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FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 29, 2015

AND

MANAGEMENT INFORMATION CIRCULAR

May 28, 2015



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 29, 2015**

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Shareholders (the “**Meeting**”) of Firm Capital Mortgage Investment Corporation (the “**Corporation**”) will be held at the Park Hyatt Toronto, 4 Avenue Road, Toronto, Ontario on Thursday, June 29, 2015 at 12:30 p.m. (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the year ended December 31, 2014 together with the Auditor’s Report to Shareholders thereon;
2. to elect the directors of the Corporation;
3. to re-appoint the auditor of the Corporation and authorize the directors to fix its remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The board of directors of the Corporation has fixed May 20, 2015 as the record date for determining shareholders of the Corporation who are entitled to receive notice of and to vote at the Meeting. Only shareholders of record of the Corporation on May 20, 2015 are entitled to receive notice of the Meeting and to attend and vote at the Meeting. This notice of the Meeting (the “**Notice**”) is accompanied by the Circular and a form of proxy. The specific details of the matters to be put before the Meeting as identified above are set forth in the Circular accompanying and forming part of this Notice. This Notice and Circular have been sent to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting, and the auditor of the Corporation.

Registered holders of the Corporation’s common shares who are unable to attend the Meeting in person are requested to complete, date, sign and deposit the enclosed form of proxy with the Corporation, **c/o Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 (fax: 416-263-9524)**, prior to 12:30 p.m. (Toronto time) on June 25, 2015, or, if the Meeting is adjourned or postponed, 48 hours prior to the start of such adjourned or postponed meeting. Non-registered holders of the Corporation’s common shares should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein. Failure to do so may result in your common shares of the Corporation not being voted at the Meeting.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and should be reviewed carefully by shareholders of the Corporation. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by the Corporation before the Meeting or by the Chair at the Meeting.

DATED at Toronto, this 28th day of May, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

“Eli Dadouch”
President and Chief Executive Officer



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

MANAGEMENT INFORMATION CIRCULAR

THE MEETING

Date, Time and Place of the Annual Meeting

The Annual Meeting of Shareholders (the “**Meeting**”) of Firm Capital Mortgage Investment Corporation (the “**Corporation**”) will be held at the Park Hyatt Toronto, 4 Avenue Road, Toronto, Ontario on Thursday, June 29, 2015 at 12:30 p.m. (Toronto time).

Record Date

The record date for determining persons entitled to receive notice of and vote at the Meeting is May 20, 2015. Shareholders of record as at the close of business on such date will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Management Information Circular (the “**Circular**”).

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Corporation for use at the Meeting to be held at the time and place and for the purposes set forth in the attached notice of meeting (the “Notice”) and any adjournment or postponement thereof for the purposes set forth in the Notice. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by the Corporation’s employees. The costs of solicitation will be borne by the Corporation. The information contained herein is given as at May 28, 2015 except where otherwise indicated.

APPOINTMENT AND REVOCATION OF PROXIES

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the holder (the “**Shareholder**”) of common shares of the Corporation (the “**Shares**”) or the attorney of such Shareholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Corporation’s transfer agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or with the Corporation’s President and Chief Executive Officer at its office at 163 Cartwright Avenue, Toronto, Ontario M6A 1V5, prior to 12:30 p.m. (Toronto time) on June 25, 2015, or, if the Meeting is adjourned or postponed, 48 hours prior to the start of such adjourned or postponed meeting.

The persons named in the enclosed form of proxy are directors or officers of the Corporation.

A REGISTERED SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM, HER OR IT AND ON HIS, HER OR ITS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED FORM OF PROXY TO THE CORPORATION, C/O COMPUTERSHARE TRUST COMPANY OF CANADA, PROXY DEPARTMENT, 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO,

M5J 2Y1 (FAX: 416-263-9524), AT ANY TIME PRIOR TO 12:30 P.M. (TORONTO TIME) ON THE 25th DAY OF JUNE, 2015.

If you have given a proxy pursuant to this solicitation you may revoke it as to any matter on which a vote has not already been cast pursuant to its authority, either (i) by instrument in writing executed by you or by your attorney authorized in writing and deposited either (y) at the Corporation's head office on or before the second business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or (z) with the Chairman of the Meeting on the day of the Meeting (but prior to the commencement thereof) or any adjournment or postponement thereof, or (ii) in any other manner permitted by law.

If your Shares are held in the name of a nominee (such as a bank, trust company or securities broker), the nominee will seek your instructions as to how to vote the Shares and you should follow the voting instructions provided by the nominee.

EXERCISE OF DISCRETION BY PROXIES

The Shares represented by any proxy received by management will be voted or withheld from voting by the persons named in the enclosed form of proxy in accordance with the direction of the Shareholder appointing them. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares represented by such Shareholder's proxy will be voted accordingly. **In the absence of any direction to the contrary, it is intended that the Shares represented by proxies received by management will be voted on any ballot "for": (i) the election of the directors referred to in this Circular; (ii) the re-appointment of the Corporation's auditor with its remuneration to be fixed by the directors.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice but which may properly come before the Meeting or any adjournment or postponement thereof, and with respect to amendments or variations of matters identified in the Notice. As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such other manner as such persons then consider proper.

AUTHORIZED CAPITAL, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation's authorized capital consists of an unlimited number of Shares. As at May 1, 2015, 20,251,174 Shares were issued and outstanding.

Shareholders are entitled to one vote in respect of each matter to be voted upon at the Meeting for each Share registered in their name as at the close of business on May 20, 2015, even if a Shareholder disposes of their Shares after that date, and no Shareholder becoming such after that date shall be entitled to vote at the Meeting.

To the knowledge of the Corporation's directors and officers, based upon searches of the public record conducted on May 28, 2015, there is no beneficial owner of, nor any person who exercises control or direction over, Shares carrying more than 10% of the votes attached to the Corporation's outstanding Shares.

QUORUM

The quorum at the Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a Shareholder or a proxy holder representing a Shareholder and who together hold or represent by proxy not less than 5% of the total number of outstanding Shares.

MATTERS REQUIRING SHAREHOLDER APPROVAL

Election of Directors

The Corporation's articles of incorporation provide that there shall be no fewer than three and no more than twelve directors, with the actual number of directors within that range to be determined from time to time by the Shareholders or by the directors. Presently, the Corporation has nine directors. Three of the directors (the "**Non-Independent Directors**"), namely, Eli Dadouch, Jonathan Mair and Edward Gilbert, are nominated by FC Treasury Management Inc. (the "**Corporation Manager**"), while the remaining directors (the "**Independent Directors**") are nominated by management. All directors elected by the Shareholders will hold office until the close of business of the next annual meeting of Shareholders. The terms of all of the current directors expire at the close of the Meeting.

It is the intention of the persons named in the enclosed form of proxy for use at the Meeting (in the event that authority is not withheld) to vote in favour of the election of Geoffrey Bledin, Eli Dadouch, Morris Fischtein, Edward Gilbert, Stanley Goldfarb, Anthony Heller, Lawrence Shulman, Jonathan Mair and Keith Ray as directors, to hold office until the close of the annual meeting of Shareholders in 2016 or until their successors are duly elected or appointed. Management does not contemplate that any of such nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend unless the Shareholder has specified in the form of proxy that its Shares are to be withheld from voting in the election of directors.

The following table sets forth the names of the persons proposed by management and the Corporation Manager to be nominated for election as directors, their respective positions and offices currently held with the Corporation, their respective principal occupation or employment, the year each nominee became a director of the Corporation, and the approximate number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them at the date of this Circular.

Name and Municipality of Residence	Office	Principal Occupation	Year First became a Director of the Corporation or Trustee of the Trust	Number of Shares of the Corporation Beneficially Owned or Over Which Control or Direction is Exercised ⁽⁴⁾
GEOFFREY BLEDDIN ⁽¹⁾ Antigua, West Indies	Director	Corporate Director, Trustee of Firm Capital Property Trust (a publicly traded REIT)	2008	-
ELI DADOUCH Toronto, Ontario, Canada	Chief Executive Officer, President and a Director	President of Firm Capital Corporation, the Corporation Manager, and Firm Capital Properties Inc. (a property management company); President and a director of Firm Capital Mortgage Investors Corp. (a mortgage investment company), Vice Chair & Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded REIT)	1999	229,877 ⁽⁵⁾
MORRIS FISCHTEIN ⁽¹⁾⁽²⁾⁽⁶⁾ Toronto, Ontario, Canada	Director	President of High City Holdings (a construction, development and property management company)	2000	-
EDWARD A. GILBERT, CPA, CA.. Toronto, Ontario, Canada	Director	Trustee of H&R Real Estate Investment Trust (a real estate investment trust); Chief Operating Officer and a director of Firm Capital Mortgage Investors Corp. (a mortgage investment company)	1999	73,610 ⁽⁵⁾

Name and Municipality of Residence	Office	Principal Occupation	Year First became a Director of the Corporation or Trustee of the Trust	Number of Shares of the Corporation Beneficially Owned or Over Which Control or Direction is Exercised ⁽⁴⁾
STANLEY GOLDFARB, FCPA, FCA ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Chairman of the Board of Directors and a Director	Chief Executive Officer of Goldfarb Management Services Limited (a private investment management company); director of Consolidated HCI Holdings Corporation (a real estate and development company) and The Goldfarb Corporation (an investment holding company); Chairman of Firm Capital Property Trust (a publicly traded REIT)	1999	47,000
ANTHONY HELLER ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Director	President of Plazacorp Investments Limited (a real estate development company)	1999	900
JONATHAN MAIR, CPA,CA Toronto, Ontario, Canada	Chief Financial Officer, Senior Vice-President and a Director	Chief Financial Officer and Senior Vice-President of the Corporation Manager; Trustee and Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded REIT)	1999	54,000 ⁽⁵⁾
KEITH RAY, CPA,CA ⁽¹⁾ Toronto, Ontario, Canada	Director	CEO of Realvest Management (a company that manages real estate related investments) a director of Delavaco Residential Properties Corp. (a company involved in residential property rentals, listed on TSX-V) and Cliffside Capital Ltd (CPC listed on TSX-V)	2014	54,553
LAWRENCE SHULMAN, B.COMM., CPA,CA ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada	Director	Investment manager and financial advisor; Trustee for Firm Capital Property Trust (a publicly traded REIT)	2006	17,500

Notes:

- (1) Member of the Investment Committee
- (2) Member of the Audit Committee
- (3) Chairman of the Investment Committee and the Audit Committee
- (4) Individual directors have furnished information as to Shares beneficially owned by them, directly or indirectly, or over which they exercise control or direction.
- (5) A portion of these Shares are beneficially owned by the Corporation Manager. See "Compensation Discussion and Analysis".
- (6) Morris Fischtein is a director and officer of both Pinetree Resorts Inc. and 1212360 Ontario Inc. On April 29, 2013 both Pinetree Resorts Inc. and 1212360 Ontario Inc. entered receivership

UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE FOR THE ABOVE NOMINEES.

Re-Appointment of Auditor

At the Meeting, Shareholders will be asked to approve a resolution re-appointing KPMG LLP Chartered Accountants as auditors for the Corporation, and to authorize the directors to fix their remuneration. KPMG LLP Chartered Accountants have acted as the Corporation's auditors since their appointment in December 2002. For the fiscal year ended December 31, 2014, KPMG LLP Chartered Accountants was paid approximately \$73,000 in audit and audit related fees. The ordinary resolution must be passed by at least the majority of the votes cast at the Meeting by all Shareholders who vote in respect thereof in person or by proxy. **The directors recommend that Shareholders vote in favour of the re-appointment of KPMG LLP Chartered Accountants.**

UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY WILL VOTE FOR THE RE-APPOINTMENT OF KPMG LLP CHARTERED ACCOUNTANTS AS AUDITORS OF THE CORPORATION, AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

None of the Corporation's executive officers, including Eli Dadouch, the Chief Executive Officer and President, Jonathan Mair, the Senior Vice-President and the Chief Operating Officer, Sandy Poklar, received compensation from or were employed by the Corporation in the fiscal year ended December 31, 2014. Pursuant to the Corporation Management Agreement, the Corporation Manager is entitled to receive an annual amount of spread interest income equal to 0.75% of the Corporation's invested and performing mortgages. For the years ended December 31, 2014, 2013 and 2012, the Corporation Manager received spread interest income equal to \$2,586,438, \$2,268,228, and \$2,138,032, respectively. From January 1, 2015 to May 1, 2015, the Corporation Manager has received spread interest income equal to \$867,552. Eli Dadouch, Jonathan Mair, Edward Gilbert and Joseph Fried, each of whom is a director and/or officer of the Corporation, are also directors, officers and/or are related to entities that directly or indirectly own an interest in the Corporation Manager, and a portion of the spread interest income is received by entities related to these individuals in connection with such entities' ownership interest (and not in their capacity as directors, officers and/or employees of the Corporation Manager). In the last three fiscal years, entities related to Eli Dadouch, Jonathan Mair, Edward Gilbert, and Joseph Fried received the following amounts in respect of such entities' ownership interest in the Corporation Manager (and also, in the case of payments received by entities related to Eli Dadouch, in respect of the reimbursement of such entities for costs they incurred on behalf of the Corporation Manager): in 2014 they received \$1,422,130, \$300,000, \$24,500, and \$0, respectively; in 2013 they received \$1,087,516, \$290,000, \$24,500 and \$0, respectively; and in 2012 they received \$939,230, \$170,000, \$144,875 and \$20,000, respectively. As none of Eli Dadouch, Jonathan Mair, Edward Gilbert or Joseph Fried owns a direct interest in the Corporation Manager, these individuals may receive only a part of, or none of, the amounts received by the entities related to them. Also, due to the fact that the Corporation has a different fiscal year end than the Corporation Manager, certain of the spread interest income earned by the Corporation Manager is not distributed by the Corporation Manager during its fiscal year.

As a result of the Corporation's arrangements with the Corporation Manager, the Corporation does not employ any individuals (and has no employment contracts with any individuals) other than the Corporation's Credit Manager, Victoria Granovski. The Credit Manager, being the Corporation's sole employee, is charged with ensuring compliance with the Corporation's investment and operating policies established from time to time by the board of directors, and reports directly to the Chairman of the board of directors (who is an Independent Director). As such, the directors have determined that the Corporation does not require a compensation committee. Instead, the entire board of directors is responsible for compensation matters, to the extent applicable.

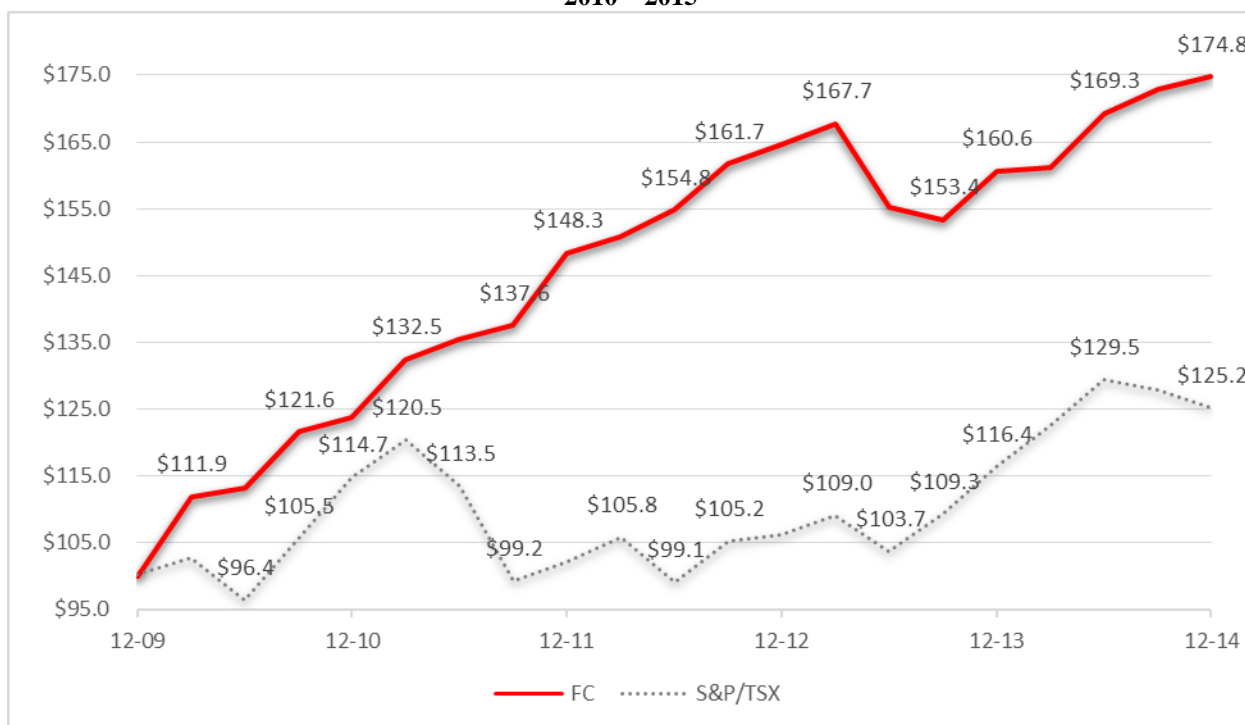
Joseph Fried (Ontario) and Michael Warner (Ontario) each own, directly or indirectly, at least 10% of the Corporation Manager and are therefore "informed persons" for the purposes of Item 13 of Form 51-102F5. Since the start of the Corporation's most recently completed financial year, neither Mr. Fried nor Mr. Warner have any

indebtedness to the Corporation nor have they conducted any transactions with the Corporation other than as disclosed above with respect to the Corporation Management Agreement.

Share Performance Graph

The following graph compares the total cumulative Shareholder return for \$100 invested in Shares with the cumulative total return of the S&P/TSX Composite Total Return Index during the Corporation’s five most recently completed financial years. During the period, the total cumulative Shareholder return for \$100 invested in Shares was \$174.76, as compared to \$125.15 for the S&P/TSX Composite Total Return Index.

**Five-Year Cumulative Total Return on \$100 Investment Assuming Distributions are Re-invested
2010 – 2015**



Option-Based Awards

The Stock Option Plan provides for the grant of options to purchase Shares to eligible service providers of the Corporation, including the Corporation’s directors, officers, and employees, and the directors, officers and employees of the Corporation Manager and of the Mortgage Banker. The Stock Option Plan currently permits a maximum of 2,025,117 Shares to be issued to holders of options granted thereunder. On November 11, 2013, the Corporation granted 1,040,000 options at an exercise price of \$11.78 per Share. These options were fully vested upon granting. Previous grants of options under the Stock Option Plan are taken into account when considering new grants. During 2014, 10,000 options were cancelled and 1,500 options were exercised. On April 6th, 2015 35,000 additional options were issued to Keith Ray at a price of \$12.21 per Share. As of May 1st, 2015 1,063,500 options are outstanding. Accordingly, as of May 1, 2015 961,617 options are available to be issued under the Stock Option Plan.

The maximum number of Shares that may be issued pursuant to options granted under the Stock Option Plan is equal to 10% of the number of Shares outstanding at the time of grant. Given that the Stock Option Plan does not have a fixed maximum number of Shares issuable thereunder, it has to be re-approved by Shareholders every three years from the date of the meeting of Shareholders at which it was last approved.

The number of Shares issuable to insiders at any time pursuant to the Stock Option Plan and any other security based compensation arrangement cannot exceed, in aggregate, 10% of the Shares then issued and outstanding. In addition, the number of Shares issued to insiders within any one year period pursuant to the Stock Option Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Shares. Finally, the number of Shares issuable under the Stock Option Plan to non-employee directors of the Corporation cannot exceed 5% of the issued and outstanding Shares.

The price at which Shares may be subscribed for pursuant to any option granted under the Stock Option Plan shall not be less than the Market Price. For the purposes of the Stock Option Plan, “**Market Price**” shall mean: (i) the volume weighted average trading price for the Shares during the five trading days on the Toronto Stock Exchange (“**TSX**”) prior to the applicable date of grant, or (ii) if the Shares are not listed on the TSX or are suspended from trading thereon, the market price shall be (y) the price per share determined in accordance with the rules and regulations of any other stock exchange or over-the-counter trading system upon which the Shares may then be listed and traded, or (z) if (y) is not applicable, the fair market value of the Shares as determined by the board of directors in its sole discretion shall be used for the purpose of determining the Market Price.

Unless limited by the terms of the Stock Option Plan or any regulatory or stock exchange requirement, the board of directors shall have full and final authority to determine the terms and conditions attached to any grant of options to an eligible participant (an “**Optionee**”), including when such options shall become vested and exercisable. The Optionee may then exercise any vested options, in whole or in part, at any time not later than the tenth anniversary of the date of grant or such earlier date fixed by the board of directors (the “**Expiry Date**”), and all unexercised options shall expire and terminate following such Expiry Date. The Stock Option Plan provides that, if the Expiry Date occurs during a black-out period, then the options shall remain exercisable until the period ending up to two trading days after the end of such black-out period, notwithstanding the natural expiry of its term, except that in no event may such exercise occur more than ten years after the initial grant date of the options.

None of the Optionees shall receive any loan or other financial assistance to facilitate the exercise of options.

In the event of the death of an Optionee, vested options held by such Optionee may be exercised by the personal representatives of the Optionee until the earlier of one year from the date of death or the Expiry Date of such options, following which the options will terminate.

In the event that any Optionee shall cease to be an eligible participant for any reason, other than for cause or death, he or she may exercise any options issued under the Stock Option Plan that are then exercisable, but only within the period that is three months from the date that he or she ceases to be an eligible participant. However, the board of directors of the Corporation may, in its discretion, amend the terms of any options held by such Optionee to permit such Optionee to exercise any or all such options as if such Optionee’s employment had not been terminated.

In the event that an Optionee ceases to be an eligible participant because of termination for cause, the options of the Optionee not exercised at such time shall immediately be cancelled on the date of such termination and be of no further force or effect whatsoever, notwithstanding anything to the contrary in the Stock Option Plan. Likewise, if any Optionee shall cease to be an eligible participant for any reason other than as already provided for, the options of the Optionee not exercised at such time shall immediately be cancelled and be of no further force or effect whatsoever.

Notwithstanding the foregoing, the board of directors always retains the discretion to permit the exercise of any or all options held by an Optionee in the manner and on the terms it authorizes, provided it shall not authorize the exercise of an option after its Expiry Date.

The Optionee’s rights with respect to an option granted under the Stock Option Plan are not assignable or transferable by the Optionee or capable of being the subject of any other alienation, sale, pledge, hypothec or other encumbrance by an Optionee, other than a transfer to the Optionee’s legal personal representative(s) by will or by law and other than a transfer to an Optionee’s registered retirement savings plan (“**RRSP**”) or registered retirement income fund (“**RRIF**”), provided that the Optionee is, during the Optionee’s lifetime, the sole beneficiary of such RRSP or RRIF.

If at any time an option granted under the Stock Option Plan remains unexercised with respect to any Shares and: (i) a *bona fide* offer to purchase all of the issued Shares is made by a third party; (ii) the Corporation proposes to sell all or substantially all of its assets and undertaking; (iii) the Corporation proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its Shareholders, or the termination of the corporate existence of the Corporation; or (iv) the Corporation proposes an arrangement as a result of which all of the outstanding Shares of the Corporation would be acquired by a third party, then the Corporation shall use its best efforts to bring such offer or proposal to the attention of the Optionees as soon as practicable. All or any of the Shares subject to an option granted under the Stock Option Plan may be exercised, whether or not vested, by the Optionee at any time up to and including a date 60 days following the date of the completion of such transaction or prior to the close of business on the Expiry Date of the option, whichever is the earlier, or, if a longer period is provided for in a written agreement between an Optionee and the Corporation, the period provided for in the agreement shall apply provided that such period does not exceed one year. The Corporation may also, by resolution of the board of directors, require the acceleration of the time for the exercise of said option and of the time for the fulfillment of any conditions or restrictions on such exercise, and all such changes shall be final and binding on all options granted to Optionees under the Stock Option Plan.

The board of directors of the Corporation may, at any time and from time to time, amend, suspend or terminate the Stock Option Plan, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange, and may not materially prejudice the rights of any Optionee under any option previously granted to the Optionee without the consent or deemed consent of the Optionee.

Without limiting the generality of the provisions of the Stock Option Plan, the board of directors of the Corporation may, without the approval of the holders of the outstanding Shares, make amendments to the Stock Option Plan for any of the following purposes:

- changing the terms related to the vesting of options as provided in Section 7(c) thereof;
- changing the terms related to the termination of options upon the cessation of provision of services as provided in Section 8 thereof;
- making provisions for any form of financial assistance by the Corporation for the acquisition of Shares by an Optionee;
- making any addition to, deletion from or alteration of the provisions of the Stock Option Plan that are necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange;
- changing the provisions relating to the administration of the Stock Option Plan; and
- making any other amendment under applicable laws or the rules of the TSX, including amendments of a “clerical” or “housekeeping” nature.

Notwithstanding any other term or condition of the Stock Option Plan, none of the following amendments may be made to the Stock Option Plan without first obtaining the approval of the holders of the outstanding Shares:

- an increase in the maximum number of Shares which may be issued under the Stock Option Plan or a change in the percentage of Shares issuable thereunder;
- removing or exceeding the insider participation limits;
- changing the terms related to the pricing of options as provided in Section 6 of the Stock Option Plan;
- changing the amendment and termination provisions of the Stock Option Plan as provided in Section 11 thereof;
- changing the definition of Eligible Participant in the Stock Option Plan;

- making any amendments to the transferability of options as provided in Section 10 of the Stock Option Plan;
- changing the exercise price of any option issued under the Stock Option Plan where such amendment would reduce the exercise price of such option; or
- changing the term of any option issued under the Stock Option Plan where such amendment would extend the term of such option (provided in all cases that any such extension shall not exceed the ten year term provided for in Subsection 7(b) of the Stock Option Plan).

Summary Compensation Table

The following table provides a summary of compensation earned during the fiscal years ended December 31, 2014, 2013 and 2012 by the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of the Corporation (collectively, the “Named Executive Officers”).

Name and Principal Position	Fiscal Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards ⁽⁵⁾ (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽¹⁾⁽⁴⁾ (\$)	Total Compensation (\$)
					Bonus/Annual Incentive Plan (\$)	Long-term Incentive Plans (\$)			
ELI DADOUCH, Chief Executive Officer and President ⁽²⁾	2014	N/A	N/A	N/A	N/A	N/A	N/A	1,422,130	1,422,130
	2013	N/A	N/A	39,398	N/A	N/A	N/A	1,087,516	1,126,914
	2012	N/A	N/A	N/A	N/A	N/A	N/A	939,230	939,230
JONATHAN MAIR, Chief Financial Officer and Senior Vice-President ⁽²⁾	2014	N/A	N/A	N/A	N/A	N/A	N/A	300,000	300,000
	2013	N/A	N/A	17,510	N/A	N/A	N/A	290,000	307,510
	2012	N/A	N/A	N/A	N/A	N/A	N/A	170,000	170,000
SANDY POKLAR, Chief Operating Officer ⁽³⁾	2014	N/A	N/A	N/A	N/A	N/A	N/A	50,000	50,000
	2013	N/A	N/A	4,378	N/A	N/A	N/A	50,000	54,378

Notes:

- (1) Refers to amounts received by entities related to the Named Executive Officers in connection with the Corporation Manager but does not include any amounts received from the Mortgage Banker. See “Compensation Discussion and Analysis”.
- (2) The Named Executive Officers do not receive any compensation for acting as Non-Independent Directors. See “Director Compensation”.
- (3) Sandy Poklar was appointed Chief Operating Officer of the Corporation on May 7, 2013.
- (4) Includes payments received by entities related to Eli Dadouch, which include the reimbursement for costs incurred on behalf of the Corporation Manager. As none of Eli Dadouch or Jonathan Mair owns a direct interest in the Corporation Manager, these individuals may receive only a part of, or none of, the amounts received by the entities related to them. Also, due to the fact that the Corporation has a different fiscal year end than the Corporation Manager, certain of the spread interest income earned by the Corporation Manager is not distributed by the Corporation Manager during its fiscal year.
- (5) Fair value of these options was determined using the Black-Scholes option pricing model assuming ten years average expected option holding period, 12.04% average expected volatility rate, 8.31% average dividend yield and 3.01% average risk-free rate.

Incentive Plan Awards

The table below sets forth information related to options held by the Named Executive Officers as at the end of the Corporation's most recently completed financial year. The Corporation has no executive officers who received total salary and bonus in excess of \$150,000 during the Corporation's most recently completed financial year. No share based awards were awarded to any of the Corporation's officers in 2014.

Name	Option-based Awards				Share-based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of Shares that have not Vested (\$)	Market or Payout Value of Share-based Awards that have not Vested (\$)
Eli Dadouch	405,000	\$11.78	Nov 11, 2023	53,838	N/A	N/A
Jonathan Mair	180,000	\$11.78	Nov 11, 2023	23,928	N/A	N/A
Sandy Poklar	45,000	\$11.78	Nov 11, 2023	5,982	N/A	N/A

The following table provides a summary of the value vested or earned for incentive plan awards for each Named Executive Officer during the Corporation's most recently completed financial year.

Name and Principal Position	Option-based Awards – Value Vested during the Year (\$)	Share-based Awards – Value Vested during the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year (\$)
Eli Dadouch	0	0	0
Jonathan Mair	0	0	0
Sandy Poklar	0	0	0

Although the Corporation has no formal compensation arrangements in place with the Corporation's officers and, in particular, the Named Executive Officers, the Corporation may provide a long-term incentive by granting options pursuant to the Stock Option Plan. The options granted permit certain key individuals, including the Corporation's directors and the Named Executive Officers, to acquire Shares at an exercise price equal to the market price of such Shares under option at the date the option is granted. The objective of granting options is to encourage directors and executives to acquire an ownership interest in the Corporation over a period of time, which acts as a financial incentive for such persons to consider the Corporation's long-term interests and those of the Shareholders.

Hedging and Compensation Risk

The Named Executive Officers and directors of the Corporation are not formally prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of Shares, including Shares granted as or underlying Share-based compensation or otherwise held directly or indirectly by a Named Executive Officer or a director.

In light of the Corporation's arrangement with the Corporation Manager, the board of directors does not believe it to be necessary to formally consider the implications of the risks associated with the Corporation's compensation policies and practices.

Termination and Change of Control Benefits

The Corporation Management Agreement provides that upon the agreement being terminated by the Corporation other than for cause (including, without limitation, if the Corporation's activities are not carried on in the normal course consistent with past practice or if the Corporation proposes to distribute its capital (other than ordinary distributions of capital which are consistent with past practice and that portion of the distributions, if any, in connection with the amortization of the Corporation's initial public offering costs) or upon a breach by the Corporation of the Corporation Management Agreement, the Corporation will be required to pay the Corporation Manager any amounts which would have been earned by the Corporation Manager under the Corporation Management Agreement for the duration of the term of the agreement (including notice periods), based on the amounts to which the Corporation Manager was entitled during the four most recently completed fully operational quarters immediately prior to the occurrence of the termination or breach. If the Corporation Management Agreement was terminated by the Corporation other than for cause as of December 31, 2014, it is estimated that the Corporation would be required to pay the Corporation Manager approximately \$25 million. In lieu of termination of the Corporation Management Agreement other than for cause as set out above, at the option of the Corporation Manager, it may cause the Corporation to acquire the Corporation Management Agreement for a purchase price equal to the amount that the Corporation Manager would have received had the agreement been terminated other than for cause. The Corporation Manager will have the option to take payments for the amounts payable on termination or breach in cash, interests in mortgages or any combination thereof, and to obtain a security interest in the Corporation's property and assets in respect of such obligations.

The Mortgage Banking Agreement provides that upon the agreement being terminated by the Corporation other than for cause or upon a breach by the Corporation of the agreement, the Corporation will be required to pay the Mortgage Banker an amount equal to a termination fee of approximately \$6.9 million, plus any other amounts which would have been earned by the Mortgage Banker under the agreement in respect of the then-remaining portion of the term of the agreement, which, as of the date of this Circular, is estimated to be approximately \$52.5 million.

Director Compensation

The following table shows the fee amounts earned by individual non-employee and non-executive directors in respect of their membership on the board of directors and its committees for the fiscal year ended December 31, 2014.

Name	Annual Fee (\$)	Share-based Award (\$)	Option-based Award (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	Total Fees Earned (\$)
Geoffrey Bledin	19,500	0	0	0	0	19,500
Morris Fischtein	20,500	0	0	0	0	20,500
Edward Gilbert	0	0	0	0	0	0
Stanley Goldfarb	82,500	0	0	0	0	82,500
Anthony Heller	20,500	0	0	0	0	20,500
Keith Ray	8,125	0	0	0	0	8,125
Lawrence Shulman	20,500	0	0	0	0	20,500
TOTAL	171,625	0	0	0	0	171,625

A Non-Independent Director does not receive any remuneration from the Corporation for serving as a director. In the fiscal year ended December 31, 2014, the Chairman of the board of directors received remuneration from the Corporation in the amount of \$82,500, in aggregate, in respect of base remuneration and for acting as Chairman of the board of directors, the Investment Committee and the Audit Committee, as well as Chairman of the annual meeting of Shareholders; for performing his duties as a member of the Investment Committee; and for

participating in meetings of the directors. In the fiscal year ended December 31, 2014, each other Independent Director received remuneration from the Corporation in the amount of \$19,500, in aggregate, in respect of base remuneration and for performing his duties as a member of the Investment Committee and participating in meetings of the directors, with the exception of the Independent Directors (other than the Chairman) who sat on the Audit Committee in the fiscal year ended December 31, 2014, each of whom received an additional \$1,000 for serving on the Audit Committee. The directors' compensation is subject to such amendments as the Independent Directors may determine from time to time, and the directors are entitled to reimbursement of their out-of-pocket expenses incurred in acting as directors. The directors may also be entitled to additional remuneration from the Corporation for the performance of additional services and special projects. The amount of any such remuneration shall be determined by the Independent Directors. The Corporation's directors are entitled to participate in the Corporation's Stock Option Plan.

Incentive Plan Awards – Non Executive Directors

The following table provides a summary of all outstanding options granted to the non-executive directors to purchase or acquire securities of the Corporation, as at December 31, 2014.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Shares that have not Vested (\$)	Market or Payout Value of Share-based Awards that have not Vested (\$)
Geoffrey Bledin	35,000	11.78	Nov 11, 2023	4,653	N/A	N/A
Morris Fischtein	35,000	11.78	Nov 11, 2023	4,653	N/A	N/A
Edward Gilbert	45,000	11.78	Nov 11, 2023	5,982	N/A	N/A
Stanley Goldfarb	45,000	11.78	Nov 11, 2023	5,982	N/A	N/A
Anthony Heller	35,000	11.78	Nov 11, 2023	4,653	N/A	N/A
Lawrence Shulman	35,000	11.78	Nov 11, 2023	4,653	N/A	N/A

The following table provides a summary of the value vested or earned for incentive plan awards for each of the non-executive and Independent Directors during the fiscal year ended December 31, 2014 ⁽¹⁾.

Name and Principal Position	Option-based Awards – Value Vested during the Year (\$)	Share-based Awards – Value Vested during the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year (\$)
Geoffrey Bledin	0	0	0
Morris Fischtein	0	0	0
Edward Gilbert	0	0	0
Stanley Goldfarb	0	0	0
Anthony Heller	0	0	0
Lawrence Shulman	0	0	0

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth details of the Corporation's equity compensation plans as at December 31, 2014, the end of the Corporation's most recent fiscal year.

⁽¹⁾ Keith Ray became a Director on August 7th, 2014 and did not receive any options based awards during 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Shares remaining available for future issuance under equity compensation plans as of December 31, 2014 (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	1,028,500 ⁽¹⁾	\$11.78	987,727 ⁽²⁾
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total	1,028,500	\$11.78	987,726

STATEMENT OF GOVERNANCE PRACTICES

General

The Corporation's directors believe that sound governance practices are essential to the well-being of the Corporation and the Shareholders, and that these practices must be reviewed regularly to ensure that they are appropriate. The following describes the Corporation's governance practices with reference to National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the "**Governance Guidelines**"), which are initiatives of the Canadian Securities Administrators.

The board of directors and management of the Corporation recognize that effective corporate governance practices are fundamental to the long-term success of the Corporation. Sound corporate governance contributes to Shareholder value through increased market confidence. In light of the Governance Guidelines and best practice standards in Canada, the board of directors and management have implemented a sophisticated set of governance policies and procedures and is committed to maintaining a high standard of corporate governance.

Board of Directors

- (a) The board of directors has determined that six of the nine current directors are "independent" as such term is defined in the Governance Guidelines. The "independent" directors are Messrs. Bledin, Fischtein, Goldfarb, Heller, Ray and Shulman.
- (b) The non-independent directors are Mr. Dadouch, who is the President and Chief Executive Officer of the Corporation and President of the Mortgage Banker and the Corporation Manager; Mr. Mair, who is the Chief Financial Officer and Senior Vice-President of the Corporation and the Corporation Manager, and Vice-President, Mortgage Banking of the Mortgage Banker; and Mr. Gilbert, who is the former Chief Operating Officer of the Corporation.
- (c) A majority of the directors are "independent".
- (d) Mr. Gilbert is a trustee of H&R Real Estate Investment Trust, Mr. Goldfarb is a director of Consolidated HCI Holdings Corporation and Chairman of Firm Capital Property Trust, Mr. Ray is a CEO of Realvest Management as well as a director of Delavaco Residential Properties Corp. and

⁽¹⁾ During 2014, 10,000 options were cancelled and 1,500 options were exercised. On April 6th, 2015 35,000 additional options were issued to Keith Ray at a price of \$12.21 per Share.

⁽²⁾ The maximum number of Shares that may be issued pursuant to options granted under the Stock Option Plan is equal to 10% of the number of Shares outstanding at the time of grant. See "Option-Based Awards"

Cliffside Capital Ltd. Mr. Dadouch , Mr. Mair, Mr. Shulman and Mr. Bledin are Trustees of Firm Capital Property Trust.

- (e) Due to the fact that the Chief Executive Officer, and the Chief Financial Officer are the only two directors who are related to the Corporation, the board of directors believes that it is sufficiently independent from the management of the Corporation. The board of directors facilitates its exercise of independent judgment by appointing an independent director as the Chairman of the board of directors. The Corporation has also appointed a Credit Manager, Victoria Granovski, who reports directly to the directors. In addition, the board and its committees meet annually without management present and have the ability to ask the directors who are related to the Corporation to leave any meeting in order to facilitate an open and candid discussion among the independent directors.
- (f) The Chairman of the board of directors, Mr. Goldfarb, is an “independent” director. Mr. Goldfarb’s responsibilities include:
- (i) attending and chairing meetings of the board of directors of the Corporation and Shareholders of the Corporation;
 - (ii) providing direction with respect to the dates and frequencies of board meetings and related committee meetings and liaising with the Chief Executive Officer of the Corporation to prepare board meeting agendas;
 - (iii) ensuring that the board understands the boundaries between board and management responsibilities; and
 - (iv) ensuring that the board of directors carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management present and may involve assigning responsibility for administering the board’s relationship with management to a committee of the board.
- (g) The following table sets forth, for the fiscal year ended December 31, 2014, the number of board of directors meetings held and attendance by directors who are proposed to be nominated for election at the Meeting:

<u>Director</u>	<u>Director Meetings Attended</u>
Eli Dadouch	4 of 4
Jonathan Mair	4 of 4
Edward Gilbert	4 of 4
Geoffrey Bledin	1 of 4
Morris Fischtein	4 of 4
Stanley Goldfarb	4 of 4
Anthony Heller	2 of 4
Keith Ray ⁽¹⁾	2 of 2
Lawrence Shulman	4 of 4

⁽¹⁾ Keith Ray was appointed by the Board of Directors on August 7th, 2014.

Board Mandate

The board of directors have adopted a written mandate (the “**Mandate of the Board of Directors**”) to confirm and enhance the board of directors’ ongoing duties and responsibility for stewardship of the Corporation. A copy of the Mandate of the Board of Directors is attached to this Circular as Schedule “A”. The directors have assumed responsibility for the stewardship of the Corporation and have been granted the necessary powers to carry out their responsibilities. The directors’ responsibilities include: (a) the development and adoption of the Corporation’s strategic planning process; (b) the identification of the principal risks associated with the business, and the implementation of appropriate systems to manage these risks; and (c) the appointment and evaluation of senior management.

Position Descriptions

The board of directors, together with the Chief Executive Officer, has developed position descriptions for the Chairman of the board of directors, the Chairman of each of the Investment Committee and the Audit Committee, and the Chief Executive Officer of the Corporation. These position descriptions are disclosed in the Mandate of the Board of Directors, which is attached to this Circular as Schedule “A”.

Orientation and Continuing Education

New board members are provided with materials to educate them on the Corporation and its business, as well as their responsibilities as directors. This practice is consistent with the Governance Guidelines and enables a new director to better understand the Corporation and his or her role and responsibilities. The Corporation requires that at least 75% of the directors must have had at least ten years of substantial experience in the real estate and/or mortgage industries. Currently, each of the directors has over ten years of substantial experience in the real estate and/or mortgage industries. Such experience and continued involvement in the real estate and/or mortgage industries allows the directors to make meaningful contributions to the Corporation. The directors do not believe that a formalized education program is required at this time, given the continuing extensive industry experience of each of the directors.

Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics (the “**Code**”) that sets out the basic principles to guide the behaviour of directors, officers and employees of the Corporation. The Code addresses the following issues:

- (a) compliance with laws, rules and regulations;
- (b) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- (c) confidential information;
- (d) personal opportunities discovered through the use of corporate property, information or positions without the consent of the board of directors;
- (e) protection and proper use of the Corporation’s assets;
- (f) fair dealing with persons with whom the Corporation has a business relationship;
- (g) gifts and entertainment and payments to government personnel;
- (h) discrimination and harassment;
- (i) health and safety;

- (j) accuracy of records and reporting; and
- (k) reporting of any illegal or unethical behaviour.

A copy of the Code can be obtained at www.sedar.com.

Monitoring of accounting, internal controls and auditing matters, as well as violations of the law, the Code and other policies or directives, occurs through the reporting of complaints and concerns using the reporting methods provided for in the Code. The board monitors compliance with its Code by making enquiries of the appropriate parties at each meeting. Any person can report complaints or concerns, on an anonymous basis if desired, by reporting to the Chairman of the Audit Committee by email, phone or fax.

The board of directors (or a committee of the board of directors to whom that authority has been delegated) can grant waivers of compliance with the Code for the benefit of directors or executive officers in appropriate circumstances. No such waiver has been granted since the adoption of the Code and consequently, the Corporation filed no material change report during the last fiscal year pertaining to any conduct of a director or executive officer that constituted a departure from the Code.

To ensure that directors or executive officers exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest, the director or officer of the Corporation, as the case may be, is required to disclose in writing to the directors or request to have entered into the minutes of meetings of the directors or the Investment Committee, as the case may be, the nature and extent of such interest, as follows:

- (a) The disclosure required in the case of a director must be made:
 - (i) at the meeting of directors or the Investment Committee, as the case may be, at which a proposed contract or transaction is first considered;
 - (ii) if the director was not then interested in a proposed contract or transaction, at the first such meeting after he becomes so interested;
 - (iii) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
 - (iv) if a person who is interested in a contract or transaction later becomes a director, at the first such meeting after he becomes a director.
- (b) The disclosure required in the case of an officer of the Corporation who is not a director must be made:
 - (i) forthwith after such person becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of the directors or the Investment Committee;
 - (ii) if such person becomes interested after a contract is made or transaction entered into, forthwith after such person becomes aware that he has become so interested; or
 - (iii) if a person who is interested in a contract or a transaction later becomes an officer of the Corporation, forthwith after he becomes an officer of the Corporation.

A director may not vote on any resolution to approve the said contract or transaction in which he is interested unless the contract or transaction is one relating primarily to his remuneration as a director, or one for indemnity or the purchase of liability insurance.

Nomination of Directors

The Corporation does not currently have a nominating committee. Pursuant to the Corporation Management Agreement, the Corporation Manager may recommend suitable individuals for nomination as directors. In order to ensure objectivity in the nomination process, the Independent Directors review and approve any nominations proposed by the Corporation Manager.

While the directors of the Corporation are supporters of good corporate governance, they have not adopted a majority voting policy as they do not currently believe that it is suitable given the nomination rights available to the Corporation Manager under the Corporation Management Agreement. However, the directors of the Corporation may consider adopting such a policy in the future.

Compensation

The Corporation does not currently have a compensation committee. As a result of the Corporation's arrangements with the Corporation Manager, the Corporation does not employ any individuals (and has no employment contracts with any individuals) other than its Credit Manager, Victoria Granovski, and thus the directors have determined that there is no need for a separate compensation committee. The compensation of the Corporation Manager is determined based on the provisions of the Corporation Management Agreement, which can only be amended with the approval of Shareholders.

The directors are responsible for implementing a process for reviewing the adequacy and form of compensation of directors and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director. The Corporation requires that remuneration be at a level that will attract and motivate competent directors. Compensation is also based on the compensation of directors of similarly situated issuers. In order to ensure an objective process for determining compensation, the directors, through the Corporation Manager, review compensation paid to directors of various real estate investment trusts and other publicly traded companies.

Audit Committee

Information concerning, among other things, the composition of the Audit Committee and the Audit Committee's Charter, can be found in the "Audit Committee" and "Audit Services" sections of the Corporation's most recently filed Annual Information Form, available at www.sedar.com.

Investment Committee

The Corporation's Investment Committee is composed of all of the Independent Directors. The Investment Committee is responsible for the following:

- (a) reviewing all of the Corporation's investments on at least an annual basis;
- (b) adjudicating and advising on transactions involving potential conflicts of interest or any other transactions which may be detrimental to the interests of the Shareholders;
- (c) the approval or rejection of investments in, and acquisitions of, mortgages with a cost to the Corporation of \$1 million or greater; and
- (d) dealing with such other matters as may be referred to the Investment Committee by the directors.

Investments in, and acquisitions of, mortgages with a cost to the Corporation of less than \$1 million are subject to the approval of three directors, one of whom must be an Independent Director. The Chairman of the Investment Committee, Stanley Goldfarb, is also the Chairman of the board of directors and the Audit Committee.

Assessments

The board of directors is responsible for implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contributions of individual directors. In carrying out its responsibilities, the board of directors is required to periodically review the mandates of the directors and the board's committees and to make an assessment of the effectiveness of the directors. The directors have determined that the present number of directors is appropriate for the board to function at this time and that the board is properly constituted to reflect the investment of all Shareholders in the Corporation. On an ongoing basis, the directors review the size and composition of the board.

Shareholder Communication

The Corporation has adopted a written Disclosure Policy. The Disclosure Policy reflects the basic principle of securities regulation that all persons investing in securities should have equal access to information that may affect their investment decisions. The Disclosure Policy establishes the Corporation's procedure for determining how material information is to be disclosed or disseminated and promotes consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market in accordance with all applicable legal, regulatory and stock exchange requirements.

The Disclosure Policy also deals with how the Corporation and its directors and employees handle material undisclosed information about the Corporation. It addresses the Corporation's formal disclosure requirements such as annual and quarterly reports, prospectuses and news releases, and information that the Corporation posts on its website. It also extends to oral communications, such as speeches by senior management, responses to media inquiries and statements made in meetings with analysts and investors, all of which must comply with the Disclosure Policy.

Board's Expectations of Management

The board of directors expects management to operate the Corporation in accordance with the investment restrictions and operating policies, and to enhance Shareholder value while managing the Corporation in a prudent manner. Management is expected to provide regular financial and operating reports to the board of directors and to make the board of directors aware of all important issues and major developments, particularly those which may not have been previously anticipated. Management is also expected to find opportunities for acquisitions and dispositions and to make appropriate recommendations to the board of directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS, MANAGEMENT CONTRACTS AND INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Several of the Corporation's mortgages are shared with other investors, including certain of the Corporation's directors and/or officers. The Corporation ranks equally with, or in priority to, other members of the syndicate as to receipt of principal and income in respect of such mortgages.

Pursuant to the Corporation Management Agreement, the Corporation Manager received spread interest income for the year ended December 31, 2014 in the amount of \$2,586,438. Eli Dadouch, Jonathan Mair, Edward Gilbert and Joseph Fried, each of whom is a director and/or officer of the Corporation, are also directors and/or officers of, and/or are related to entities that directly or indirectly own an interest in, the Corporation Manager. See "Compensation Discussion and Analysis".

Pursuant to the Mortgage Banking Agreement, the Mortgage Banker receives loan servicing fees equal to 0.10% per annum of the principal amount of each of the Corporation's mortgage investments and certain additional compensation, as disclosed and explained in the Corporation's annual financial statements for the year ended December 31, 2014 (under "Related party transactions and balances", note 12) included in the Corporation's 2014 Annual Report. These loan servicing fees amounted to \$345,000 for the year ended December 31, 2014. Eli Dadouch and Jonathan Mair, each of whom is a director and/or officer of the Corporation, are also directors and/or officers of the Mortgage Banker. The Mortgage Banker is indirectly controlled by an entity related to Eli Dadouch.

The board of directors of the Corporation has approved, subject to approval by the Shareholders at the Meeting, an extension to the earliest date on which notice of termination can be given under each of the Corporation Management Agreement and the Mortgage Banking Agreement. See “Amendments to the Mortgage Banking Agreement and Corporation Management Agreement”.

POLICES WITH REGARDING DIRECTOR TERM LIMITS OF BOARD RENEWAL, AND OF THE REPRESENTATION OF WOMEN IN EXECUTIVE OFFICER APPOINTMENTS

Director Term Limits and Other Mechanisms of Board Renewal

The board believes that the need to have highly experienced directors who (i) are familiar with the business of the Corporation, (ii) possess highly developed specialized skill sets in real estate, finance, taxation, mortgage underwriting analysis and accounting and (iii) are knowledgeable about the Corporation as a whole takes precedent when assessing management and its recommendations. As such, the board of directors has not adopted director term limits or other mechanisms of board renewal for the following reasons:

- After considering the director profile at the Corporation, the board of directors determined that a term limit was not appropriate in the context of the Corporation. The Corporation invests in mortgages secured by all types of residential and commercial real property, subject to compliance with our investment policies. As such, this form of investment activity requires highly developed specialized skill sets in real estate, finance, taxation, mortgage underwriting analysis and accounting;
- the Corporation has found that having long standing directors on its board of directors does not negatively impact its effectiveness, and instead positively contributes to boardroom dynamics. As such, the Corporation has for many years enjoyed a consistently engaged board of directors. This is reflective in the consistent returns the Corporation has delivered to Shareholders since its initial public offering in 1999 in the form of distributions and capital appreciation. See “Share Performance Graph”;
- the imposition of director term limits on a board of directors implicitly discounts the value of experience and continuity amongst members of the board of directors and runs the risk of excluding experienced and potentially valuable board members of the board of directors as a result of an arbitrary determination;
- that directors with the level of understanding of the issuer’s business, history and culture acquired through long service on the board of directors provide additional value;
- that term limits run the risk of acting as a substitute for proper board self-assessment and renewal and undermines Shareholders’ voting rights to select their board of directors; and
- there is little empirical evidence that a director’s ability to act independently of management declines after any specific period of service.

Policies Regarding the Representation of Women on the Board of Directors

The Corporation has not adopted a written policy relating to the identification and nomination of women directors to the Corporation’s board of directors. The Corporation has not adopted such a policy, written or otherwise, because the board of directors does not consider diversity of race, ethnicity, gender, age and cultural background as requirements to be a director of the Corporation. When vacancies on the board of directors arise, the Corporation focuses on nominating directors with highly developed specialized skill sets in real estate, finance, mortgage underwriting analysis and accounting, regardless of their race, ethnicity, gender, age and cultural background. These requirements are necessary to ensure that the Corporation continue to deliver consistent returns to Shareholders as it has since its initial public offering in 1999 and no written policy relating to the identification and nomination of women directors to the Corporation’s board of directors will ensure this outcome.

Consideration of the Representation of Women in the Director Identification and Selection Process

In identifying and nominating candidates for election or re-election to the board of directors, the directors of the Corporation do not consider the level of representation of women on the board of directors. The Corporation does not consider the level of representation of women on the board of directors because in considering individuals as potential directors, the Corporation at all times seeks the most qualified persons, regardless of their race, ethnicity, gender, age and cultural background. The Corporation believes that this approach enables it to make decisions regarding the composition of the board of directors and senior management team based on what is in the best interests of the Corporation and its Shareholders.

Consideration of the Representation of Women in Executive Officer Appointments

In appointing executive officers to the management team, the Corporation does not consider the level of representation of women in executive officer positions. The Corporation does not consider the level of representation of women in executive officer positions because in considering individuals as members of senior management, the Corporation at all times seeks the most qualified persons, regardless of their race, ethnicity, gender, age and cultural background. The Corporation believes that this approach enables it to make decisions regarding the compositions of the board of directors and senior management team based on what is in the best interests of the Corporation and its shareholders. As at December 31, 2014, the Corporation had only one employee, the internal Credit Manager, who is female.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Corporation has not adopted a target regarding women on the Corporation's board of directors. The Corporation has not adopted a target for women on the board of directors because the Corporation does not believe that any director nominee should be chosen nor excluded solely because of their race, ethnicity, gender, age and cultural background. When vacancies on the board of directors arise, the Corporation focuses on nominating directors with highly developed specialized skill sets in real estate, finance, mortgage underwriting analysis and accounting, regardless of their race, ethnicity, gender, age and cultural background. These requirements are necessary to ensure that the Corporation continue to deliver consistent returns to Shareholders as it has since its initial public offering in 1999 and no adoption of a target relating to the representation of women on the board of directors of the Corporation will ensure this outcome.

The Corporation has not adopted a target regarding women in executive officer positions. The Corporation has not adopted a target for women in executive officer positions because the Corporation does not believe that any candidate for an executive officer position should be chosen nor excluded solely or largely because of their race, ethnicity, gender, age and cultural background. In selecting candidates, the Corporation considers the skills, expertise and background that would complement the existing management team. As at December 31, 2014, the Corporation had only one employee, the internal Credit Manager, who is female. In general, executive officers are recruited solely based on their ability to contribute to the Corporation.

Number of Women on the Board and in Executive Officer Positions

As of May 28, 2015, there are no women on the Corporation's board of directors or who hold executive officer positions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of May 1st, 2015, the aggregate indebtedness of all directors and executive officers to the Corporation and its subsidiaries, excluding routine indebtedness, was \$10,809,357. The table below sets out the aggregate indebtedness outstanding in connection with a purchase of securities and all other indebtedness:

Purpose	To the Corporation or its Subsidiaries	To Another Entity
Mortgage loans	\$10,809,357	-

The following chart outlines the indebtedness to the Corporation of each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation or an associate of the foregoing:

Table of Indebtedness of Directors and Executive Officers

Name and Principal Position	Involvement of the Corporation or Subsidiary	Largest Amount Outstanding during Fiscal 2014	Amount Outstanding as at May 1, 2015	Financially Assisted Securities Purchases during Fiscal 2014	Security for Indebtedness	Amount Forgiven During Fiscal 2014
Anthony Heller ⁽¹⁾ Director	Four loans from the Corporation	\$6,656,756	\$6,506,357	N/A	N/A	\$0
A company related to several Directors.....	One loan to a Corporation	\$4,303,000	\$4,303,000	N/A	N/A	\$0

The Corporation has made four loans secured by mortgages to entities controlled by Anthony Heller, a director of the Corporation. Such mortgage investments have been made on commercially reasonable terms that are consistent with the Corporation's loans to arm's length borrowers and are secured against real property situated in the Province of Ontario.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation indemnifies the directors and officers against certain losses arising from claims against them for their acts, errors or omissions as such. The Corporation maintains liability insurance for its directors and officers. The policy provides insurance for the Corporation's directors and officers in respect of certain losses arising from claims against them for their acts, errors or omissions in their capacity as directors or officers. The Corporation is also insured against any loss arising out of any payment that the Corporation may be required or permitted by law to make to its directors and officers, the coverage being the same for both groups. The policy limit for such insurance coverage is \$5 million per occurrence in each policy year, with no deductible for individual directors or officers and a deductible of \$25,000 payable by the Corporation per occurrence. The annual premium paid by the Corporation for fiscal 2014 was \$19,180.

⁽¹⁾ Anthony Heller is one of six nominees for re-election as a non-executive director

GENERAL

The Corporation's financial statements for the year ended December 31, 2014, together with the report of the auditors thereon, will be presented to the Shareholders at the Meeting for their consideration.

ADDITIONAL INFORMATION

Copies of the Corporation's most recent Annual Information Form, this Circular and the Annual Report for the year ended December 31, 2014, including comparative financial statements for the year then ended and accompanying Management's Discussion and Analysis, are available on the SEDAR website at www.sedar.com (financial information is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis). In the alternative, copies will be sent by the Corporation to any person upon request addressed in writing to the Corporation's Secretary at 163 Cartwright Avenue, Toronto, Ontario M6A 1V5. Such copies will be sent to any Shareholder without charge.

CERTIFICATE

The contents and the sending of this Circular have been approved by the Corporation's directors.

DATED as of May 28, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

"Eli Dadouch"

President and Chief Executive Office

SCHEDULE “A”

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

MANDATE OF THE BOARD OF DIRECTORS

The board of directors of Firm Capital Mortgage Investment Corporation (the “**Corporation**”) is elected by the shareholders of the Corporation and is responsible for the stewardship of the Corporation. The purpose of this mandate is to describe the principal duties and responsibilities of the directors, as well as some of the policies and procedures that apply to the directors in discharging their duties and responsibilities.

Responsibilities of the Board of Directors

The role of the board of directors is to represent the shareholders of the Corporation, enhance and maximize shareholder value and conduct the business and affairs of the Corporation ethically and in accordance with high standards of corporate governance. The board of directors is ultimately accountable and responsible for providing effective leadership in supervising the management of the business and affairs of the Corporation. The responsibilities of the board of directors include:

- (i) the adoption of a strategic planning process and approval, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation’s business and investments and ensures the Corporation’s strategic plan is aligned with the long-term interests of shareholders of the Corporation;
- (ii) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and senior officers of the Corporation (or persons performing such functions for the Corporation, whether or not employed by the Corporation) and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks for the Corporation, and ensuring the implementation of appropriate risk management systems;
- (iv) ensuring that the Corporation complies with all applicable laws and legal requirements;
- (v) succession planning;
- (vi) adopting a policy which enables the Corporation to communicate effectively and addresses how the Corporation interacts with all of its stakeholders, including analysts and the public, contains measures for the Corporation to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vii) establishing and maintaining a standing audit committee of the board of directors (the “**Audit Committee**”);
- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Corporation;

- (x) developing the Corporation's approach to governance;
- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contributions of individual directors;
- (xii) implementing a process for examining the size of the board of directors and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (xiii) implementing a process for reviewing the adequacy and form of compensation of directors, and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director;
- (xiv) meeting regularly with management of the Corporation to receive reports respecting the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any areas of concern involving the Corporation; and
- (xv) meeting regularly without management.

While the board of directors is called upon to "manage" the business of the Corporation, this is done by proxy through the appointed executives of the Corporation. The board of directors is responsible for the ongoing strategic planning process of the Corporation, approving the goals of the business and the strategies and policies within which it is managed, and then stepping back and evaluating management performance. Reciprocally, management keeps the board of directors fully informed of the progress of the Corporation and its subsidiaries towards the achievement of their established goals, and of all material deviations from the goals or objectives and policies established by the board of directors, in a timely and candid manner.

It is recognized that every director, in exercising powers and discharging duties, must act honestly and in good faith with a view to the best interests of the Corporation. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the board of directors from time to time, the current policy being annexed hereto as Appendix "A".

It is expected that management will co-operate in all ways to facilitate compliance by the board of directors with its legal duties by causing the Corporation and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information that may affect such compliance to the board of directors.

Responsibilities of the Chair

The role and responsibilities of the Chair of the board of directors are set out below:

- (i) the Chair shall be expected to attend and chair meetings of the board of directors of the Corporation and shareholders of the Corporation;
- (ii) the Chair shall not be a member of management;
- (iii) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a director of the Corporation. The Chair shall not have the right or entitlement to bind the Corporation in his or her capacity as Chair;

- (iv) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings, and the Chief Executive Officer of the Corporation and the Chair shall liaise to prepare board meeting agendas;
- (v) the Chair shall ensure that the board understands the boundaries between board and management responsibilities; and
- (vi) the Chair shall ensure that the board of directors carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management present and may involve assigning responsibility for administering the board's relationship with management to a committee of the board.

Responsibilities of the Audit Committee Chair

The role and responsibilities of the Chair of the Audit Committee include:

- (i) acting as a liaison between the Audit Committee and the board of directors of the Corporation;
- (ii) acting as a liaison between the Audit Committee and senior management of the Corporation;
- (iii) acting as a liaison between the Audit Committee and the Corporation's internal and external auditors;
- (iv) reporting to the board of directors on the activities of the Audit Committee;
- (v) recommending procedures to enhance the activities of the Audit Committee; and
- (vi) chairing meetings of the Audit Committee.

Responsibilities of the Investment Committee Chair

The role and responsibilities of the Chair of the Investment Committee include:

- (i) acting as a liaison between the Investment Committee and the board of directors of the Corporation;
- (ii) acting as a liaison between the Investment Committee and senior management of the Corporation;
- (iii) reporting to the board of directors on the activities of the Investment Committee;
- (iv) recommending procedures to enhance the activities of the Investment Committee; and
- (v) chairing meetings of the Investment Committee.

Responsibilities of the Chief Executive Officer

The Chief Executive Officer of the Corporation will:

- (i) manage and supervise the affairs of the Corporation;

- (ii) initiate and co-ordinate the strategic planning process for the Corporation and recommend to the board of directors goals for the business of the Corporation and, when approved by the board of directors, implement the corresponding strategic, operational and profit plans;
- (iii) report to, and meet regularly and as required with, the board of directors and all formally appointed committees of the board of directors, to review the board's and each committee's issues and to provide the board or the relevant committee with all information and access to management necessary to permit the board of directors or the relevant committee to fulfil its statutory and other legal obligations on a timely basis;
- (iv) assist in the development of policies of the board of directors regarding the public disclosures of the Corporation;
- (v) develop and seek the board of directors' concurrence for plans for management development and succession in all key positions, and then implement such plans;
- (vi) review, with the assistance of the Chief Financial Officer, the financial reporting and public disclosure of the Corporation, satisfy himself or herself of the processes followed in their preparation and provide the certifications required under applicable securities laws concerning such reporting and disclosure; and
- (vii) assume such other appropriate responsibilities as are delegated to him or her by the board of directors.

Decisions Requiring Prior Approval of the Board of directors

Approval of the board of directors shall be required for:

- (i) distributions;
- (ii) significant acquisitions/dispositions;
- (iii) related party transactions;
- (iv) the release of any financial information to be publicly disseminated;
- (v) the issuance or repurchase of shares or other securities of the Corporation;
- (vi) the terms of reference of committees of the board; and
- (vii) any other matter that would give rise to a "material change" to the Corporation.

The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Corporation shall provide for a mechanism for feedback from shareholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the directors on a semi-annual basis or at such other more frequent intervals as they see fit. **Meetings**

The board of directors will meet not less than four times per year: three meetings to review quarterly results and one following the annual general meeting. A quorum for the meetings shall be at least two-fifths of the directors, at least one of whom shall, and one of whom shall not be, an independent director.

Meeting Guidelines

Directors will be expected to have read and considered the materials sent to them in advance of each meeting, and to be prepared to discuss the matters contained in such materials at the meeting. The notice of meeting will highlight significant matters to be dealt with at each meeting so that directors can focus on reviewing the related materials. Senior management will be made accessible to directors at board meetings and committee meetings to help the directors fulfill their obligations.

Remuneration

Remuneration shall be at a level that will attract and motivate competent board members.

Telephone Board Meetings

Directors may participate in a meeting of the directors or in a committee meeting by means of telephone or such other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the board of directors to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request that the directors approve certain matters by unanimous consent.

Expectations of Management

Management shall be required to report to the board of directors at the request of the board on the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any other matter the board or its Chair may deem appropriate. In addition, the board expects management to promptly report to the Chair or the board any significant developments, changes, transactions or proposals respecting the Corporation or its subsidiaries.

APPENDIX “A” TO SCHEDULE “A”

POLICY OF PRACTICES FOR DIRECTORS

ATTENDANCE AT MEETINGS

Each director is expected to have a very high record of attendance at meetings of the board of directors, and at meetings of each committee on which the director sits. A director is expected to:

advise the Chair as to planned attendance at board and committee meetings shortly after meeting schedules for the year have distributed;

advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and

attend a meeting by telephone conference if unable to attend in person.

PREPARATION FOR MEETINGS

Directors are expected to carefully review and consider the materials distributed in advance of a meeting of the board of directors or a committee of the board of directors. Directors are also encouraged to contact the Chair, the Chief Executive Officer and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

CONDUCT AT MEETINGS

Directors are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a director should:

be candid and forthright;

not be reluctant to express views contrary to those of the majority;

be concise and, in most circumstances, respect the time constraints of a meeting; and

be courteous to and respectful of other directors and guests in attendance.

KNOWLEDGE OF THE CORPORATION’S BUSINESS

Directors are expected to be knowledgeable with respect to the various fields and divisions of the Corporation’s business. Although management has a duty to keep the board of directors informed about developments in the Corporation’s business, directors have a primary duty of care and diligence, which includes a duty of inquiry. Directors should:

ask questions of management and other directors, at meetings and otherwise, to increase their knowledge of the business of the Corporation;

familiarize themselves with the risks and challenges facing the business of the Corporation;

read all internal memoranda and other documents circulated to the directors, and all reports and other documents issued by the Corporation for external purposes;

insist on receiving adequate information from management with respect to a proposal before board approval is requested;

familiarize themselves with the Corporation's competitors by, among other things, reading relevant news, magazine and trade journal articles; and

familiarize themselves with the legal and regulatory framework within which the Corporation carries on its business.

PERSONAL CONDUCT

Directors are expected to:

exhibit high standards of personal integrity, honesty and loyalty to the Corporation;

project a positive image of the Corporation to news media, the financial community, governments and their agencies, shareholders and employees;

be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the board; and

disclose any potential conflict of interest that may arise with the business or affairs of the Corporation and, generally, to avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.