

FIRM CAPITAL CORPORATION - 2013 PERFORMANCE REPORT

\$665 MILLION IN DEBT TRANSACTIONS

In 2013 we completed \$665 million in new mortgage financings. Our commitment to excellent client service allowed us to achieve these results. The following pages will offer insight into the various debt financings completed in this past year.

We thank our loyal client base for using our services in 2013 and look forward to strengthening our existing relationships and building new ones in 2014.

Sample Transactions:

<p>PORTFOLIO LOAN</p> <p>\$9,000,000 Second Mortgage</p> <p><i>Loan secured by 25 industrial buildings</i></p> <p>Montreal, Quebec</p>	<p>LAND & SERVICING LOAN</p> <p>\$7,975,000 First Mortgage</p> <p><i>38 townhouse lots & 10 detached single family lots</i></p> <p>Markham, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$48,500,000 First Mortgage</p> <p><i>236 unit high rise condominium building</i></p> <p>Toronto, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$2,550,000 First Mortgage</p> <p><i>2 single family custom homes having an above grade floor area of 3,500 sq. ft. each</i></p> <p>Mississauga, Ontario</p>	<p>LAND LOAN</p> <p>\$5,600,000 Second Mortgage</p> <p><i>26.924 acre residential development site</i></p> <p>Richmond Hill, Ontario</p>
<p>MEZZANINE LOAN</p> <p>\$10,500,000 Third Mortgage</p> <p><i>Twenty-two storey condominium building that comprises 355 residential suites and 1,893 sq. ft. commercial space</i></p> <p>Toronto, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$8,500,000 First Mortgage</p> <p><i>75 unit four-storey condominium building with a total of 70,162 sq. ft. GFA</i></p> <p>Edmonton, Alberta</p>	<p>LAND LOAN</p> <p>\$5,000,000 First Mortgage</p> <p><i>1.1 acre mixed-use development site</i></p> <p>Winnipeg, Manitoba</p>	<p>ACQUISITION LOAN</p> <p>\$7,200,000 First Mortgage</p> <p><i>Loan secured by 4 investment properties</i></p> <p>Quebec & Eastern Canada</p>	<p>CONSTRUCTION LOAN</p> <p>\$24,558,000 First Mortgage</p> <p><i>3 four-storey condominium buildings that comprise 175 units</i></p> <p>Calgary, Alberta</p>
<p>CONSTRUCTION LOAN</p> <p>\$50,900,000 First Mortgage</p> <p><i>196 unit 18-storey condominium building</i></p> <p>Calgary, Alberta</p>	<p>INVENTORY LOAN</p> <p>\$8,000,000 First Mortgage</p> <p><i>35 residential condominium units</i></p> <p>Montreal, Quebec</p>	<p>LAND LOAN</p> <p>\$30,000,000 First Mortgage</p> <p><i>8.69 acres of high density residential condominium lands zoned for 1,231,722 sq. ft. GFA</i></p> <p>Toronto, Ontario</p>	<p>MEZZANINE LOAN</p> <p>\$5,100,000 Second Mortgage</p> <p><i>Acquisition of 200 freehold townhouse lots</i></p> <p>Richmond Hill, Ontario</p>	<p>ACQUISITION LOAN</p> <p>\$2,700,000 First Mortgage</p> <p><i>1.45 acre development site with plans to build a 36 unit residential townhouse development</i></p> <p>Richmond Hill, Ontario</p>
<p>CONSTRUCTION LOAN</p> <p>\$45,000,000 First Mortgage</p> <p><i>Mid-rise luxury condominium building</i></p> <p>Toronto, Ontario</p>	<p>REVOLVING LINE OF CREDIT</p> <p>\$5,000,000 Second Mortgage</p> <p><i>136,500 sq. ft. retail centre</i></p> <p>Richmond Hill, Ontario</p>	<p>LAND LOAN</p> <p>\$8,600,000 First Mortgage</p> <p><i>20 acres of residential development lands</i></p> <p>Oakville, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$35,000,000 First Mortgage</p> <p><i>162 unit residential condominium building with a net saleable floor area of 188,404 sq. ft.</i></p> <p>Montreal, Quebec</p>	<p>LAND LOAN</p> <p>\$2,882,500 Second Mortgage</p> <p><i>67,472 sq. ft. GFA condominium project with 63 stacked residential townhouses and a 4,000 sq. ft. commercial unit</i></p> <p>Mississauga, Ontario</p>
<p>CONSTRUCTION LOAN</p> <p>\$1,805,000 Second Mortgage</p> <p><i>2 single family custom homes having an above grade floor area of 3,234 sq. ft. and 3,117 sq. ft.</i></p> <p>Toronto, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$1,420,000 First Mortgage</p> <p><i>2-storey detached 3,842 sq. ft. single family custom home</i></p> <p>Oakville, Ontario</p>	<p>TERM LOAN</p> <p>\$9,920,000 First Mortgage</p> <p><i>3 residential apartment buildings containing a total of 125 suites</i></p> <p>Kitchener & St. Catherines, Ontario</p>	<p>CONSTRUCTION LOAN</p> <p>\$1,100,000 Second Mortgage</p> <p><i>Single family custom home having an above grade floor area of 4,154 sq. ft.</i></p> <p>Calgary, Alberta</p>	<p>ACQUISITION LOAN</p> <p>\$8,000,000 First & Second Mortgages</p> <p><i>Single storey retail building having 20,707 sq. ft. of above grade leasable floor area plus collateral property</i></p> <p>Ottawa, Ontario</p>

\$665 MILLION IN 2013 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT

2013 REPORT TO CLIENTS:

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

Thanks to having built a loyal client base, we accomplished another solid year in 2013, having completed \$665 million in new mortgage financings. Our focus continues to be building solid relationships with real estate owners, builders and developers. These relationships have given us the opportunity to invest and participate with fantastic borrower partners, as their capital provider. Our objective has been to structure creative and innovative transactions that satisfy our clients' best interests and at the same time focus on the preservation of capital. 2014 will be a year that will continue to see us meet the challenges of our clients' real estate capital needs. We are committed to growing with our clients and provide an excellent level of service. *Procrastination leads to failure....* We are committed to serving our clients' needs expediently, efficiently and with integrity.

Mortgage Debt & Real Estate Capital Activities:

The enclosed *Transaction Update* represents a selection of debt financings that closed in 2013. We continue to specialize in providing financings focused on construction, short term bridge loans and specialized term debt. Our strength is our ability to act fast and provide an innovative approach to each transaction. We have the capital capacity to support our clients' needs in 2014 and beyond. With respect to our strategic real estate capital partnership programs - *Equity, Mezzanine and Direct Investments*, we continue to pursue capital partnerships for the acquisition of investment properties and the formulation of development joint ventures, all with experienced developers and landlords. We pride ourselves on being a boutique mortgage bank focused on providing capital efficiently and innovatively, as demonstrated by the \$665 million in debt investments completed in 2013.

Asset Management Activities & Capital Capacity:

- 2013 saw our Toronto Stock Exchange listed entity Firm Capital Mortgage Investment Corporation (TSX : FC) provide a respectable return on equity resulting in stable dividends to our Shareholders. We also raised further capital during the year;
- Our privately managed RSP Mortgage Fund, in operation since 1994, Firm Capital Mortgage Investors Corporation accomplished the same respectable returns on Shareholder Equity;
- In 2013 Firm Capital Property Trust ("FCPT") (Symbol FCD.UN-X), completed its first 50% interest in a 1 million square foot industrial portfolio. This entity will continue to grow, with the intention of partnering with industry specific leaders on joint venture acquisitions.

We have tremendous capital capacity for investments. Our focus is not yield, rather security with strong sponsors. Mortgage debt and real estate equity under administration is now approximately \$2 billion. These managed entities, along with our additional managed capital base, enable us to be financially positioned to react efficiently and quickly to investment opportunities. We thank our borrower partners for the relationships we have built, as the vast majority of our business is repeat business.

Outlook:

As we say every year, "*Follow Your Passion*" - be it building homes, buying great properties or developing land - we want to help you by being your capital partner. Align yourself with a committed financial backer that will support you in difficult economic times and that will provide a high level of service. We are focused on finding niche lending opportunities where others fail to understand the clients' needs. The Firm Capital team is very focused and committed, we are *Open For Business*. We will continue to strengthen our existing relationships and build new ones. When others are noncommittal, uncertain and concerned; our objective is to be contrarian and lead the way in providing clarity and real estate capital. On behalf of all my partners and associates at Firm Capital, I want to express our gratitude to those strong relationships we have formed. Once again, thank you and we look forward to servicing your requirements in 2014 and may our clients have great success during the years to come.

Yours truly,

FIRM CAPITAL CORPORATION

PER:



Eli Dadouch
President & CEO

DISCIPLINED INVESTING • CAPITAL PRESERVATION

2013 - DEBT TRANSACTION HIGHLIGHTS

Line of Credit - Investment Property - \$5,000,000

- Firm Capital provided a \$5,000,000 second mortgage facility against a 136,500 sq. ft. retail centre located in Richmond Hill, Ontario
- The Firm Capital facility was utilized to provide an equity take out

Bridge Loan - Investment Properties - \$9,000,000

- A second mortgage on 25 industrial buildings
- Firm Capital provided a \$9,000,000 equity take out financing which equated to about a 67.5% loan to value
- This transaction was funded under a very tight, 2 week timeline
- Repayment from sale of properties

Bridge Loan - Multi-Residential - \$9,920,000

- Three residential apartment buildings comprising a total of 125 suites located in Kitchener and St. Catherines, Ontario
- Firm Capital provided \$9,920,000 in funding broken into a \$8,050,000 Facility A and a \$1,870,000 Facility B structure
- Loan to value was 64%
- Corporate covenant with repayment to come from sale of properties

Land Financing - Condo Development Site - \$30,000,000

- 8.69 acre condo development site in Toronto, Ontario
- Site plan approval application process finalized
- \$30,000,000 first mortgage facility to assist with the payment of project costs and an equity take out

Acquisition Loan Facility - Public REIT - \$7,200,000

- The company was looking for an acquisition loan facility to grow the REIT, via acquisition of new properties
- Firm Capital provided a \$7,200,000 mortgage facility that was secured against 4 properties
- Security structure comprised 1st and 2nd mortgages with Firm Capital being flexible regarding registration of its security on certain properties
- The loan is to be repaid through the issuance of new equity and/or debentures

Construction Financing - Residential Condominiums - \$50,900,000

- Firm Capital funded a \$50,900,000 first mortgage facility to provide construction financing for a 196 unit 18-storey condominium building located in Calgary, Alberta
- The developer has an established track record in the condominium marketplace

TRUST. INNOVATION. RELATIONSHIPS.

Trust: our partners, investors and clients receive from dealing with Firm Capital in knowing we will execute on our commitment; the **Innovation:** Firm Capital brings to structuring a transaction; and the **Relationships:** Firm Capital builds over the long term with its partners, investors and clients.

It takes experience to achieve a goal. Firm Capital has provided real estate capital services for over 25 years in all aspects of the real estate private equity spectrum. As mortgage lenders, principal investors, capital partners, activist and innovative investors, property and asset managers, our ability to execute has been demonstrated by our past performance and our pride in risk management abilities to protect and preserve capital, while acting as disciplined investors. In 2013 we proudly celebrated 25 years.

Firm Capital is a real estate private equity investment firm and alternative investment manager based in Toronto, Canada. Since 1988, Firm Capital has focused on deploying proprietary and managed capital opportunistically between debt and equity investments in the private and public real estate markets. The organization has established an exceptional track record of successfully lending, financing, owning, investing, joint venturing and managing real estate all across Canada. Firm Capital focuses on a simple culture and goal; to be a client driven organization with impeccable integrity focused on preservation of capital through disciplined tactical investing, at the same time as building long term relationships.

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