

# Firm Capital

## Firm Capital Mortgage Investment Corporation

Firm Capital Mortgage Investment Corporation is a non-bank lender providing residential and commercial real estate financing.



## Q1 2018 Investor Presentation

March 31, 2018

**The Mortgage Banker, Firm Capital Corporation, since 1988 and since our IPO in 1999, Firm Capital Mortgage Investment Corporation has been a non-bank lender focused on short-term bridge real estate financing market**

**Investment Themes:**

- Preservation of Shareholders' Capital
- Strong Governance Policies
- Performance Driven Compensation
- Growth coupled with strong balance sheet while minimizing risk
- Stable Dividend
- Short term lending with experienced partners comprised of management and investors

## Independent Directors

- Stanley Goldfarb\*
- Anthony Heller
- Larry Shulman \*
- Geoffrey Bledin \*
- Morris Fischtein
- Keith L. Ray \*
- Joe Oliver

## Management Directors

- Eli Dadouch \*
- Jonathan Mair \*
- Edward Gilbert \*
- Victoria Granovski \*

## Significant Real Estate Experience

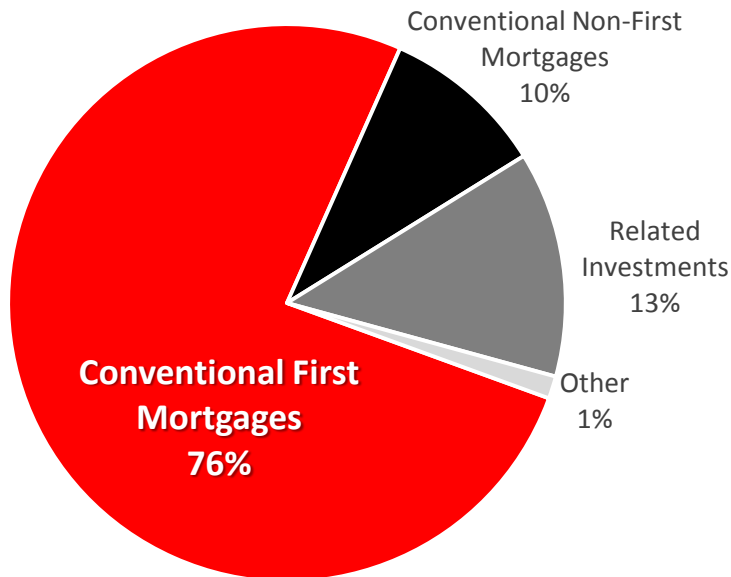
Note: (1) Actively co-invests with FC MIC on mortgage transactions

- **Performance based compensation**
  - MIC Manager receives 75 bps on performing investments, not cash balances
  - Mortgage Banker receives 10 bps servicing fee on performing investments
  - No payment on work outs for any defaulted loans
  - Commitment fee income is shared
  - Corporation receives 75% of profits from mezzanine and equity investments after first earning a 10% preferred return
- **Substantial personal investment**
  - 25% pari-passu investment in all non-conventional mortgages
  - Management and directors are co-investors in most investments
- **No acquisition or disposition fees charged**

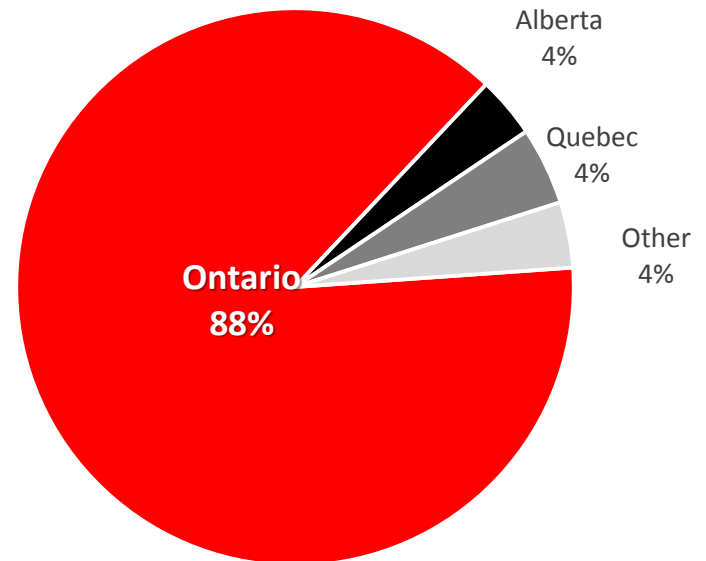
## Conservative Lending Approach

- 76% conventional first mortgages
- Experienced borrowers in proven markets
- Conservative lending guidelines restricting investment exposure on loan size and related borrower groups

### Investment Portfolio



### Geographic Diversification



- Maximum single first mortgage restricted to 5% and 10% of capital, depending on LTV <sup>(1)</sup>
- Maximum single non first mortgage restricted to 2.5% of capital <sup>(1)</sup>
- Restrictions on the amount of non-first mortgage investments
- Independent director approval of every investment
  - <\$1,000,000 – at least one
  - >\$1,000,000 – majority
- Co-investment by management
- Syndicated portfolio to diversify risk
- Internalized credit management
  - Reports directly to independent directors
- Default Recovery Program
  - Mandatory enforcement within 15 days
- Independent third party reports
  - Appraisals, environmental audits, structural audits

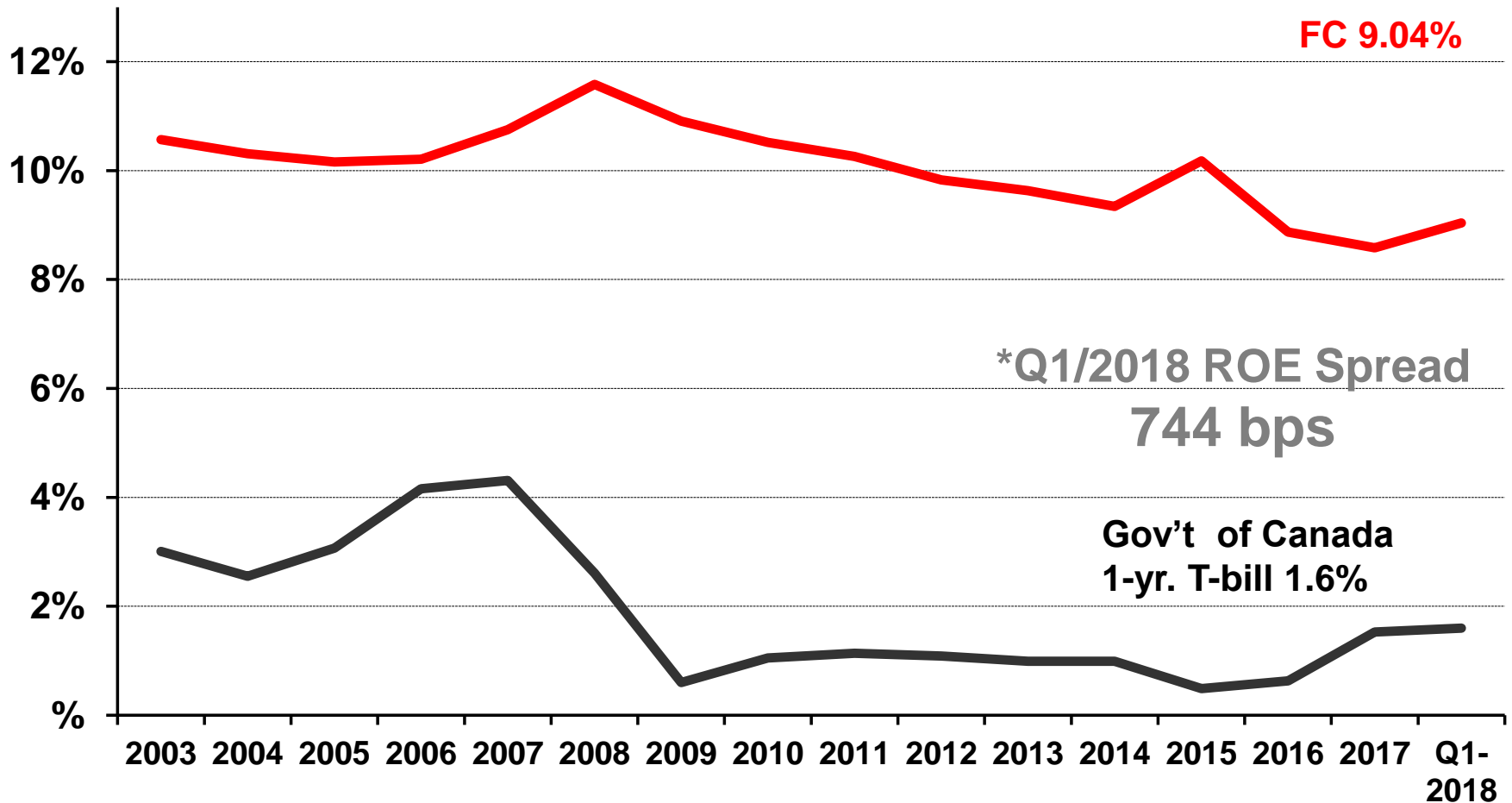
Note: (1) Capital is based on total paid up Shareholder's Equity and Convertible Debentures

	Quarter Ended Mar 31, 2018	Quarter Ended Mar 31, 2017	Quarter Ended Dec 31, 2017
<b>Mortgage Portfolio (millions)<sup>(1)</sup></b>	<b>\$552</b>	<b>\$460</b>	<b>\$562</b>
<b>Basic Profit Per Share</b>	<b>\$0.247</b>	<b>\$0.311<sup>(2)</sup></b>	<b>\$0.235</b>
<b>Dividends Per Share</b>	<b>\$0.234</b>	<b>\$0.234</b>	<b>\$0.304</b>
<b>Return on Equity</b>	<b>9.04%</b>	<b>8.87%</b>	<b>8.58%</b>
<b>Loan Losses</b>	<b>None</b>	<b>None</b>	<b>None</b>

(1) Net of impairment provision

(2) Include one time non- occurring special income

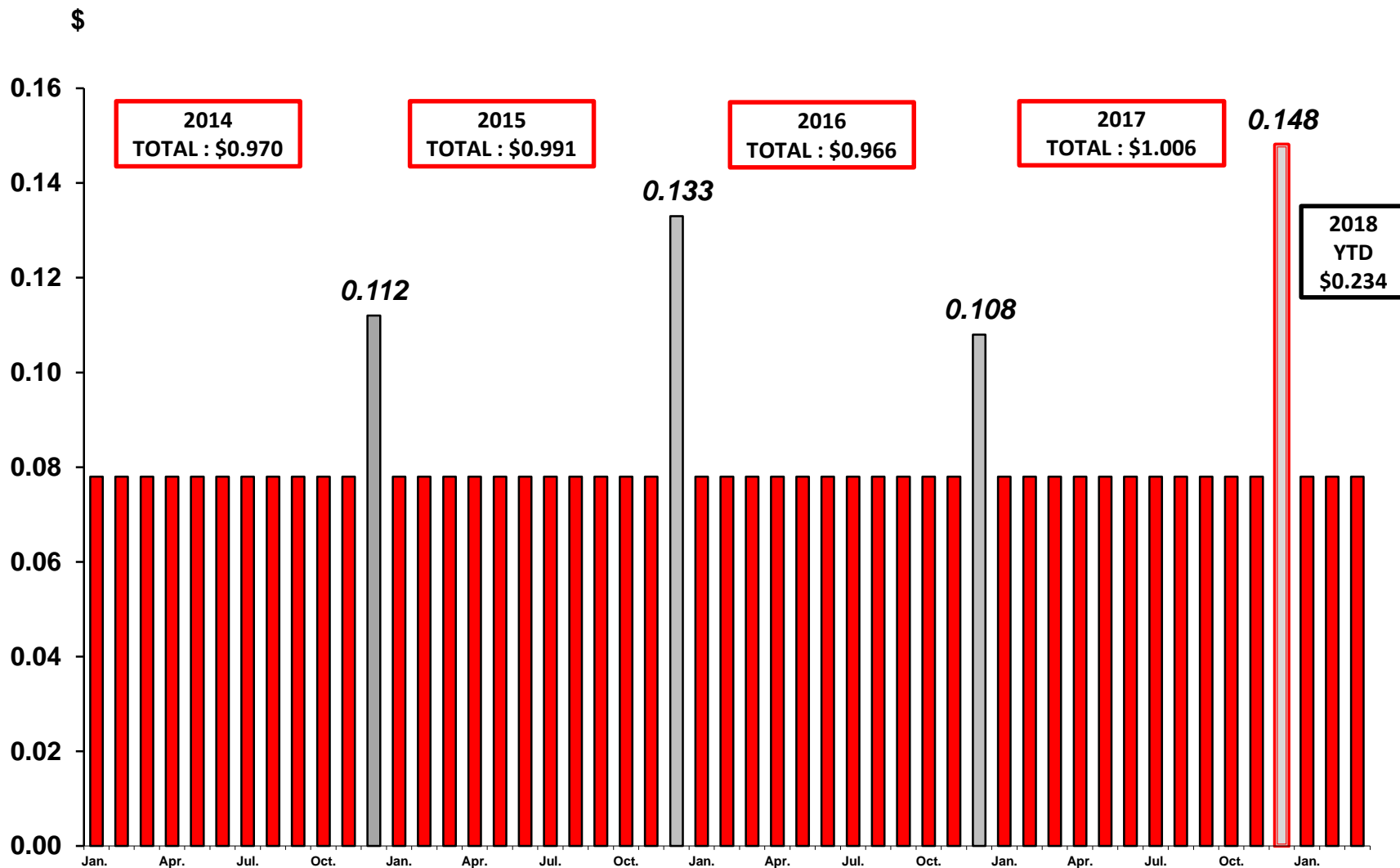
# Annualized Return on Shareholders' Equity

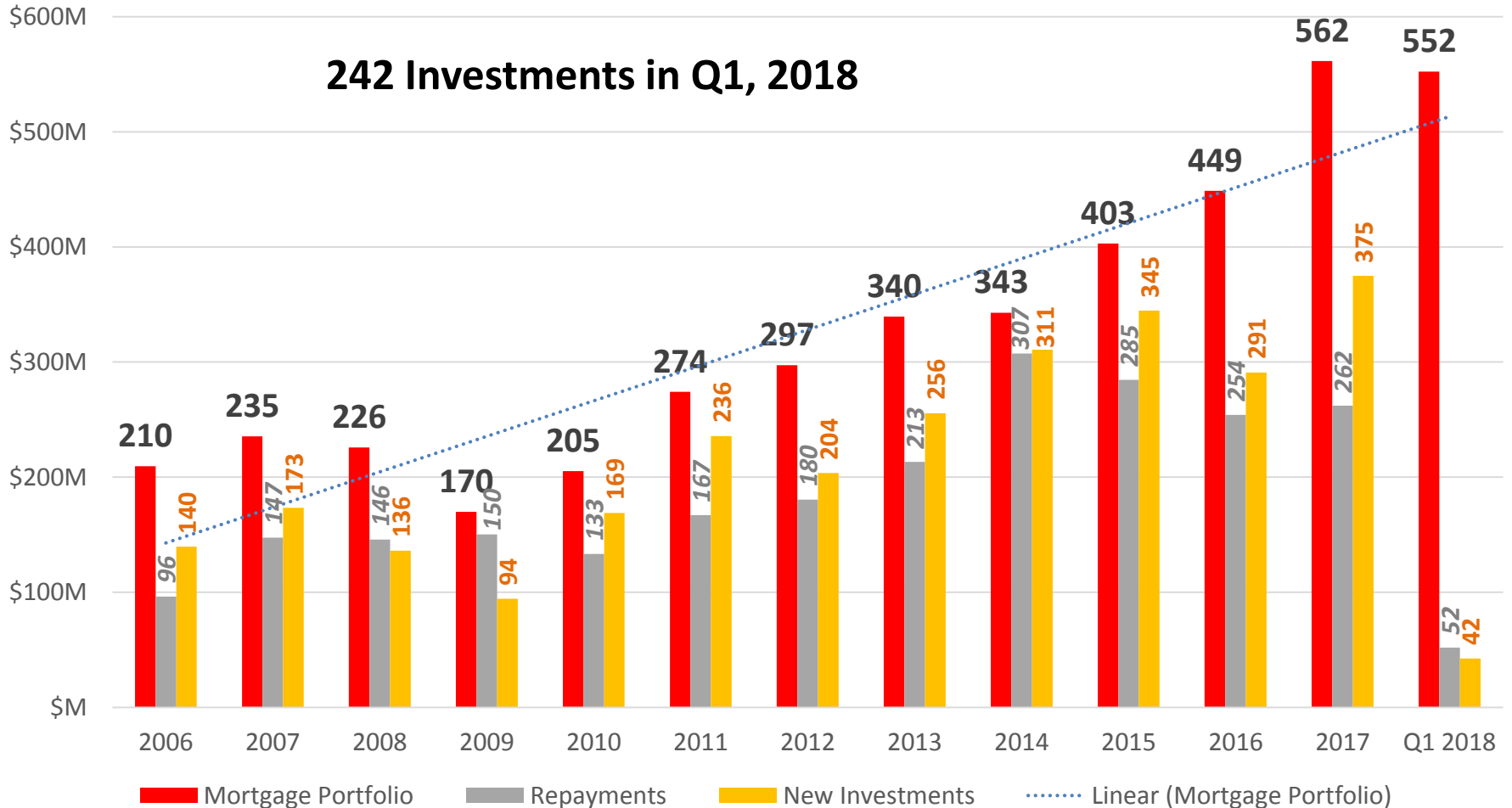




(\$ in millions)	Quarter Ended Mar 31, 2018	Quarter Ended Dec 31, 2017	Quarter Ended Sep 30, 2017	Quarter Ended Jun 30, 2017
<b>Interest and Fees Earned</b>	<b>\$11.74</b>	\$11.33	\$10.92	\$9.93
<b>Interest and Operating Expenses</b>	<b>\$5.31</b>	\$5.22	\$5.02	\$4.16
<b>Profit</b>	<b>\$6.43</b>	\$6.11	\$5.90	\$5.77
<b>Dividends to Shareholders</b>	<b>\$6.10</b>	<b>\$7.92<sup>(1)</sup></b>	<b>\$5.82</b>	<b>\$5.67</b>
<b>Loan Loss Provision</b>	<b>\$6.0</b>	\$5.7	\$5.3	\$5.1

(1) Fourth quarter dividends includes one time payout of accumulated excess earnings throughout the year





- **Significant Origination Capability**

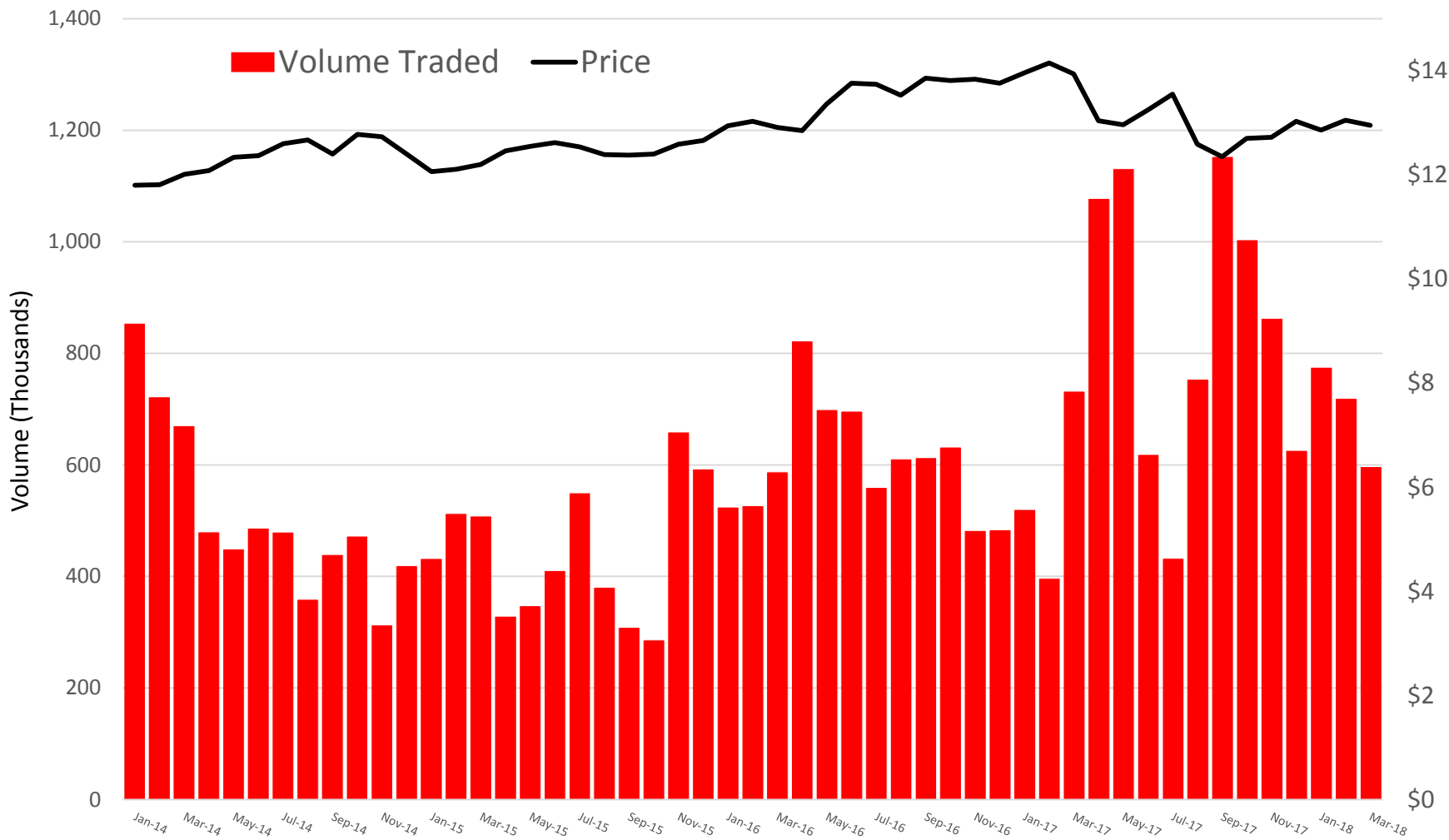
- Mortgage Banker (FCC) 27 year track record
- 2012 transaction volume - \$515 million
- 2013 transaction volume - \$665 million
- 2014 transaction volume - \$755 million
- 2015 transaction volume - \$793 million
- 2016 transaction volume - \$735 million
- 2017 transaction volume - \$1 billion
- 2018 transaction volume YTD - \$230 million
- The mortgage bank experience and strong partners provides steady deal flow with excellent risk mitigates
- Co-investing with knowledgeable real estate partners

**Accessed the capital market **twelve** times since October 2010**

- October 2010  
\$31.4 MM Series A Convert 5.75%
- August 2011  
\$25.7 MM Series B Convert 5.40%
- April 2012  
\$20.7 MM Shares @\$13.45  
\$20.5 MM Series C Convert 5.25%
- March 2013  
\$20.0 MM Series D Convert 4.75%
- January 2014  
\$23.6 MM Shares @\$12.10
- April 2015  
\$25.0 MM Series E Convert 5.30%
- December 2015  
\$23.0 MM Series F Convert 5.50%
- April 2016  
\$25.3 MM Shares @\$12.90
- December 2016  
\$22.5 MM Series G Convert 5.20%
- March 2017  
\$23.0 MM Shares @ \$14.10
- June 2017  
\$26.5 MM Series H Convert 5.30%
- September 2017  
\$31.4MM Series A Convert redemption  
67% elected to redeem via shares

**Wide Investment Dealer  
Distribution Network**

## Average Share Price & Trading Volume



- Anticipate to continue to meet and exceed stated objectives of generating a return on equity of 400 basis points over average 1 year Government of Canada treasury bill yields
- Position mortgage investment portfolio towards higher concentration in conventional first mortgages and related investments
- Strong balance sheet and access to capital to take advantage of changing market conditions
- Focused on exit strategies and security over yield
- Continue to seek safer lower yielding investments that provide both an adequate return as well as a degree of safety

- Diversified investment portfolio that produces a stable stream of dividends
- Preservation of shareholders' equity
- Focused on large liquid markets
- Western Canada Presence
- Specialized in short term bridge financings with clear exit strategies
- Focused on managing the investment portfolio as opposed to growth
- Over fifteen years of stable dividends



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