

Firm Capital

Firm Capital Mortgage Investment Corporation

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



Q3 2018 Investor Presentation

November 2018

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
- Frank Newbould

Management Directors

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

Significant Real Estate Experience

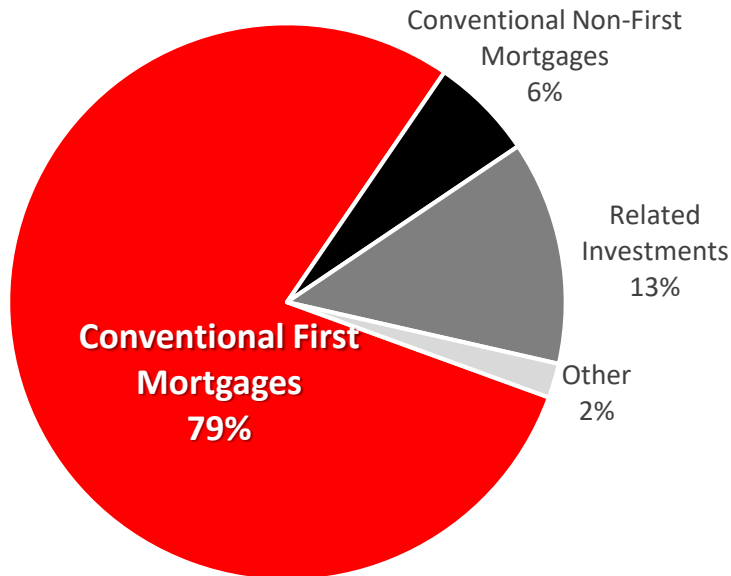
Note: (*) Actively co-invests with FC MIC on mortgage transactions

- **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**

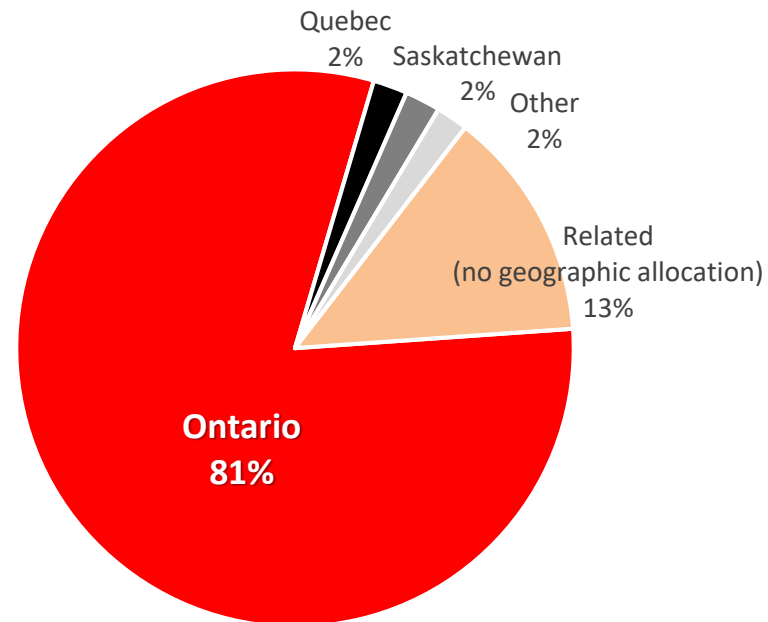
Conservative Lending Approach

- 79% 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



Investment Restrictions

- 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 Approval

- Independent director approval of every investment
 - <\$1,000,000 – at least one
 - >\$1,000,000 – majority



Risk Diversification

- Co-investment by management
- Syndicated portfolio to diversify risk

Credit Management

- Internalized credit management
 - Reports directly to independent directors



Default Recovery Program

- Mandatory enforcement within 15 days



Independent Reports

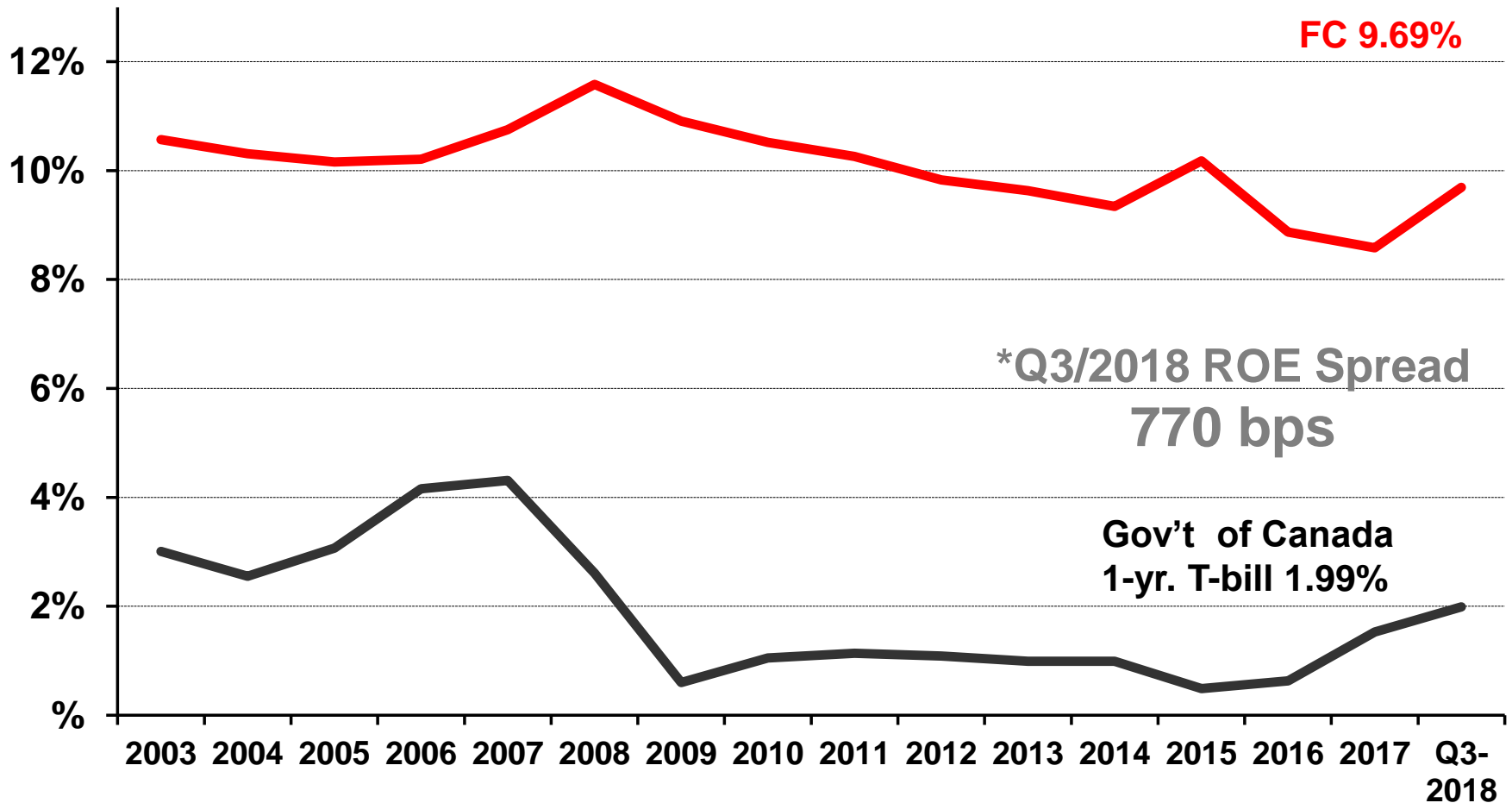
- Appraisals, environmental audits, structural audits

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

	Quarter Ended Sept 30, 2018	Quarter Ended Sept 30, 2017	Quarter Ended Dec 31, 2017
Mortgage Portfolio (millions)⁽¹⁾	\$535	\$539	\$562
Basic Profit Per Share	\$0.265	\$0.241	\$0.235
Dividends Per Share	\$0.234	\$0.234	\$0.304
Return on Equity	9.69%	8.69%	8.58%
Loan Losses	None	None	None

(1) Gross of impairment provision

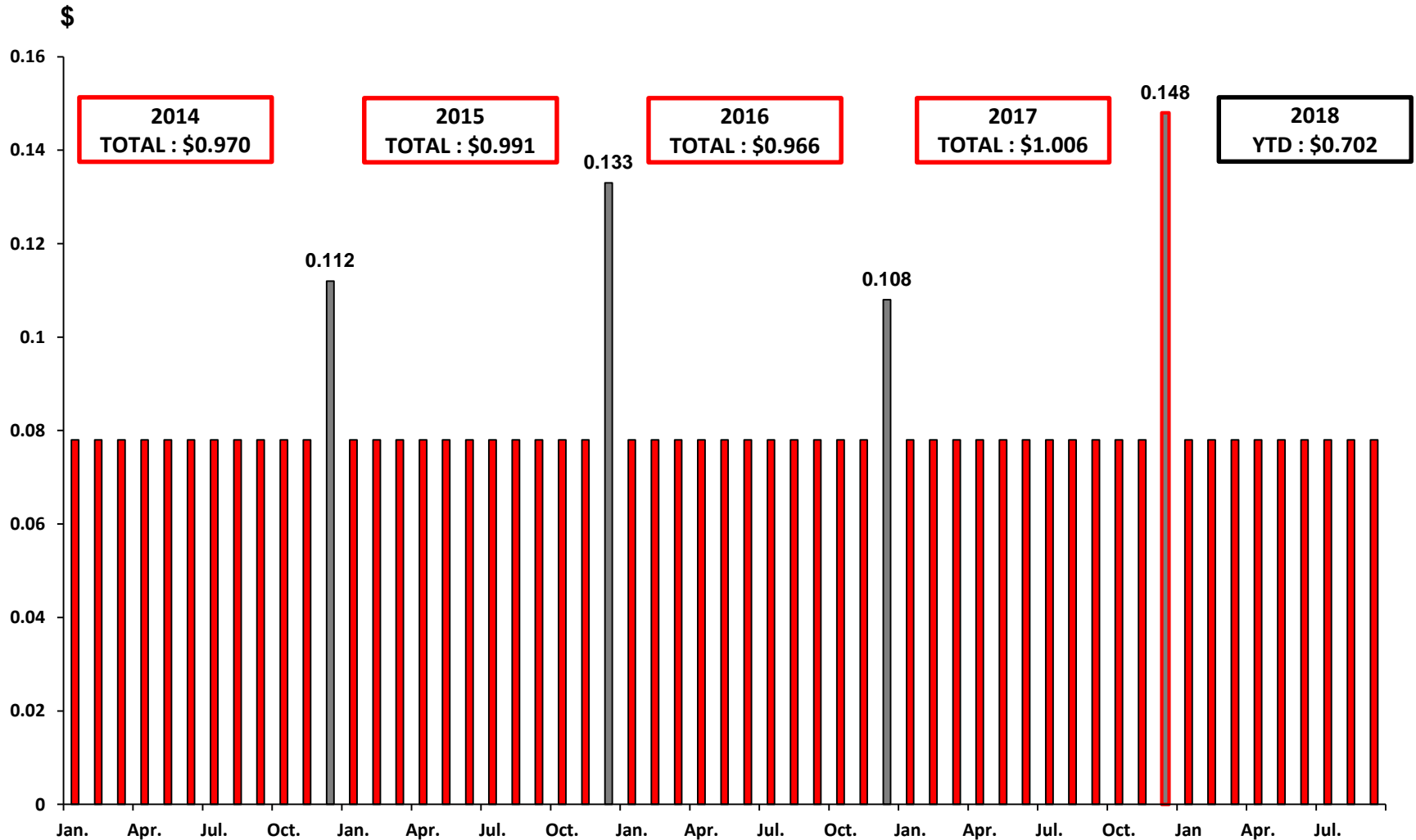
Annualized Return on Shareholders' Equity



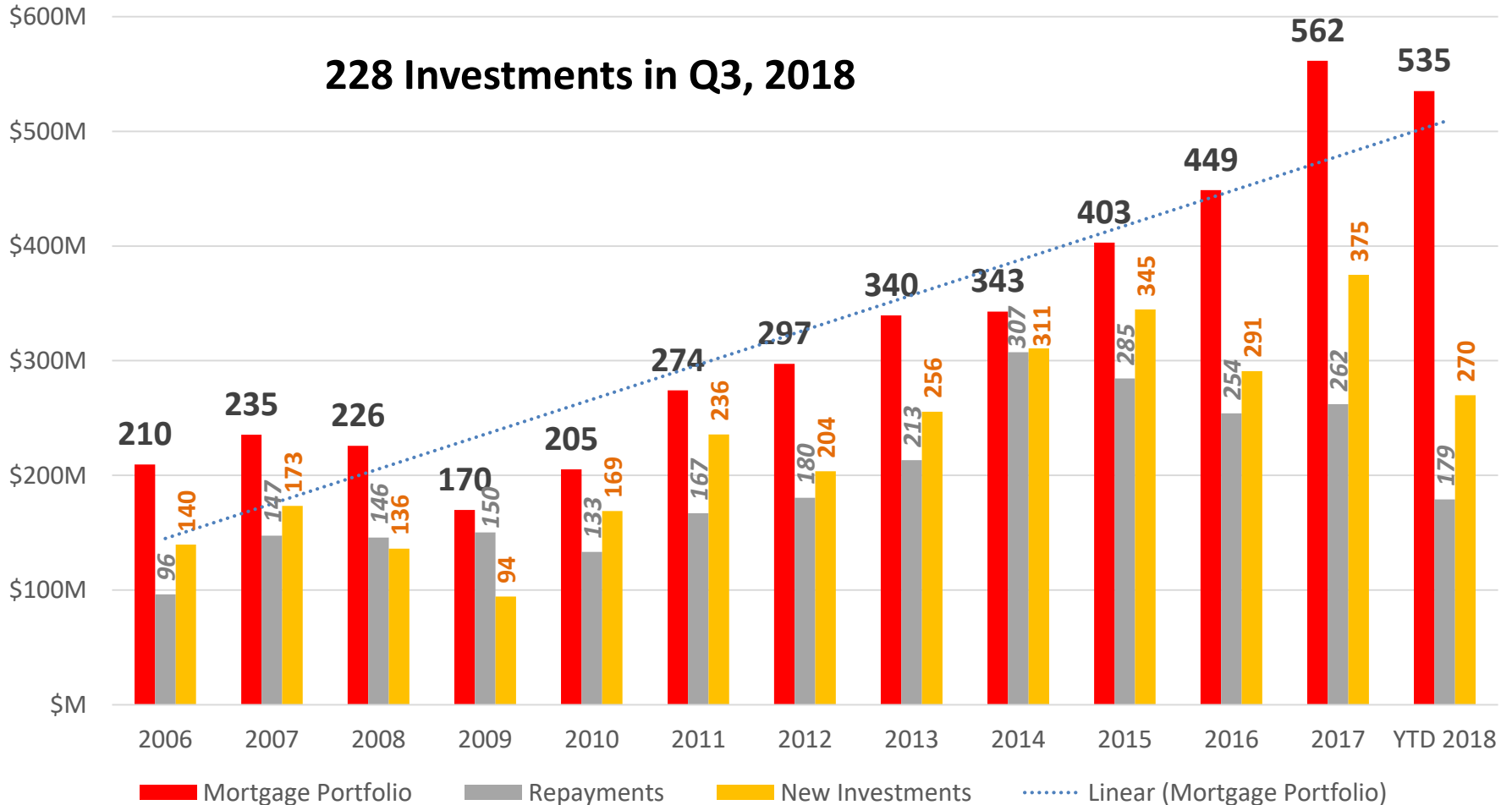
(\$ in millions)	Quarter Ended Sept 30, 2018	Quarter Ended June 30, 2018	Quarter Ended Mar 31, 2018	Quarter Ended Dec 31, 2017
Interest and Fees Earned	\$12.39	\$11.64	\$11.74	\$11.33
Interest and Operating Expenses	\$5.46	\$5.35	\$5.31	\$5.22
Profit	\$6.93	\$6.29	\$6.43	\$6.11
Dividends to Shareholders	\$6.11	\$6.11	\$6.10	\$7.92 ⁽¹⁾
Impairment allowance	\$5.0	\$4.8 ⁽²⁾	\$6.0	\$5.7

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

(2) Impairment allowance of \$5.0 million does not include allowance for credit losses of \$1.8 million



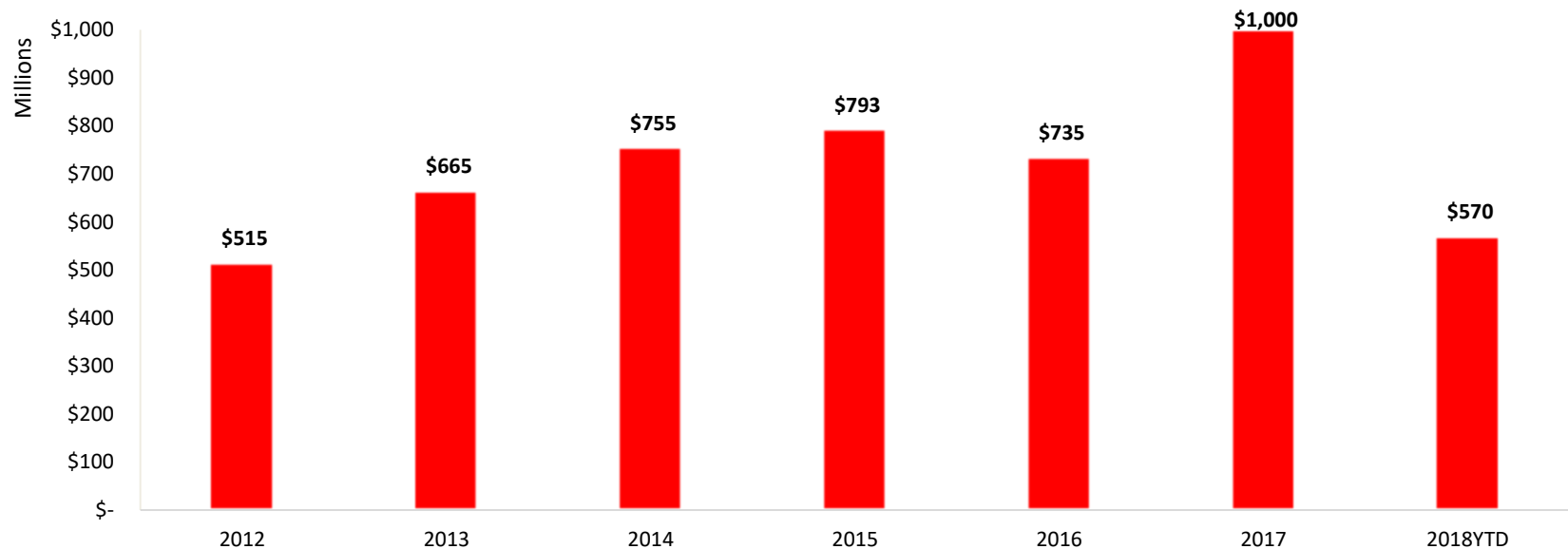
228 Investments in Q3, 2018



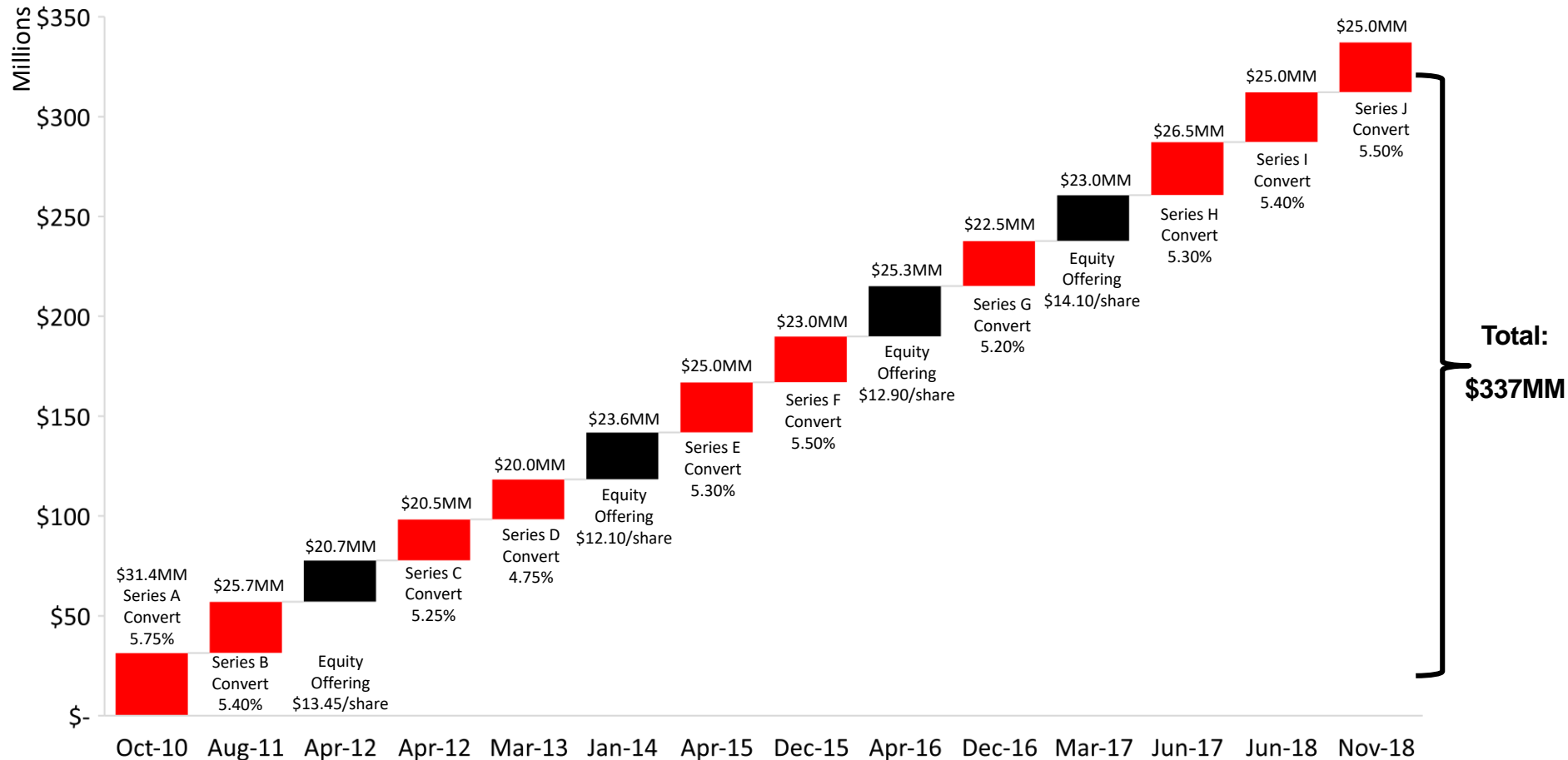
- **Significant Origination Capability**

- Mortgage Banker (FCC) 30 year track record
- The mortgage bank experience and strong partners provide steady deal flow with excellent risk mitigation
- Co-investing with knowledgeable real estate partners

Transaction Volume (in \$ millions): 2012 – 2018YTD

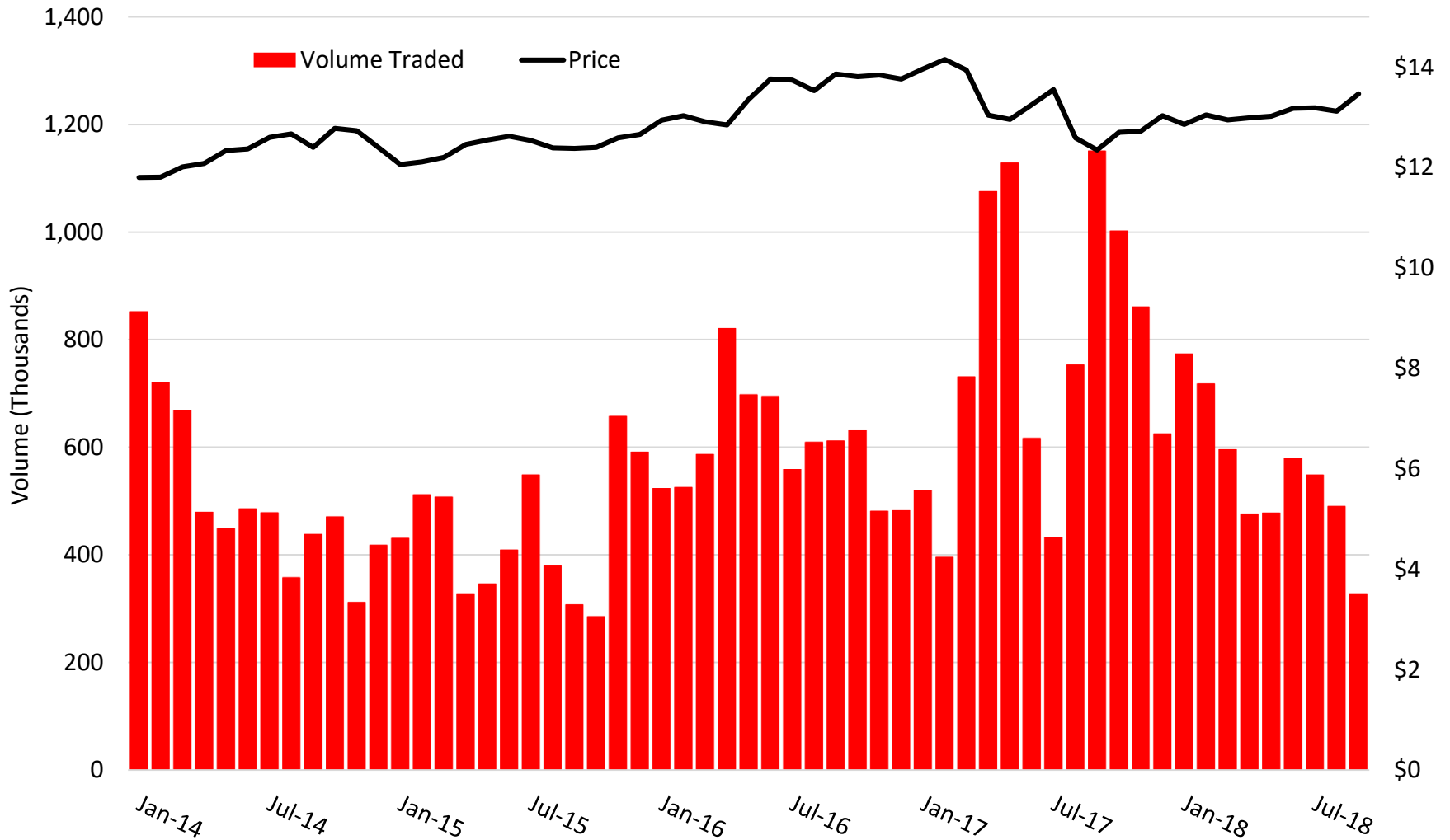


Accessed the capital market **fourteen** times since October 2010

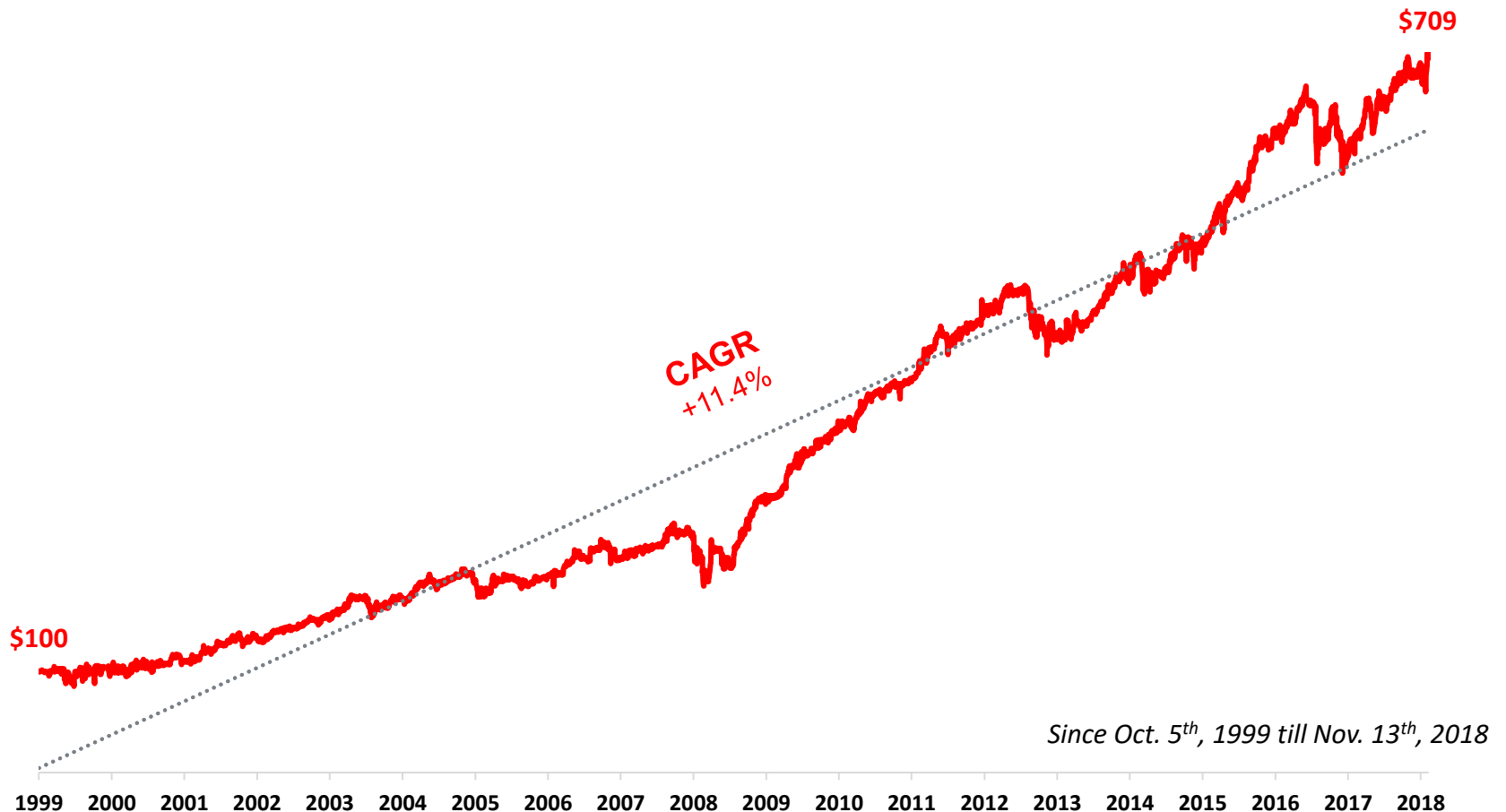


Wide Investment Dealer Distribution Network

Average Share Price & Trading Volume



A \$100 FC investment in 1999 would be worth \$709 today!



Since Oct. 5th, 1999 till Nov. 13th, 2018

- We anticipate that we will 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 portfolios 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
- Presence in Western Canada
- 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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