



\$735 MILLION COMMITTED TRANSACTIONS IN 2016

2016 WAS A SUCCESSFUL YEAR for Firm Capital as we completed **\$735 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 2016 and look forward to strengthening our existing relationships and building new ones in 2017.

Sample Transactions

<p>Construction Loan \$45,015,000</p> <p>First Mortgage 18-storey, 220-unit condominium building MARKHAM, ON</p>	<p>Construction Loan \$28,400,000</p> <p>First Mortgage 3 & 4-storey, 154-unit condominium buildings STOUFFVILLE, ON</p>	<p>Construction Loan \$27,430,786</p> <p>First Mortgage 9-storey, 88-unit condominium building TORONTO, ON</p>	<p>Land Loan \$12,000,000</p> <p>First Mortgage 12.64-acre, multi-family residential site BURLINGTON, ON</p>	<p>Infill Construction Loan \$2,225,000</p> <p>First Mortgage 4,700 sq. ft. custom home OAKVILLE, ON</p>
<p>Bridge Loan \$4,750,000</p> <p>First Mortgage 2 office buildings (10,193 & 29,505 sq. ft.) WATERLOO, ON</p>	<p>Inventory Loan \$3,800,000</p> <p>First Mortgage 3 luxury townhomes TORONTO, ON</p>	<p>Construction Loan \$9,000,000</p> <p>First Mortgage 9-storey, 66-unit condominium building WATERLOO, ON</p>	<p>Bridge Loan \$25,000,000</p> <p>Second Mortgage 12.09 acre, mixed-use development site TORONTO, ON</p>	<p>Land & Construction Loan \$5,600,000</p> <p>First Mortgage 4 custom homes & 2 commercial buildings BRAMPTON, ON</p>
<p>Mezzanine Loan \$12,240,000</p> <p>Second Mortgage 25-storey, 288-unit condominium building CALGARY, AB</p>	<p>Bridge Loan \$3,500,000</p> <p>Second Mortgage Cap-Ex program for 256 apartment units WINNIPEG, MB</p>	<p>Land Loan \$2,350,000</p> <p>First Mortgage Future residential development site MISSISSAUGA, ON</p>	<p>Land Loan \$3,000,000</p> <p>First Mortgage Future mixed-use development site OTTAWA, ON</p>	<p>Infill Construction Loan \$1,400,000</p> <p>First Mortgage 3,750 sq. ft. custom home MILTON, ON</p>
<p>Land Loan \$5,500,000</p> <p>First Mortgage 2.0 acre infill residential development site RICHMOND HILL, ON</p>	<p>Land & Construction Loan \$7,265,000</p> <p>First Mortgage 7 residential building lots MISSISSAUGA, ON</p>	<p>Bridge Loan \$3,500,000</p> <p>First Mortgage 3 lakefront lots MUSKOKA LAKES, ON</p>	<p>Construction Loan \$27,475,000</p> <p>First Mortgage 15-storey, 189 unit condominium building RICHMOND HILL, ON</p>	<p>Construction Loan \$2,330,000</p> <p>First Mortgage 4,000 sq.ft. custom home TORONTO, ON</p>

2016 REPORT TO CLIENTS

\$735 MILLION IN 2016 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT

2016 REPORT TO CLIENTS - FIRM CAPITAL MORTGAGE LENDING GROUP:

2016 marked 28 years of building client relationships at Firm Capital Corporation. We are pleased to have built a business committed to real estate finance and capital providing solutions for a strong client base. We provide our clients with service excellence and in return we have established a loyal real estate clientele.

Thanks to having built this loyal client base, 2016, saw a successful year, having completed \$735 million in new mortgage financing commitments. Our focus continues to be building solid relationships across Canada with real estate owners, builders and developers. These relationships gave us the opportunity to invest and participate with fantastic borrower partners, as their capital provider. Since we are still in a period of economic directional uncertainty compounded by the recent change in oil prices, our objective has been to structure creative transactions that satisfy the clients' interests and at the same time focus on the preservation of capital. 2016 will continue to be a year that will see us become a problem solver for our clients' real estate capital needs. We are committed to growing with our clients and to providing an excellent level of service. Procrastination leads to failure. We are committed to serving our clients' needs expediently, efficiently and with integrity. We will strive to play a key role in seeing our clients succeed.

MORTGAGE DEBT & REAL ESTATE CAPITAL ACTIVITIES:

The enclosed Transaction Update represents a selection of debt financings that closed in 2016. 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 2017. With respect to our strategic real estate capital partnership programs - Equity, Mezzanine and Direct Investments, we continue to pursue capital partnerships for acquisitions of investment properties and the formulation of development joint ventures, all with experienced developers and landlords. We pride ourselves on being a boutique mortgage bank focused on providing capital efficiently and innovatively, as demonstrated by the \$735 million in mortgage commitments completed in 2016.

ASSET MANAGEMENT ACTIVITIES & CAPITAL CAPACITY:

In summary:

- In 2016, we saw our Toronto Stock Exchange listed entity Firm Capital Mortgage Investment Corporation provide a respectable return on equity resulting in stable dividends to our Shareholders. This entity has been public since 1999;
- Our private managed RSP Mortgage Fund, in operation since 1994, Firm Capital Mortgage Investors Corporation accomplished the same respectable returns on Shareholder Equity;
- In 2016, Firm Capital Property Trust completed multiple joint venture acquisitions along with the disposition of two non-core properties, bringing our ownership interests to 62 properties, raised further equity, and increased distributions for its Unitholders for the fourth time. We will strive in 2017 to complete acquisitions that grow our portfolio and improve our financial position.

We have tremendous capital capacity for investments. Our focus is not yield, rather security with strong sponsors. Mortgage debt and real estate equity under administration is over \$2.7 billion. These managed entities, along with our additional managed capital base, enables us to be financially positioned to react efficiently and quickly to investment opportunities. We thank our borrower partners for the relationships we have built, as the vast majority of our business is repeat business.

OUTLOOK:

We have a clear message - **we are focused on being the leaders in providing debt and equity capital to the private and public real estate marketplace.**

As we say every year, "**Follow Your Passion**" - be it building homes, buying great properties or developing land - we want to be our clients capital partner. Align yourself with a committed financial backer that will support you in difficult times and that will provide a high level of service and expertise. We are focused on finding niche lending opportunities where others don't understand the clients' needs. The Firm Capital team is very focused and committed - we are Open For Business. We will continue to strengthen our existing relationships and build new ones. When others are noncommittal, uncertain and concerned, our objective is to be contrarian and lead the way in providing clarity. On behalf of the Firm Capital team, 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 2017.

Yours truly,

FIRM CAPITAL CORPORATION

PER:



Eli Dadouch
President & CEO

2016 DEBT TRANSACTION HIGHLIGHTS

CONSTRUCTION FINANCING

Hi-Rise Condo Building

\$45,015,000

- Firm Capital funded a \$44,015,000 first mortgage facility to provide construction financing for a 18-storey residential condominium building located in Markham, Ontario.
- The loan is to be repaid through unit closings with 100% pre-sales in place at the time of initial funding.

BRIDGE LOAN

Investment Properties

\$4,750,000

- A blanket first mortgage on two office buildings, 10,193 sq. ft. and 29,505 sq. ft. respectively, both located in Waterloo, Ontario.
- Firm Capital provided \$4,750,000 first mortgage to assist the developer in funding a new acquisition.
- The transaction was funded under a very tight timeline.

MEZZANINE LOAN

Hi-Rise Condo Building

\$12,240,000

- Firm Capital provided a \$12,240,000 second mortgage facility to facilitate the construction of a 25-storey, 288 unit condominium building located in Calgary, Alberta.
- The developer is very experienced and well capitalized.
- 82% of the units were pre-sold at the time of funding.

LAND FINANCING

Multi-Family Development Site

\$12,000,000

- Firm Capital provided a \$12,000,000 first mortgage financing facility on a 12.64 acre multi-family residential site in Burlington, Ontario.
- Funding was required to payout a matured vendor take back mortgage under a very tight 2-week timeline.

INFILL CONSTRUCTION LOAN

Luxury Custom Home

\$2,225,000

- A first mortgage construction loan on a 4,700 sq. ft. custom home located in Oakville, ON.
- Loan to value was equal to 70.0%.

CONSTRUCTION LOAN

Mid-Rise Condo Building(s)

\$28,400,000

- Firm Capital provided a \$28,400,000 first mortgage construction facility for a two-phased 154 unit residential condo project.
- Firm Capital paid out the existing construction lender and reformulated the capitalization stack with the secondary lender.

ABOUT FIRM CAPITAL CORPORATION

OUR CORE PRINCIPLES



TRUST

Our partners, investors and clients can trust Firm Capital to execute on our commitment.



INNOVATION

Firm Capital brings an innovative approach to structuring a transaction.



RELATIONSHIPS

Firm Capital builds strong, long term relationships 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, principle 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 our 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.

ABOUT FIRM CAPITAL: Firm Capital Corporation is the Mortgage Lending Group within the Firm Capital organization, a real estate merchant bank focused on conventional, tactical and distressed debt and equity investments in the private and public marketplace.

A BOUTIQUE MORTGAGE BANK PROVIDING REAL ESTATE CAPITAL FOR:

- Bridge Financing
- Land & Construction Financing
- Landlords / Developers / Builders
- Investment Property Financing
- REITs / Capital Markets
- Mezzanine Financing
- Distressed Debt
- Special Situations
- Real Estate Private Equity / Equity Capital
- Private & Public Market Investments

**Firm
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Mortgage Banking • Real Estate Capital

A Non-Bank Lender Providing Construction, Bridge,
Equity and Conventional Real Estate Financing

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