

Firm Capital

Firm Capital Mortgage Investment Corporation

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



Q2 2018 Investor Presentation

June 30, 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

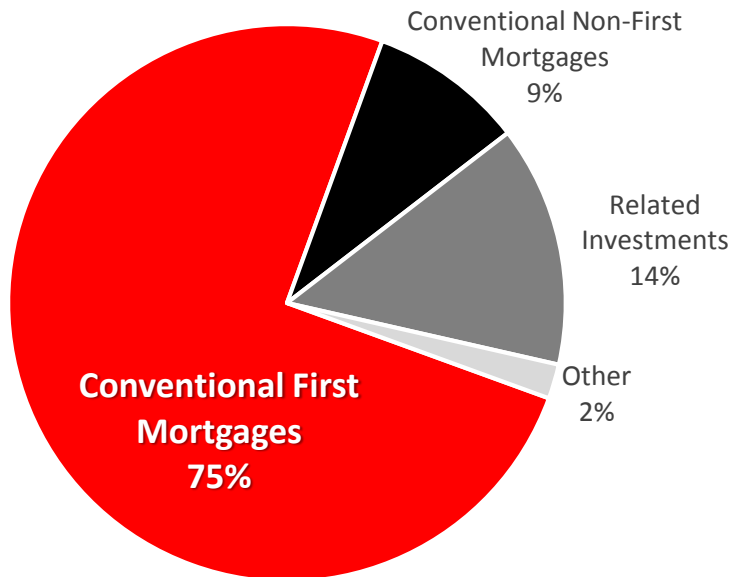
Note: (1) Actively co-invests with FC MIC on mortgage transactions

- **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**

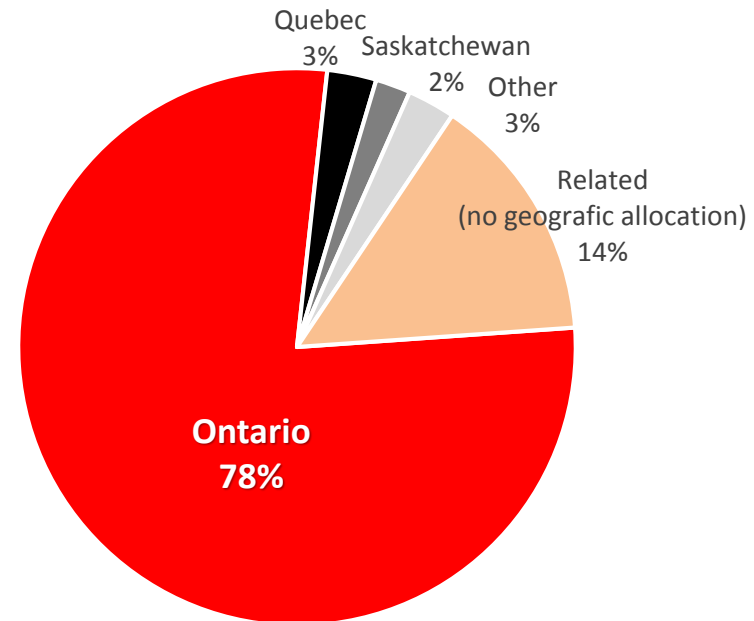
Conservative Lending Approach

- 75% 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



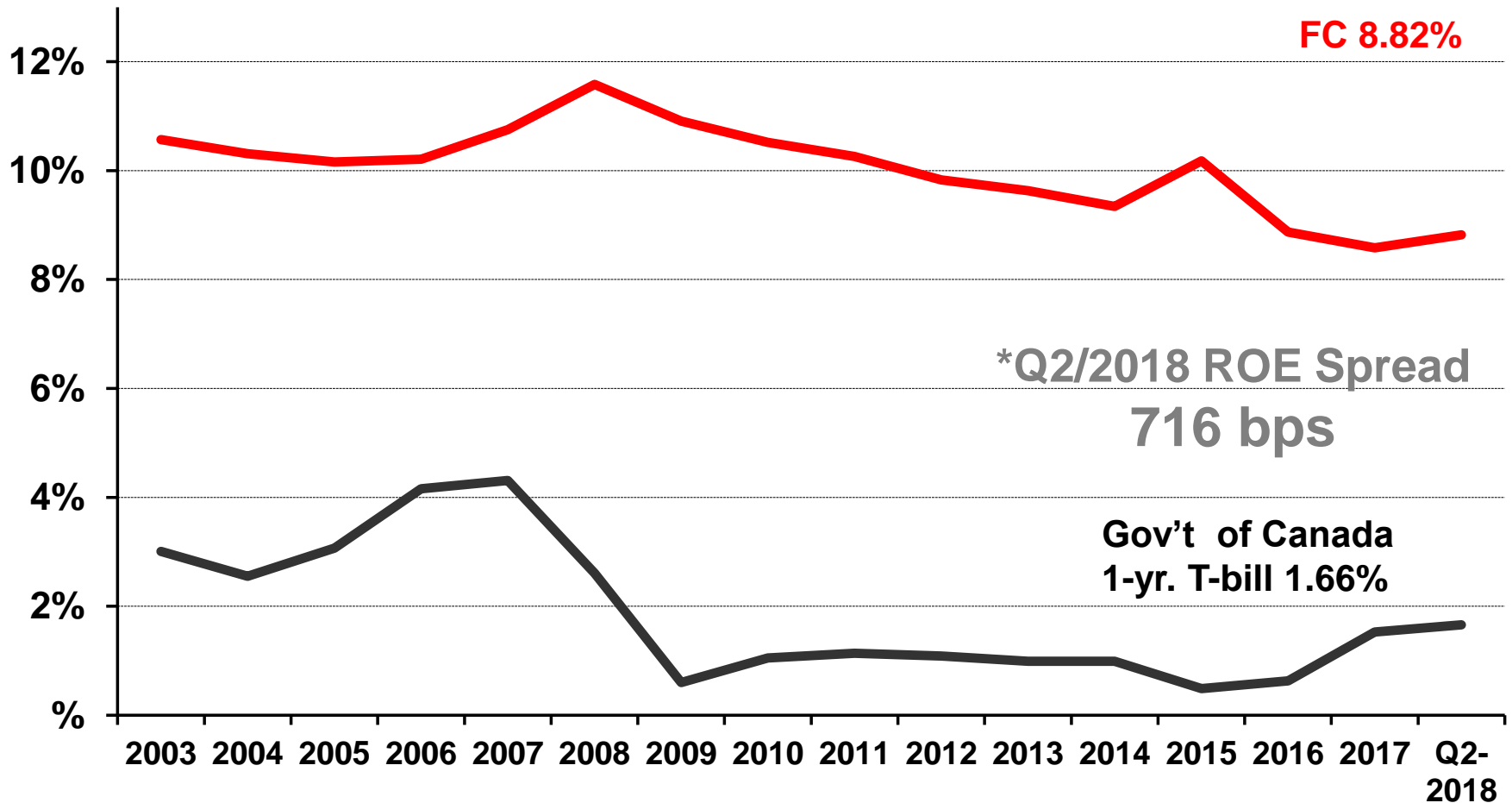
- Maximum single first mortgage restricted to 5% and 10% of capital, depending on LTV ⁽¹⁾
- Maximum single non first mortgage restricted to 2.5% of capital ⁽¹⁾
- Restrictions on the amount of non-first mortgage investments
- Independent director approval of every investment
 - <\$1,000,000 – at least 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 June 30, 2018	Quarter Ended June 30, 2017	Quarter Ended Dec 31, 2017
Mortgage Portfolio (millions)⁽¹⁾	\$560	\$489	\$562
Basic Profit Per Share	\$0.241	\$0.238	\$0.235
Dividends Per Share	\$0.234	\$0.234	\$0.304
Return on Equity	8.82%	8.74%	8.58%
Loan Losses	None	None	None

(1) Gross of impairment provision

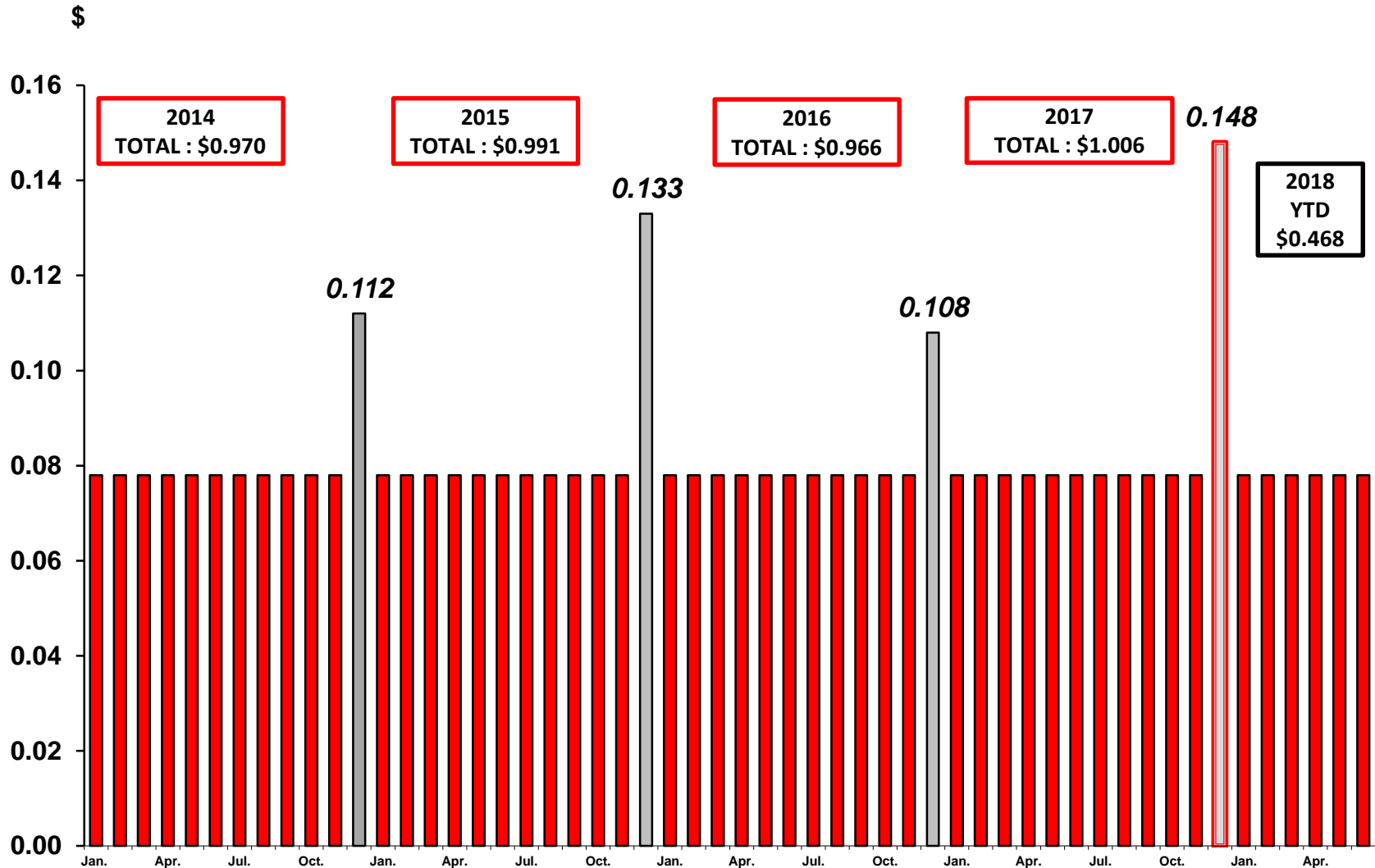
Annualized Return on Shareholders' Equity



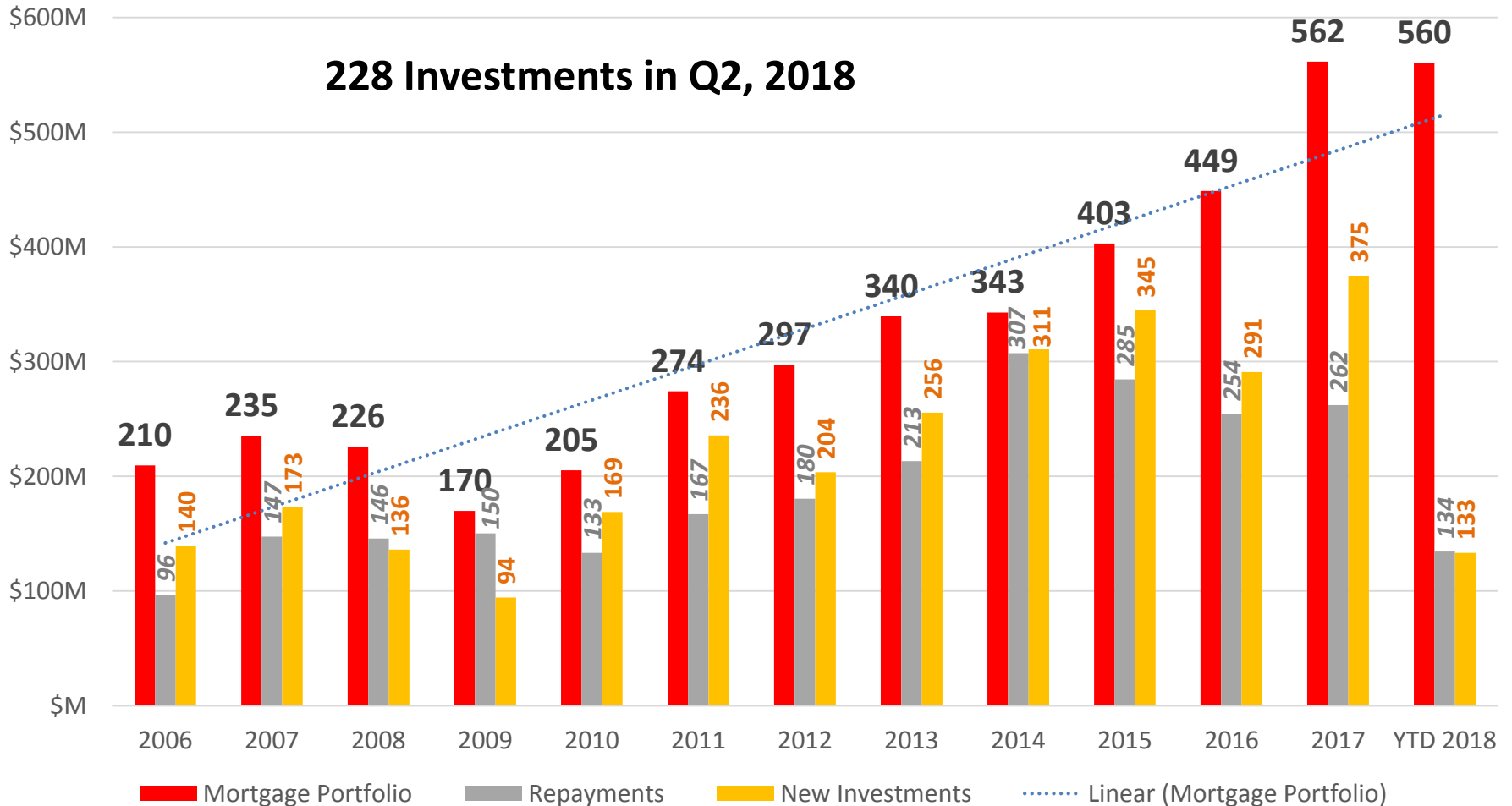
(\$ in millions)	Quarter Ended Jun 30, 2018	Quarter Ended Mar 31, 2018	Quarter Ended Dec 31, 2017	Quarter Ended Sep 30, 2017
Interest and Fees Earned	\$11.64	\$11.74	\$11.33	\$10.92
Interest and Operating Expenses	\$5.35	\$5.31	\$5.22	\$5.02
Profit	\$6.29	\$6.43	\$6.11	\$5.90
Dividends to Shareholders	\$6.11	\$6.10	\$7.92 ⁽¹⁾	\$5.82
Impairment allowance	\$4.8⁽²⁾	\$6.0	\$5.7	\$5.3

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

(2) Impairment allowance of \$4.8 million does not include allowance for credit losses of \$1.6 million



228 Investments in Q2, 2018



- **Significant Origination Capability**

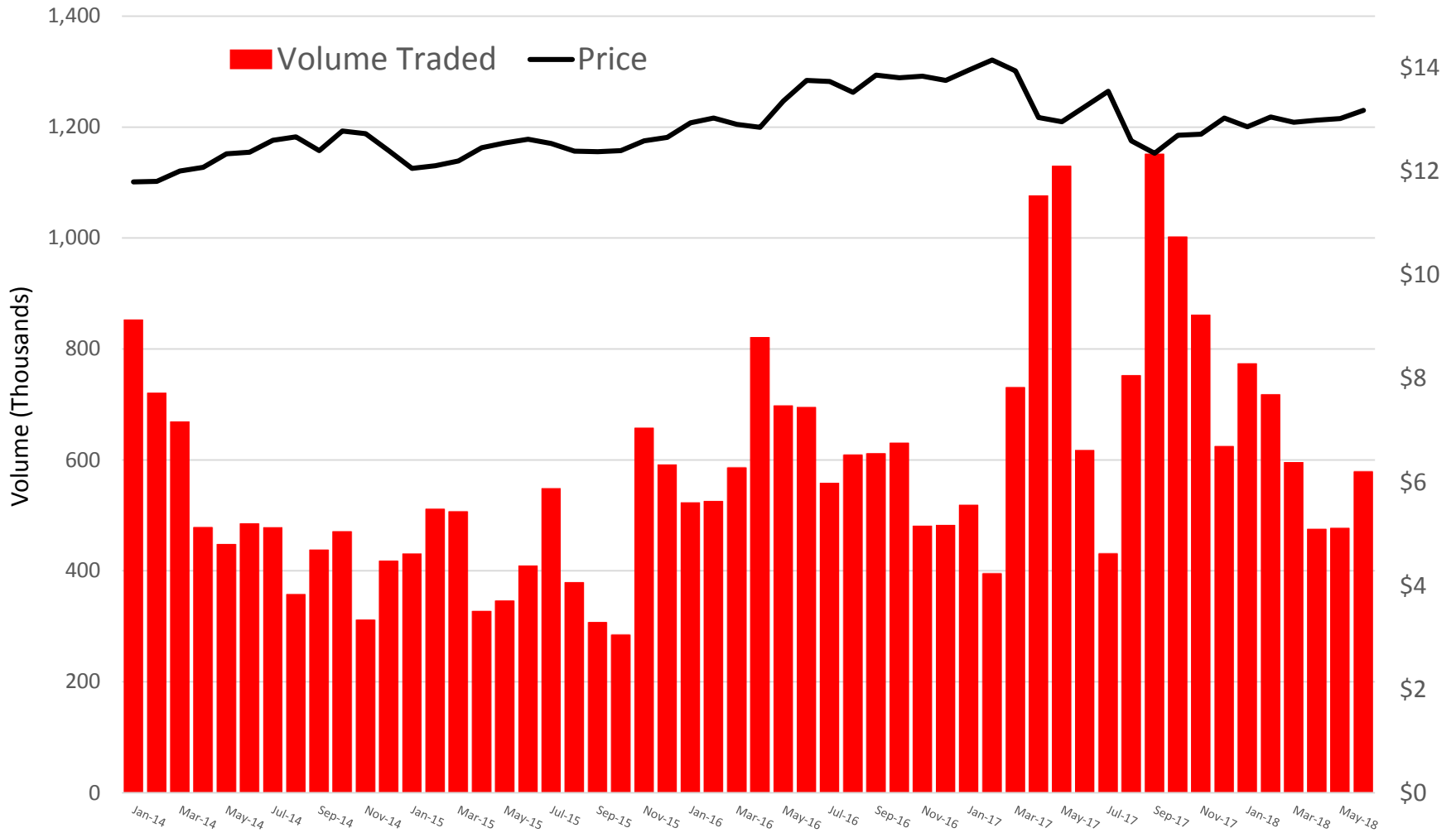
- Mortgage Banker (FCC) 27 year track record
- 2012 transaction volume - \$515 million
- 2013 transaction volume - \$665 million
- 2014 transaction volume - \$755 million
- 2015 transaction volume - \$793 million
- 2016 transaction volume - \$735 million
- 2017 transaction volume - \$1 billion
- 2018 transaction volume YTD - \$280 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 **Thirteen 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
- June 2018
\$25.0 MM Series I Convert 5.40%

**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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