

Firm Capital

Firm Capital Mortgage Investment Corporation

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



Investor Presentation

May 2019

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** → No loan losses
- **Strong Governance Policies** → Conservative underwriting philosophy
- **Performance Driven Compensation** → Payment on performing balances, not cash or non-performing loans
- **Growth coupled with strong balance sheet while minimizing risk**
- **Stable Dividend** → Stable dividend since IPO + year end “top up” special dividend
- **Short term lending with experienced partners comprised of management and investors**
 - All loans syndicated to various parties
 - “Pari-passu” basis
 - Right of first refusal on all loans

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*

Senior Management

- Sandy Poklar
- Boris Baril

Significant Real Estate Experience

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

Aligned Management Interests

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

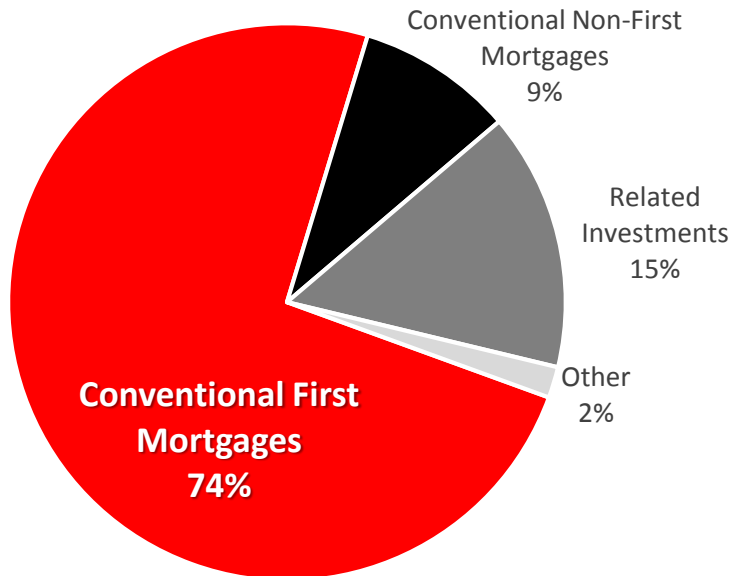
- 25% pari-passu investment in all non-conventional mortgages
- Management and directors are co-investors in most investments

No acquisition or disposition fees charged!

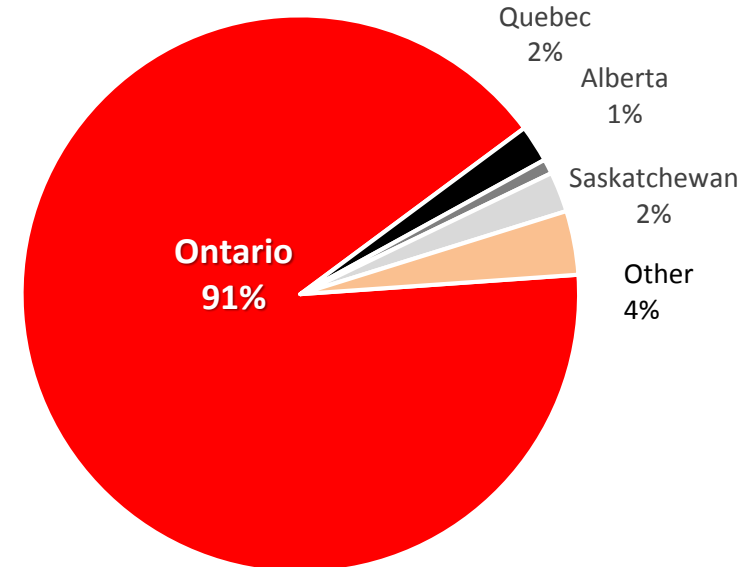
Conservative Lending Approach

- 74% conventional first mortgages
- Experienced borrowers in proven markets
- Conservative lending guidelines restricting investment exposure on loan size and related borrower groups

Investment Portfolio

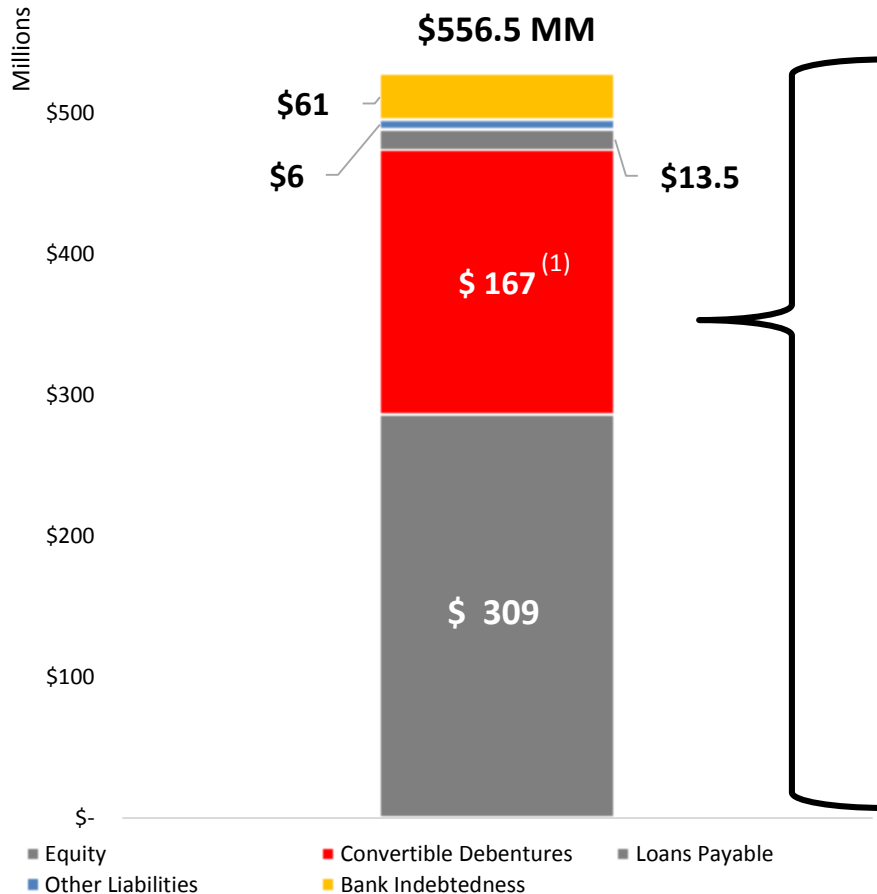


Geographic Diversification

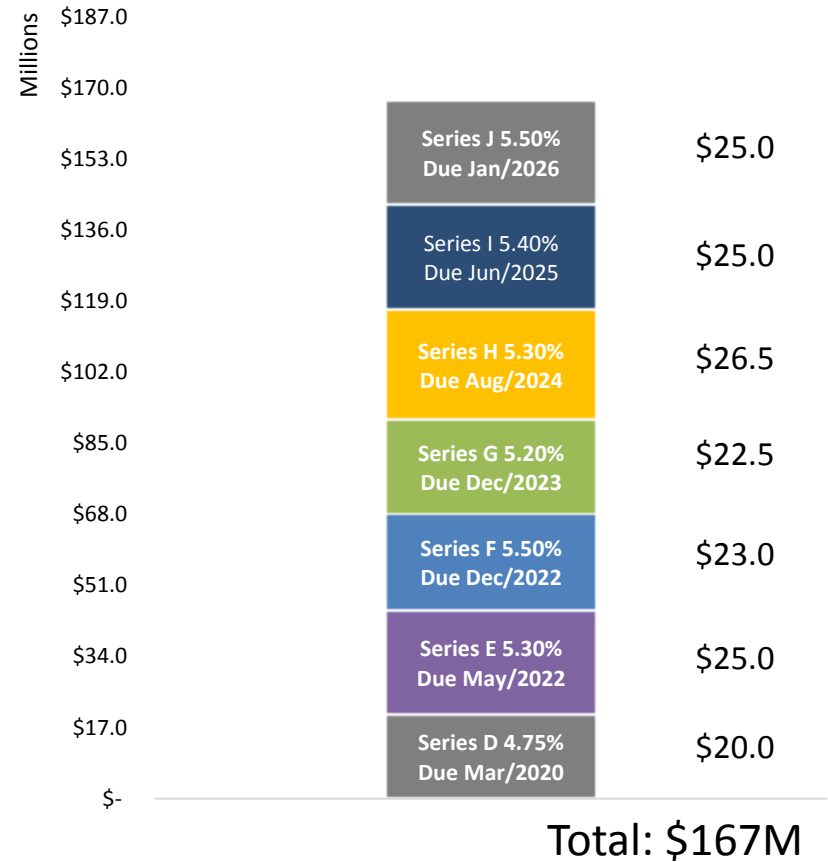


*(excluding Related Investments)

Current Capital Stack Q1/2019



Convertible Debentures Q1/2019⁽¹⁾



(1) At par value

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 Mar 31, 2019	Quarter Ended Dec 31, 2018	Quarter Ended Sep 30, 2018	Quarter Ended Jun 30, 2018	Quarter Ended Mar 31, 2018
Mortgage Portfolio (millions)⁽¹⁾	\$550	\$521	\$535	\$560	\$552
Basic Profit Per Share	\$0.246	\$0.233	\$0.265	\$0.241	\$0.247
Dividends Per Share	\$0.234	\$0.284	\$0.234	\$0.234	\$0.234
Return on Equity	8.97%	\$9.01%	9.69%	8.82%	9.04%
Loan Losses	None	None	None	None	None

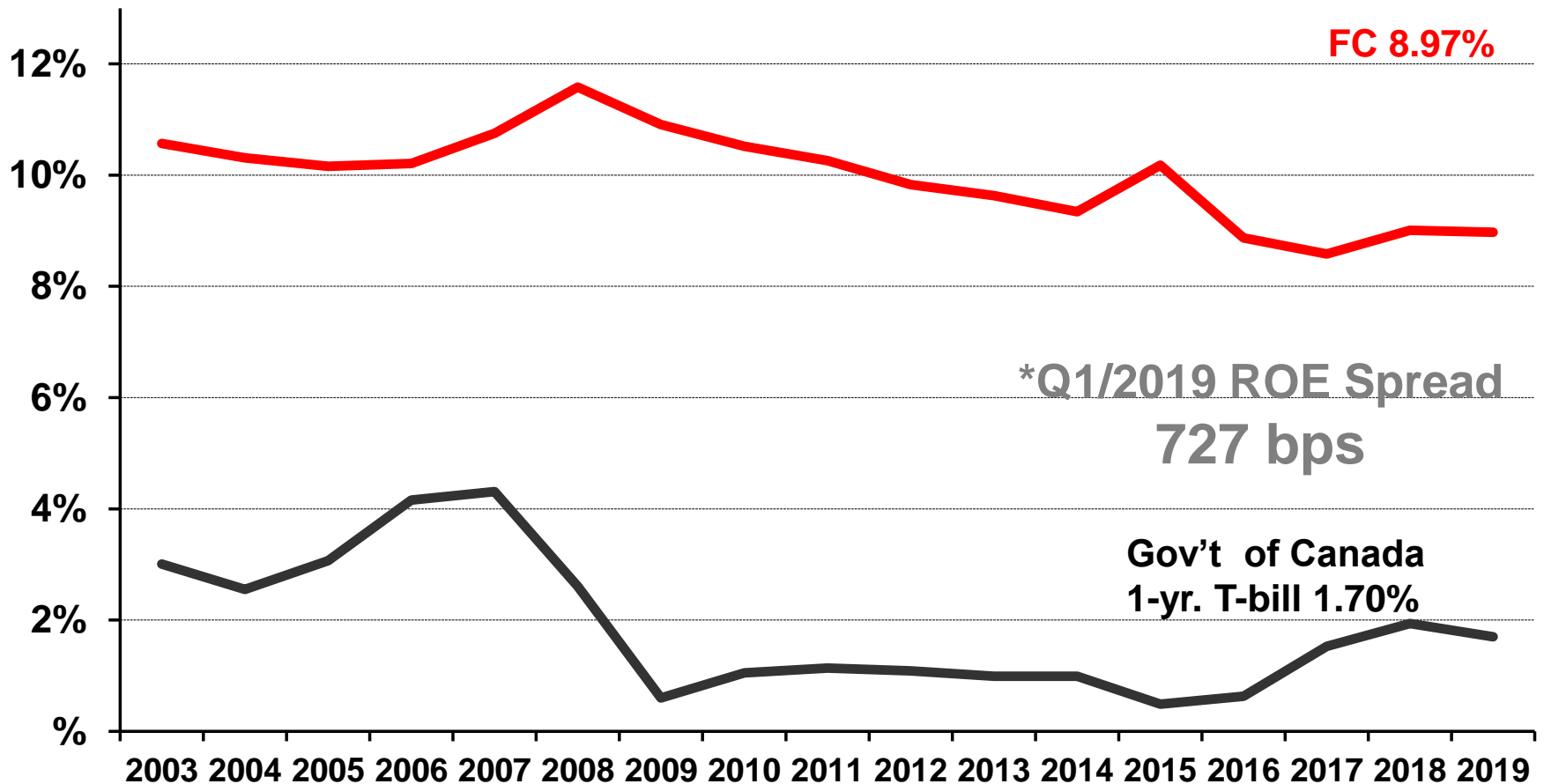
(1) Gross of impairment provision

(\$ in millions)	Quarter Ended Mar 31, 2019	Quarter Ended Dec 31, 2018	Quarter Ended Sep 30, 2018	Quarter Ended Jun 30, 2018	Quarter Ended Mar 31, 2018
Interest and Fees Earned	\$11.86	\$11.53	\$12.39	\$11.64	\$11.74
Interest and Operating Expenses	\$5.27	\$5.43	\$5.46	\$5.35	\$5.31
Profit	\$6.59	\$6.10	\$6.93	\$6.29	\$6.43
Dividends to Shareholders	\$6.26	\$7.43⁽¹⁾	\$6.11	\$6.11	\$6.10
Impairment allowance	\$4.95⁽²⁾	\$4.95	\$5.0	\$4.8	\$6.0

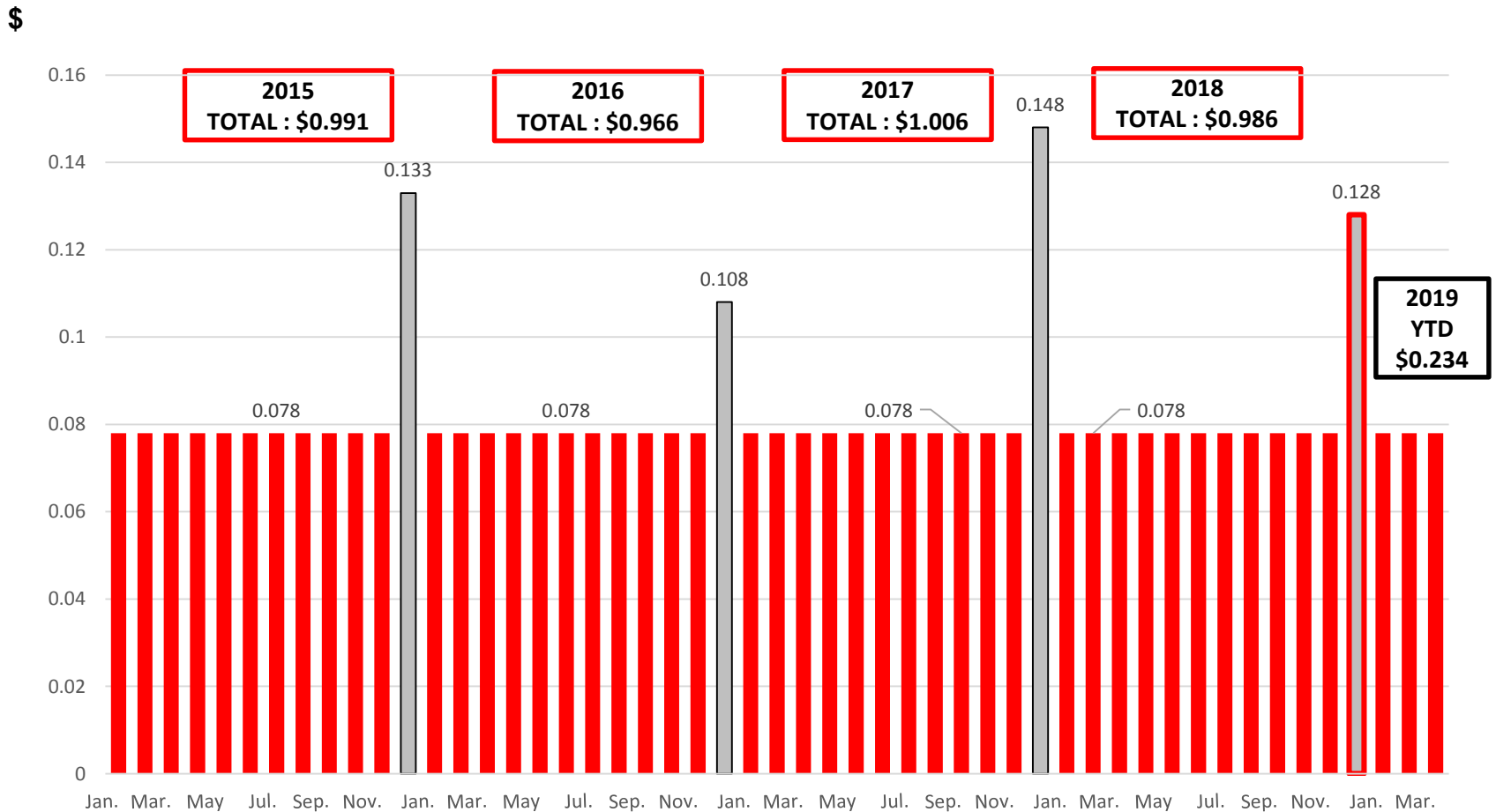
(1) Fourth quarter dividends include one time payout of accumulated excess earnings throughout the year

(2) Impairment allowance of \$4.95 million does not include allowance for credit losses of \$2.8 million

Annualized Return on Shareholders' Equity

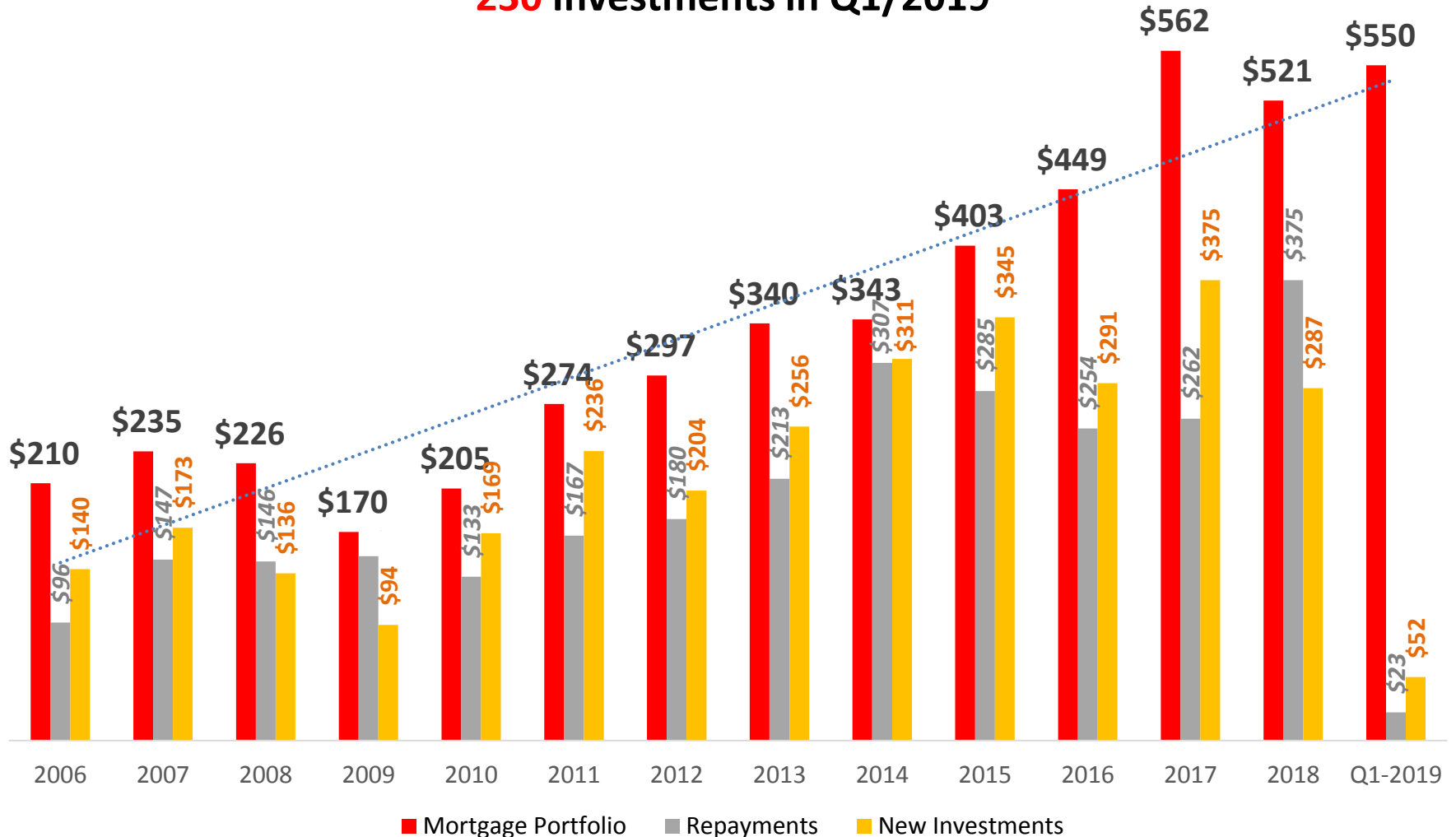


- Steady 7.8¢ dividend
- In addition, spend “top up” dividend at year end



Increasing Mortgage Portfolio (in \$MM)

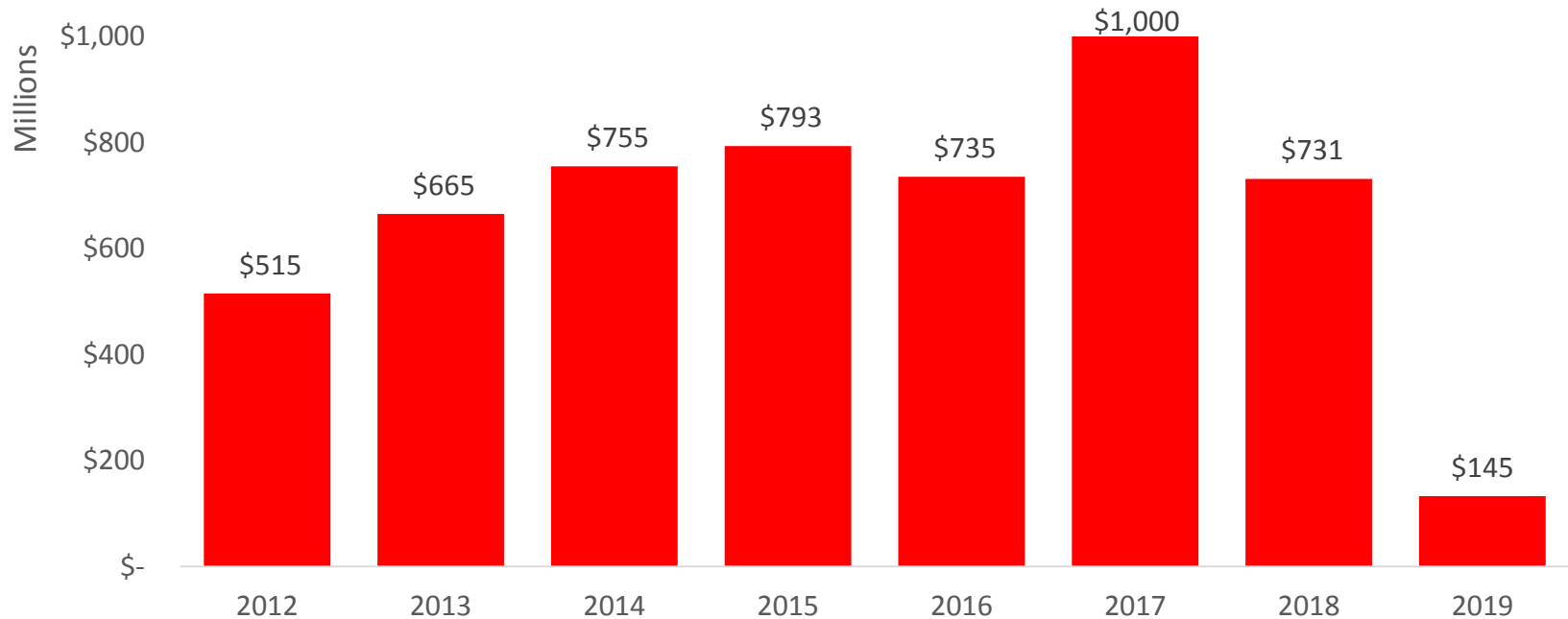
230 Investments in Q1/2019



- **Significant Origination Capability**

- 30 year track record of mortgage origination
- 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 \$MM): 2012 – 2019

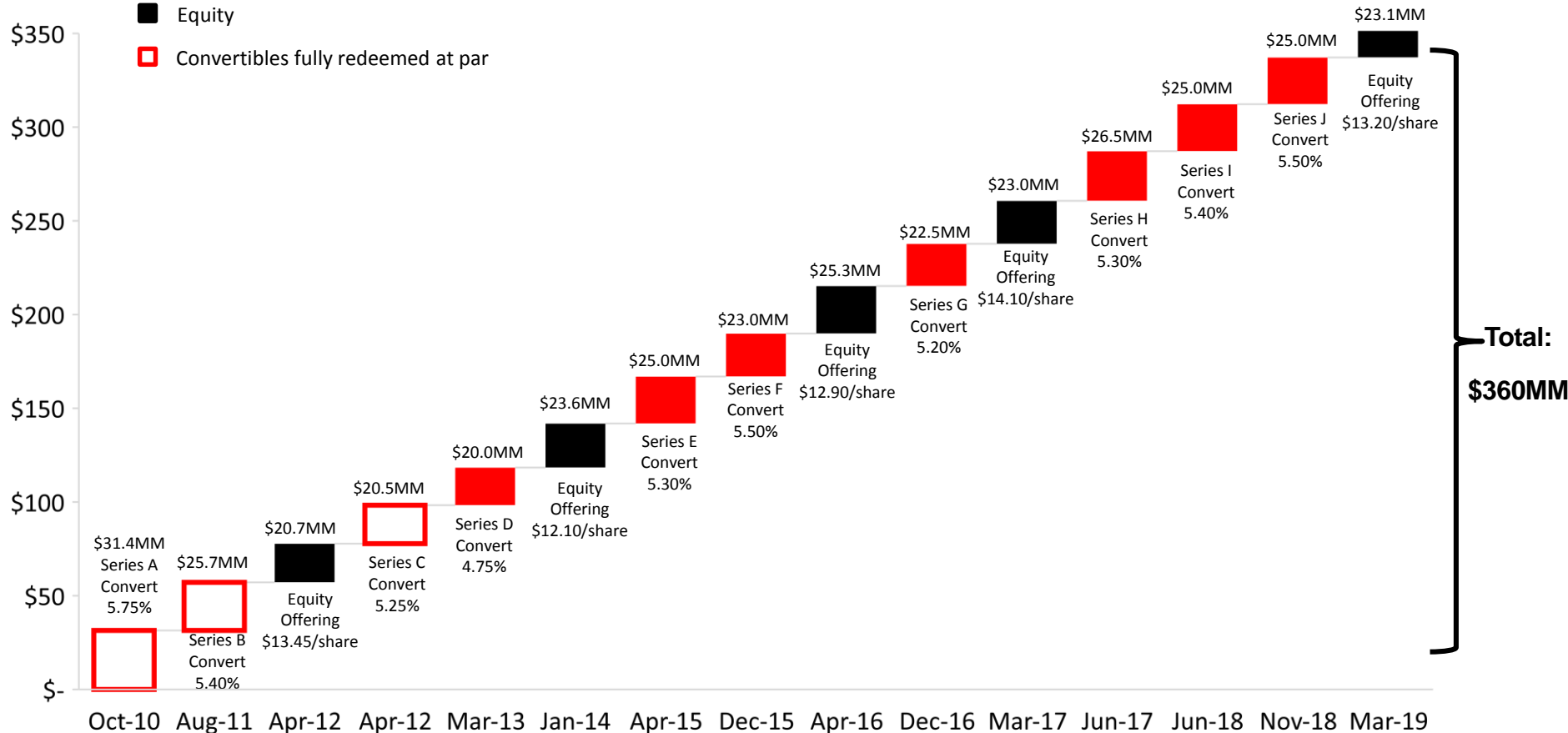


Accessing the Capital Markets

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

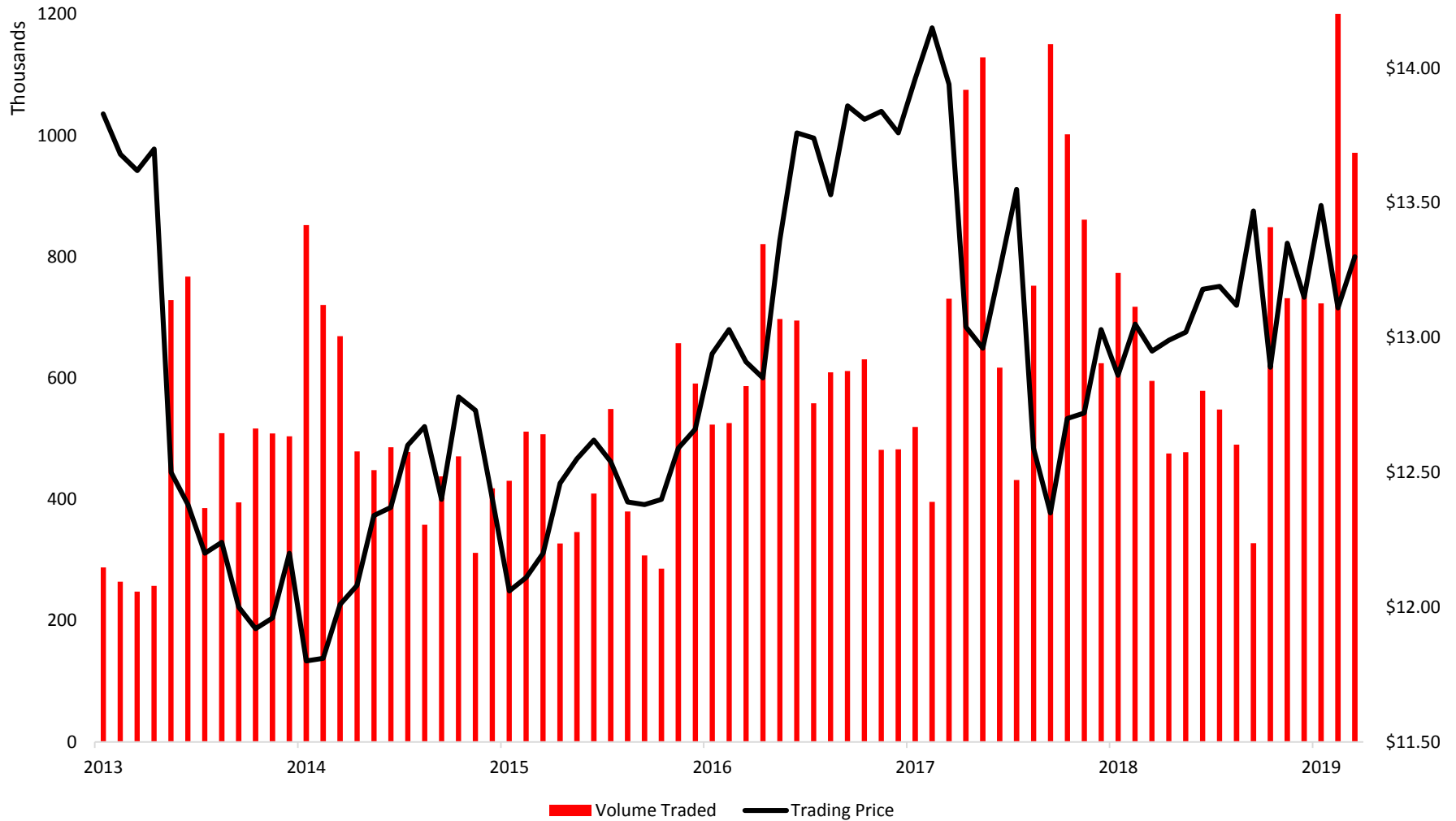
Millions

- Convertibles
- Equity
- Convertibles fully redeemed at par

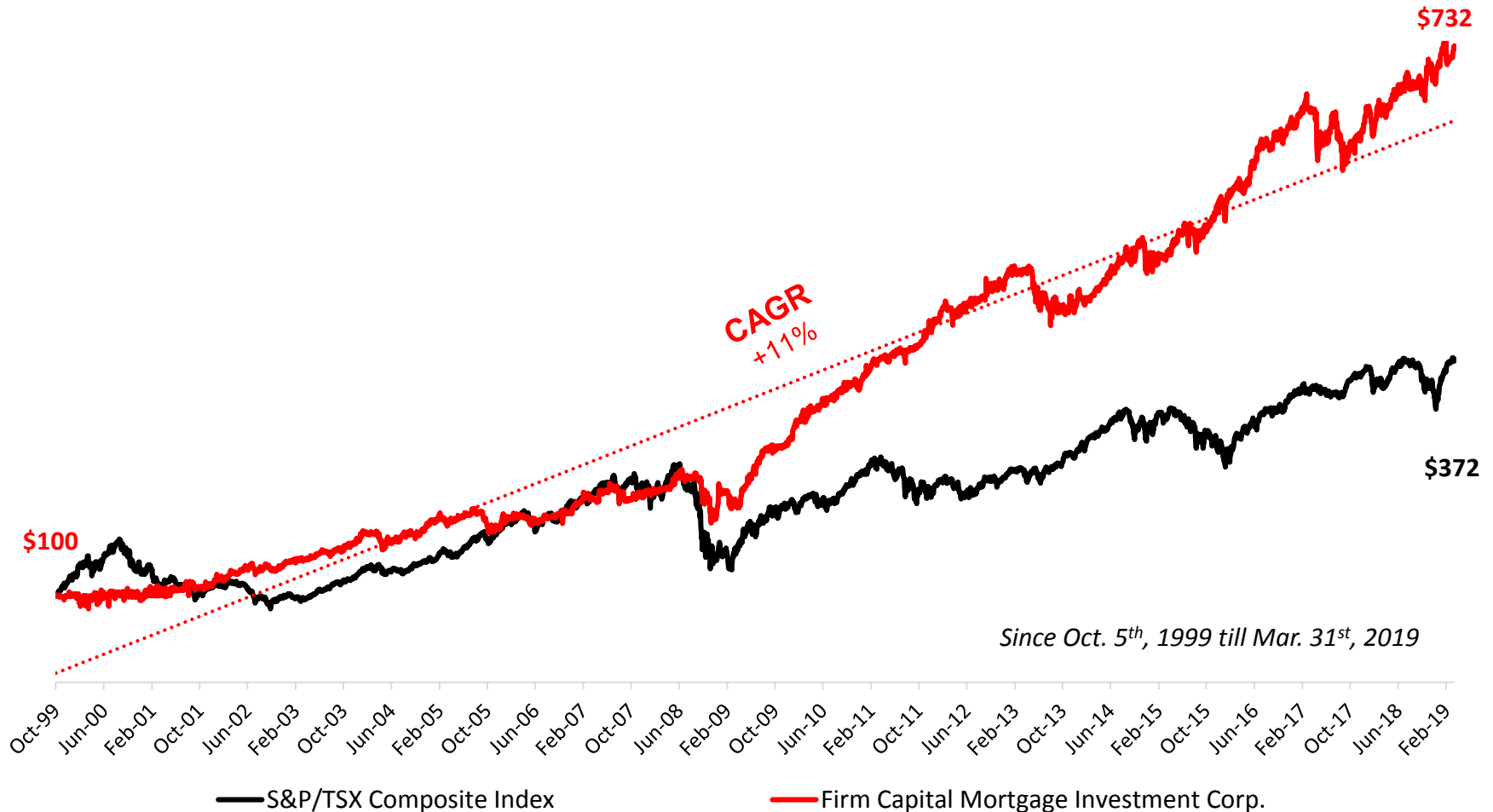


Wide Investment Dealer Distribution Network

Average Share Price & Trading Volume



A \$100 FC investment in 1999 would be worth \$732 today!



- The Corporation will continue to focus on disciplined investment decisions, risk management and exit strategies, keeping in mind the significant historical increase in real estate valuations in certain geographical and asset segments.
- This approach could result in a decrease in the Corporation's Investment Portfolio, since repayments could exceed new fundings, in a market where the Mortgage Banker rejects many potential investments as a result of not meeting tighter investment criteria.

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