaudited)	Dec. 31, 2014
Assets		
Amounts receivable and prepaid expenses (note 4)	$ 3,313,520	$ 2,446,717
Marketable securities (note 5)	1,767,235	2,221,756
Debenture portfolio investment	1,329,178	687,758
Investment portfolio (note 6)	394,009,555	339,505,051
Total assets	$ 400,419,488	$ 344,861,282
Liabilities		
Bank indebtedness (note 7)	$ 37,441,801	$ 14,664,178
Loan on debenture portfolio investment	901,191	331,800
Accounts payable and accrued liabilities	2,113,082	2,123,043
Unearned income	959,097	700,202
Shareholder dividend payable	1,581,498	2,258,174
Loans payable (note 8)	29,003,318	21,847,970
Convertible debentures (note 9)	117,926,751	93,746,796
Total liabilities	189,926,738	135,672,163
Shareholders' Equity		
Common shares	208,758,765	207,378,123
Equity component convertible debentures	2,061,000	1,960,000
Stock options	100,531	98,894
Contributed surplus	962	962
Deficit	(139,468)	(321,826)
Accumulated other comprehensive income (loss)	(289,040)	72,966
Total shareholders' equity	210,492,750	209,189,119
Commitments (note 6)		
Contingent liabilities (note 15)		
Total liabilities and shareholders' equity	$ 400,419,488	$ 344,861,282

See accompanying notes to unaudited condensed interim financial statements.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

Unaudited Condensed Interim Statements of Income

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
Interest and fees earned	$ 8,118,717	$ 7,521,122	$ 15,773,870	$ 15,197,114
	8,118,717	7,521,122	15,773,870	15,197,114
Corporation manager interest allocation (note 13)	708,134	632,144	1,352,258	1,235,047
Interest expense (note 14)	2,373,452	1,818,785	4,377,131	3,724,964
General and administrative expenses	236,697	269,568	396,182	466,875
	3,318,283	2,720,497	6,125,571	5,426,886
Income and profit for the period	$ 4,800,434	$ 4,800,625	$ 9,648,299	$ 9,770,228
Profit per share (note 11)				
Basic	$0.237	$0.239	$0.477	$0.492
Diluted	$0.231	$0.237	$0.453	$0.486

See accompanying notes to unaudited condensed interim financial statements.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

Unaudited Condensed Interim Statements of Comprehensive Income

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
Income and profit for the period	$ 4,800,434	$ 4,800,625	$ 9,648,299	$ 9,770,228
Other comprehensive income:				
Change in unrealized loss on marketable securities	(268,031)	--	(362,006)	-
Total comprehensive income for the period	$ 4,532,403	$ 4,800,625	$ 9,286,293	$ 9,770,228

See accompanying notes to unaudited condensed interim financial statements.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

(in Canadian dollars)

	Common shares	Equity component convertible debentures	Stock options	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Shareholders' equity
Balance at January 1, 2015	207,378,123	1,960,000	98,894	962	(321,826)	72,966	209,189,119
Proceeds from issuance of shares in new offering	980,000	-	-	-	-	-	980,000
Offering costs	(7,521)	-	-	-	-	-	(7,521)
Proceeds from issuance of shares from dividend reinvestment	408,163	-	-	-	-	-	408,163
Equity component of debentures issued during the year	-	101,000	1,637	-	-	-	102,637
Stock based compensation	-	-	-	-	-	-	-
Change in fair value of available for sale financial assets	-	-	-	-	-	(362,006)	(362,006)
Income and profit for the period	-	-	-	-	9,648,299	-	9,648,299
Dividends to shareholders	-	-	-	-	(9,465,941)	-	(9,465,941)
Balance at June 30, 2015	**208,758,765**	**2,061,000**	**100,531**	**962**	**(139,468)**	**(289,040)**	**210,492,750**
Shares issued and outstanding (note 10)	20,275,619						

	Common shares	Equity component convertible debentures	Stock options	Contributed surplus	Deficit	Adjusted other comprehensive income	Shareholders' equity
Balance at January 1, 2014	183,908,682	1,960,000	100,000	-	(321,826)	-	185,646,856
Proceeds from issuance of shares in new offering	23,655,500	-	-	-	-	-	23,655,500
Offering costs	(1,214,492)	-	-	-	-	-	(1,214,492)
Proceeds from issuance of shares from dividend reinvestment	174,518	-	-	-	-	-	174,518
Income and profit for the period	-	-	-	-	9,770,228	-	9,770,228
Dividends to shareholders	-	-	-	-	(9,399,219)	-	(9,399,219)
Balance at June 30, 2014	**206,524,208**	**1,960,000**	**100,000**	**-**	**49,183**	**-**	**208,633,391**
Shares issued and outstanding (note 10)	20,095,452						

See accompanying notes to unaudited condensed interim financial statements.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

Unaudited Condensed Interim Statements of Cash Flows

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	Jun. 30, 2015	Jun. 30, 2014	Jun. 30, 2015	Jun. 30, 2014
Cash provided by (used in):				
Operating activities:				
Income and profit for the period	$ 4,800,434	$ 4,800,625	$ 9,648,299	$ 9,770,228
Adjustments for:				
Financing costs (net of implicit interest rate and accrued interest)	2,101,155	1,587,466	3,872,596	3,265,058
Implicit interest rate in excess of coupon rate - convertible debentures	69,995	63,880	136,635	126,869
Deferred finance cost amortization - convertible debentures	202,302	167,439	367,900	333,037
Share-based compensation	1,637	--	1,637	-
Net change in non-cash operating items:				
Increase (decrease) in accrued interest payable	(719,455)	394,087	(298,287)	(4,373)
Decrease (increase) in amounts receivable and prepaid expenses	113,106	(496,749)	(866,803)	(525,978)
Increase (decrease) in accounts payable and accrued liabilities	391,751	482,792	(9,961)	154,620
Increase (decerase) in unearned income	144,825	21,791	258,895	(50,138)
Net cash flow from operating activities	7,105,750	7,021,331	$ 13,110,911	$ 13,069,323
Financing activities:				
Proceeds from issuance of shares in new offerings	--	--	980,000	23,655,500
Proceeds from issuance of shares from dividend reinvestment	398,912	170,015	408,163	174,518
Proceeds from convertible debenture issued	25,000,000	--	25,000,000	-
Debenture offering costs	(1,223,580)	--	(1,223,580)	-
Equity offering costs	--	--	(7,521)	(1,214,492)
Funding (repayment) of loans payable (net)	12,851,137	14,015,396	7,155,348	11,957,230
Funding of loan on debenture portfolio	13,351	6,739	569,391	54,262
Cash interest paid (note 14)	(1,381,700)	(1,981,553)	(3,574,309)	(3,260,685)
Dividends to shareholders paid during the period	(4,739,072)	(4,699,106)	(10,142,617)	(10,115,652)
Net cash flow from (used in) financing activities	30,919,048	7,511,491	$ 19,164,875	$ 21,250,681
Investing activities:				
Net purchases of marketable securities	92,515	--	92,515	-
Funding of debenture portfolio investment	--	(5,400)	(641,420)	(74,702)
Funding of investments portfolio	(122,626,715)	(84,575,988)	(212,973,372)	(145,865,847)
Discharging of investments portfolio	97,714,242	67,803,772	158,468,868	140,599,771
Net cash flow used in investing activities	(24,819,958)	(16,777,616)	$ (55,053,409)	$ (5,340,778)
Net decrease (increase) in bank indebtedness for the period	13,204,840	(2,244,794)	(22,777,623)	28,979,226
Bank indebtedness, beginning of period	(50,646,641)	(13,541,218)	(14,664,178)	(44,765,238)
Bank indebtedness, end of period	$ (37,441,801)	$ (15,786,012)	$ (37,441,801)	$ (15,786,012)
Cash flows from operating activities include:				
Interest received	$ 7,615,471	$ 6,347,080	$ 14,176,007	$ 13,821,461

See accompanying notes to unaudited condensed interim financial statements.

1. Organization of Corporation:

Firm Capital Mortgage Investment Corporation (the "Corporation"), through its mortgage banker, Firm Capital Corporation, is a non-bank lender providing primarily residential and commercial short-term bridge and conventional real estate financing, including construction, mezzanine and equity investments. The shares of the Corporation are listed on the Toronto Stock Exchange under the symbol "FC". The Corporation is a Canadian mortgage investment corporation and the registered office of the Corporation is 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5. FC Treasury Management Inc. is the Corporation's manager (the "Corporation Manager"). The Corporation was incorporated pursuant to the laws of the Province of Ontario on October 22, 2010.

2. Basis of presentation:

The unaudited condensed interim financial statements of the Corporation have been prepared by management in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The preparation of these unaudited condensed interim financial statements is based on accounting policies and practices in accordance with International Financial Reporting Standards ("IFRS"). The accompanying unaudited condensed interim financial statements should be read in conjunction with the notes to the Corporation's audited financial statements for the year ended December 31, 2014, since they do not contain all disclosures required by IFRS for annual financial statements. These unaudited condensed interim financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

These unaudited condensed interim financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through comprehensive income and financial instruments classified as available for sale, which are measured at fair value. These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

These unaudited condensed interim financial statements were approved by the Board of Directors on August 10, 2015.

3. Significant accounting policies:

The accounting policies applied by the Corporation in these unaudited condensed interim financial statements are the same as those applied by the Corporation in its financial statements for the year ended December 31, 2014.

Future changes in accounting policies:

(i) IFRS 15 Revenue from Contracts with Customers ("IFRS 15"):

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(ii) IFRS 9, Financial instruments ("IFRS 9"):

In July 2014, the IASB issued the complete IFRS 9, replacing IAS 39, Financial Instruments – Recognition and Measurement. IFRS 9 introduces new requirements for classification and measurement, impairment and general hedging. The standard becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(iii) Disclosure Initiative: Amendments to IAS 1 ("IAS 1"):

In December 2014 the IASB issued amendments to IAS 1 Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Corporation does not expect the amendments to have a material impact on the financial statements.

4. Amounts receivable and prepaid expenses:

The following is a breakdown of amounts receivable and prepaid expenses as at June 30, 2015 and December 31, 2014:

	Jun. 30, 2015	Dec. 31, 2014
Interest receivable	$ 2,470,160	$ 2,189,982
Prepaid expenses	109,438	98,551
Fees receivable	288,609	158,184
Special income receivable	445,313	-
Amounts receivable and prepaid expenses	$ 3,313,520	$ 2,446,717

5. Marketable securities:

The Corporation holds investments in real estate investment trust units which are classified as available for sale. The fair value of the units is based on the closing price of the units which are actively traded in the market place and any adjustments to fair value are reflected in the Statements of Comprehensive Income until the investments are disposed of or impaired, at which time the Corporation would record the change in fair value in the Statements of Income. The fair value of the units at June 30, 2015 is $1,767,235 (December 31, 2014 - $2,221,756). For the six months ended June 30, 2015 the Corporation recorded an unrealized loss of $362,006 (unrealized gain at December 31, 2014 - $72,966) with a corresponding change in other comprehensive income.

6. Investment portfolio:

The following is a breakdown of the investment portfolio as at June 30, 2015 and December 31, 2014:

	Jun. 30, 2015		Dec. 31, 2014	
Conventional first mortgages	$ 268,143,125	67.48%	$ 249,021,514	72.63%
Conventional non-first mortgages	39,008,967	9.82%	30,551,339	8.91%
Related investments	65,365,438	16.45%	48,313,224	14.09%
Discounted debt Investments	5,022,775	1.26%	4,903,900	1.43%
Non-conventional mortgages	19,829,250	4.99%	10,075,074	2.94%
Total investments (at cost)	$ 397,369,555	100.00%	$ 342,865,051	100.00%
Impairment provision	(3,360,000)		(3,360,000)	
Investment portfolio	$ 394,009,555		$ 339,505,051	

$44,207,274 of the mortgages within the Conventional first mortgage portfolio have first priority syndicate participations totalling $29,003,318 (recorded on the Corporation's balance sheet as loan payable). The Corporation's net investment in these mortgages is $15,203,956.

Conventional first mortgages are loans secured by a first priority mortgage charge with loan to values not exceeding 75%. Conventional non-first mortgages are loans with mortgage charges not registered in first priority with loan to values not exceeding 75%. Related investments are loans that may not necessarily be secured by a mortgage charge security. Discounted debt investments are loans purchased from arms-length third parties at a discount to their face value. Non-conventional mortgages are loans that in some cases have loan to values that exceed or may exceed 75% and are investments that are the source of all special profit participation earned by the Corporation.

The investment portfolio is stated at amortized cost. The impairment provision in the amount of $3,360,000 as at June 30, 2015, (December 31, 2014 - $3,360,000) represents the total amount of management's estimate of the shortfall between the investment principal balances and the estimated recoverable amount from the security under the loans.

The loans comprising the Investment portfolio bear interest at the weighted average rate of 8.02% per annum (December 31, 2014 - 8.29% per annum) and mature between 2015 and 2020.

The un-advanced funds under the existing investment portfolio (which are commitments of the Corporation) amounted to $102,128,329 as at June 30, 2015 (December 31, 2014 - $83,646,839).

Principal repayments based on contractual maturity dates are as follows:

Balance of 2015	$	106,168,402
2016		219,415,880
2017		65,229,915
2018		6,385,000
2019		-
2020		170,358
	$	397,369,555

Borrowers who have open loans have the option to repay principal at any time prior to the maturity date.

The Corporation enters into participation agreements with respect to certain mortgage investments from time to time, whereby the other participating investors take the senior position and the Corporation retains a subordinated position. Under these certain participation agreements, the Corporation has retained a residual portion of the credit and/or default risk as a result of holding the subordinated interest in the mortgage and has therefore not met the de-recognition criteria described in the notes to the annual financial statements.

The portion of such mortgage interests which have been transferred to other participating investors is included in investment portfolio and recorded as loans payable. Any interest and fees earned on the transferred participation interests and the related interest expense is recognized in income and profit.

As at June 30, 2015 the carrying value of the transferred participating interests in the Corporations investment portfolio and loans payable is $29,003,318 (December 31, 2014 - $21,847,970).

7. Bank indebtedness:

The Corporation has entered into credit arrangements, of which $37,441,801 has been drawn as at June 30, 2015 (December 31, 2014 - $14,664,178). Interest on bank indebtedness is predominantly charged at a formula rate that varies with bank prime and may have a component with a fixed interest rate established based on a formula linked to Bankers Acceptance rates. The credit arrangement comprises a revolving operating facililty, a component of which is a demand facility and a component of which has a committed term to September 30, 2015. Bank indebtedness is secured by a general security agreement. The credit agreement contains certain financial covenants that must be maintained. As at June 30, 2015 and December 31, 2014, the Corporation was in compliance with all financial covenants.

8. Loans payable:

First priority charges on specific mortgage investments have been granted as security for the loans payable. The loans mature on dates consistent with those of the underlying mortgages. The loans are on a non-recourse basis and bear interest at rates ranging from 4.25% to 5.1% as at June 30, 2015 (December 31, 2014 - 4.75% to 5.89%). The Corporation's principal balance outstanding under the mortgages for which a first priority charge has been granted is $44,207,274 as at June 30, 2015 (December 31, 2014 - $29,325,589).

The loans are repayable at the earlier of the contractual expiry date of the underlying mortgage investment and the date the underlying mortgage is repaid. Repayments based on contractual maturity dates are as follows:

Balance of 2015	$	-
2016		29,003,318
Thereafter		-
	$	29,003,318

9. Convertible debentures:

	Six Months Ended Jun. 30, 2015	Year Ended Dec. 31, 2014
Liability component, beginning of period	$ 93,746,796	$ 92,817,840
Issued	23,675,420	-
Implicit interest rate in excess of coupon rate	136,635	257,362
Deferred finance cost amortization	367,900	671,594
Principal balance, end of period	$ 117,926,751	$ 93,746,796

The breakdown of the convertible debentures for the six months ended June 30, 2015 presented in the above table is as follows:

Convertible debenture	**5.75%**	**5.40%**	**5.25%**	**4.75%**	**5.30%**	**TOTAL**
Principal balance, beginning of period	$ 30,748,803	$ 24,657,119	$ 19,462,971	$ 18,877,903	$ -	$ 93,746,796
Issued	-	-	-	-	23,675,420	23,675,420
Implicit interest rate in excess of coupon rate	17,102	41,450	47,402	28,273	2,408	136,635
Deferred finance cost amortization	104,852	86,016	66,722	75,446	34,864	367,900
Principal balance, end of period	$ 30,870,757	$ 24,784,585	$ 19,577,095	$ 18,981,622	$ 23,712,692	$ 117,926,751
Maturity Date	Oct 31, 2017	Feb 28, 2019	Mar 31, 2019	Mar 31, 2020	May 31, 2022	

The breakdown of the total debentures for the year ended December 31, 2014 presented in the above table is as follows:

Convertible debenture	**5.75%**	**5.40%**	**5.25%**	**4.75%**	**TOTAL**
Principal balance, beginning of year	$ 30,504,616	$ 24,404,258	$ 19,237,642	18,671,324	$ 92,817,840
Implicit interest rate in excess of coupon rate	32,743	79,403	90,780	54,436	257,362
Deferred finance cost amortization	211,444	173,458	134,549	152,143	671,594
Principal balance, end of period	$ 30,748,803	$ 24,657,119	$ 19,462,971	$ 18,877,903	$ 93,746,796
Maturity Date	Oct 31, 2017	Feb 28, 2019	Mar 31, 2019	Mar 31, 2020	

On April 17, 2015, the Corporation completed a public offering of 25,000 5.30% convertible unsecured subordinated debentures at a price of $1,000 per debenture for gross proceeds of $25,000,000. The debentures mature on May 31, 2022 and interest is paid semi-annually on May 31 and November 30. The debentures are convertible at the option of the holder at any time prior to the maturity date at a conversion price of $13.95. The debentures may not be redeemed by the Corporation prior to May 31, 2018. On or after May 31, 2018, but prior to May 31, 2019, the debentures are redeemable at a price equal to the principal, plus accrued and unpaid interest, at the Corporation's option on not more than 60 days' and not less than 30 days' notice, provided that the weighted average trading price of the shares on the Toronto Stock Exchange for the 20 consecutive trading days ending 5 trading days preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after May 31, 2019 and prior to the maturity date, the debentures are redeemable at a price equal to the principal amount plus accrued and unpaid interest, at the Corporation's option on not more than 60 days' and not less than 30 days' prior notice. On redemption or at maturity, the Corporation may, at its option, elect to satisfy its obligation to pay all or a portion of the principal of the debenture by issuing that number of shares of the Corporation obtained by dividing the principal amount being repaid by 95% of the weighted average trading price of the shares for the 20 consecutive trading days ending on the fifth day preceding the redemption or maturity date.

The convertible debentures were allocated into liability and equity components on the date of issuance as follows:

Liability	$ 24,899,000
Equity	101,000
Principal	$ 25,000,000

As at June 30, 2015, debentures payable bear interest at weighted average effective rate of 5.34% (December 31, 2014 - 5.35%) per annum. Notwithstanding the carrying value of the convertible debentures, the principal balance outstanding to the debenture holders is $122,666,000 as at June 30, 2015 (December 31, 2014 - $97,666,000).

10. Shareholders' equity:

The beneficial interest in the Corporation is represented by a single class of shares which are unlimited in number. Each share carries a single vote at any meeting of shareholders and carries the right to participate pro rata in any dividends.

(a) Shares issued and outstanding:

The following shares were issued and outstanding as at June 30, 2015:

	# of shares		Amount
Balance, beginning of period	20,162,266	$	207,378,123
New shares from equity offering	80,000		980,000
Equity offering costs			(7,521)
New shares issued during the period under Dividend Reinvestment Plan	33,353		408,163
Balance, end of period	20,275,619	$	208,758,765

The following shares were issued and outstanding as at December 31, 2014:

	# of shares		Amount
Balance, beginning of year	18,126,021	$	183,908,682
New shares from equity offering	1,955,000		23,655,500
Equity offering costs			(1,186,242)
Options exercised in the year	1,500		17,814
New shares issued during the year under Dividend Reinvestment Plan	79,745		982,369
Balance, end of year	20,162,266	$	207,378,123

In the first quarter of 2015, the Corporation completed a private placement of 80,000 shares at $12.25 per share. In the first quarter of 2014, the Corporation completed a public offering of 1,955,000 shares at $12.10 per share.

(b) Incentive option plan:

During the fourth quarter of 2013, the Corporation granted 1,040,000 options at an exercise price of $11.78 per share. These options fully vested upon granting.

During the second quarter of 2015, the Corporation granted 35,000 options at an exercise price of $12.21. These options fully vested upon granting.

As at June 30, 2015, of the 1,075,000 options granted, the total options excerised to date is 1,500 and the total amount options forfeited to date is 10,000.

Total options outstanding as at June 30, 2015 is 1,063,500 (December 31, 2014 - 1,028,500).

(c) Dividend reinvestment plan and direct share purchase plan:

The Corporation has a dividend reinvestment plan and direct share purchase plan for its shareholders which allows participants to reinvest their monthly cash dividends in additional shares of the Corporation at a share price equivalent to the weighted average price of shares for the preceding five-day period.

11. Per share amounts:

Profit per share calculation:

The following table reconcile the numerators and denominators of the basic and diluted profit per share for the quarter ended June 30, 2015 and 2014.

Basic profit per share calculation:

	Three months ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Numerator for basic profit per share:				
Net income and profit for the period	4,800,434	$ 4,800,625	$ 9,648,299	$ 9,770,228
Denominator for basic profit per share:				
Weighted average shares	20,258,287	20,083,964	20,214,707	19,863,962
Basic profit per share	$ 0.237	$ 0.239	$ 0.477	$ 0.492

Diluted profit per share calculation:

	Three months ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Numerator for diluted profit per share:				
Net income and profit for the period	$ 4,800,434	$ 4,800,625	$ 9,648,299	$ 9,770,228
Interest on convertible debentures	1,336,753	1,024,307	2,362,197	2,046,575
Net profit for diluted profit per share	$ 6,137,187	$ 5,824,932	$ 12,010,496	$ 11,816,803
Denominator for diluted profit per share:				
Weighted average shares	20,258,287	20,083,964	20,214,707	19,863,962
Net shares that would be issued:				
Assuming the proceeds from options are used to repurchase units at the average unit price	41,244	-	41,244	-
Assuming debentures are converted	6,235,649	4,443,533	6,235,649	4,443,533
Diluted weighted average shares	26,535,180	24,527,497	26,491,600	24,307,495
Diluted profit per share:	$ 0.231	$ 0.237	$ 0.453	$ 0.486

12. Dividends:

The Corporation intends to make dividend payments to the shareholders on a monthly basis on or about the 15th day of each month. The operating policies of the Corporation set out that the Corporation intends to distribute to shareholders within 90 days after the year end at least 100% of the net income of the Corporation determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

For the six months ended June 30, 2015, the Corporation recorded dividends of $9,465,941 (2014 - $9,399,219) to its shareholders. Dividends were $0.468 per share (2014 - $0.468 per share).

13. Related party transactions and balances:

The Corporation's Manager (a company related to officers and/or directors of the Corporation) receives an allocation of interest, referred to as Corporation Manager spread interest, calculated at 0.75% per annum of the Corporation's daily outstanding performing investment balances. For the six months ended June 30, 2015, this amount was $1,352,258 (2014 - $1,235,047) and for the three month period ending June 30, 2015 this amount was $708,134 (2014 - $632,144). Included in accounts payable and accrued liabilities at June 30, 2015 are amounts payable to the Corporation's Manager of $241,034 (December 31, 2014 - $215,420).

The total directors' fee paid for the six months ended June 30, 2015 was $91,500 (2014 - $81,750). The listing of the members of the board of directors is shown in the annual report. The key management personnel are also directors of the Corporation and receive compensation from the Corporation's Manager. The directors held 455,440 shares in the Corporation as at June 30, 2015.

The Mortgage Banker (a company related to officers and/or directors of the Corporation) receives certain fees from the borrowers as follows: loan servicing fees equal to 0.10% per annum on the principal amount of each of the Corporation's investments; 75% of all of the commitment and renewal fees generated from the Corporation's investments; and 25% of all of the special profit income generated from the non-conventional investments after the Corporation has yielded a 10% per annum return on its investments. Interest and fee income is net of the loan servicing fees paid to the Mortgage Banker of approximately $180,000 for the six months ended June 30, 2015 (2014 - $165,000). The Mortgage Banker also retains all overnight float interest and incidental fees and charges payable by borrowers on the Corporation's investments.

The Corporation's Management Agreement and Mortgage Banking Agreement contains provisions for the payment and termination fees to the Corporation Manager and Mortgage Banker in the event that the respective agreements are either terminated or not renewed.

Several of the Corporation's investments are shared with other investors of the Mortgage Banker, which may include members of management of the Mortgage Banker and/or Officers or directors of the Corporation. The Corporation ranks equally with other members of the syndicate as to receipt of principal and income.

Mortgage investments totalling $10,809,357 (December 31, 2014 - $10,684,581) were issued to borrowers controlled by certain directors of the Corporation. Each investment is dealt with in accordance with the Corporation's existing investment and operating policies and is personally guaranteed by the related directors.

Key management compensation:

Aggregate compensation paid to key management personnel (all being short term employee benefits) was $461,200 for the quarter ended June 30, 2015 (2014 - $340,269), all of which was paid by the Mortgage Banker and nothing by the Corporation.

14. Interest expense:

	Three months ended		Six Months Ended	
	Jun. 30, 2015	Jun. 30, 2014	Jun. 30, 2015	Jun. 30, 2014
Bank interest expense	$ 270,038	$ 173,473	$ 507,693	$ 405,731
Loans payable interest expense	253,339	108,171	481,303	247,684
Debenture interest expense	1,850,075	1,537,141	3,388,135	3,071,549
Interest expense	**$ 2,373,452**	**$ 1,818,785**	**$ 4,377,131**	**$ 3,724,964**
Deferred finance cost amortization - convertible debentures	(202,302)	(167,439)	(367,900)	(333,037)
Implicit interest rate in excess of coupon rate - convertible debentures	(69,995)	(63,880)	(136,635)	(126,869)
Change in accrued interest payable	(719,455)	394,087	(298,287)	(4,373)
Cash interest paid	**$ 1,381,700**	**$ 1,981,553**	**$ 3,574,309**	**$ 3,260,685**

15. Contingent liabilities:

The Corporation is involved in certain litigation arising out of the ordinary course of investing in loans. Although such matters cannot be predicted with certainty, management believes the claims are without merit and does not consider the Corporation's exposure to such litigation to have an impact on these financial statements.

16. Fair value:

The fair values of amounts receivable, bank indebtedness, accounts payable and accrued liabilities and shareholder dividend payable approximate their carrying values due to their short-term maturities.

The fair value of the investment portfolio approximates its carrying value as the majority of the loans are repayable in full at any time without penalty, and have floating interest rates. There is no quoted price in an active market for the mortgage and loan investments or mortgage syndication liabilities. The Corporation makes its determinations of fair value based or its assessment of the current lending market for mortgage and loan investments of same or similar terms. As a result the fair value of mortgage and loan investments is based on Level 3 of the fair value hierarchy.

The fair values of loans payable approximate their carrying values due to the fact that the majority of the loans are: (i) repayable in full, at any time upon the borrower under the underlying loan that secures the loan payable repaying their loan without penalty, and (ii) have floating interest rates linked to bank prime.

The fair value of convertible debentures, including their conversion option, has been determined based on the closing price of the debentures of the Corporation on the Toronto Stock Exchange for the respective date.

The fair value of marketable securities has been determined based on the closing price of the security of the respective listed entities on the Toronto Stock Exchange for the respective date.

The fair value of debenture portfolio investment has been determined based on the closing price of convertible debenture securities of the respective listed entities on the Toronto Stock Exchange for the respective date.

The fair value of loans on the debenture portfolio approximates its carrying value due to the fact that it is fully open for repayment and has a floating rate of interest.

The tables below present the fair values of the Corporation's financial instruments as at June 30, 2015 and December 31, 2014. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

June 30, 2015		Level 1	Level 2	Level 3		Total
Debenture portfolio investment	$	1,329,178	-	-	$	1,329,178
Marketable securities		1,767,235	-	-		1,767,235
Convertible debentures		123,061,628	-	-		123,061,628
	$	126,158,041	-	-	$	126,158,041

December 31, 2014		Level 1	Level 2	Level 3		Total
Debenture portfolio investment	$	687,758	-	-	$	687,758
Marketable securities		2,221,756				
Convertible debentures		97,287,525	-	-		97,287,525
	$	100,197,039	-	-	$	97,975,283

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

CORPORATE DIRECTORY

Firm Capital
MORTGAGE INVESTMENT CORPORATION

Board of Directors

Stanley Goldfarb, FCPA, FCA [1][2][3][4]
President
Goldfarb Management Services Limited

Morris Fischtein [1][2][3]
President
High City Holdings Limited

Anthony Heller [1][2][3]
President
Plazacorp Investments Limited

Larry Shulman, B. Comm., CPA, CA [1][2][3]
President
Rabbim Company Finance Inc.

Keith L. Ray, CPA, CA [1][3]
President
Realvest Management

Geoffrey Bledin [1][3]
Corporate Director

Eli Dadouch
President
Firm Capital Corporation

Jonathan Mair, CPA, CA
Vice-President, Mortgage Banking
and Chief Financial Officer
Firm Capital Corporation

Edward Gilbert, CPA, CA
Director, Mortgage Investments
Firm Capital Corporation

Officers & Senior Management

Eli Dadouch
President and
Chief Executive Officer

Jonathan Mair, CPA, CA
Senior Vice-President and
Chief Financial Officer

Joseph Fried
Secretary &
General Counsel

Sandy Poklar, CPA, CA
Chief Operating Officer

Victoria Granovski, MFin
Manager, Credit and
Equity Capital

(1) Member of the Investment Committee
(2) Member of the Audit Committee
(3) Independent Directors
(4) Chairman of the Board, Investment Committee and Audit Committee

Mortgage Banker

Firm Capital Corporation
www.firmcapital.com

Corporation Manager

FC Treasury Management Inc.

Registered Office

Firm Capital Mortgage
Investment Corporation
163 Cartwright Avenue
Toronto, Ontario
M6A 1V5
Telephone: 416-635-0221
Fax: 416-635-1713
Email: mortgages@firmcapital.com

Auditors

KPMG LLP

Transfer Agent

Computershare Trust Company of Canada

Legal Counsel

Stikeman Elliott LLP

Stock Exchange Listing

Shares Listed
TSX Symbol: **FC**

Debentures Listed
TSX Symbol: **FC.DB, FC.DB.A, FC.DB.B, FC.DB.C, FC.DB.D**

Plan Eligibility

RRSP RRIF DPSP TFSA

Shareholder Dividend Reinvestment Plan

Firm Capital Mortgage Investment Corporation is offering Canadian Shareholders of the Corporation, an opportunity to increase their holdings by participating in the Corporation's Shareholder Dividend Reinvestment Plan.

If you are a Shareholder and would like to enroll or would like further information about the Plan, please contact Firm Capital Mortgage Investment Corporation, Attention: Sandy Poklar - Chief Operating Officer
Telephone
(416) 635-0221