

\$560 MILLION COMMITTED TRANSACTIONS IN 2020

2020 WAS A SUCCESSFUL YEAR for Firm Capital as we completed **\$560 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 2020 and look forward to strengthening our existing relationships and building new ones in 2021.

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| <p>BRIDGE LOAN \$32,500,000</p> <p>FIRST MORTGAGE</p> <p>8 storey, 99 unit residential condominium building</p> <p>TORONTO, ON</p> | <p>LAND LOAN \$15,450,000</p> <p>FIRST MORTGAGE</p> <p>26 unit luxury residential condominium building</p> <p>DALE AVENUE - ROSEDALE TORONTO, ON</p> | <p>BRIDGE LOAN \$18,500,000</p> <p>FIRST & SECOND MORTGAGE</p> <p>Portfolio of rental apartment buildings having a combined total of 434 apartment units</p> <p>ALBERTA & SASK.</p> | <p>ACQUISITION LOAN \$46,750,000</p> <p>FIRST MORTGAGE</p> <p>Residential apartment building containing 187 suites</p> <p>LONDON, ON</p> | <p>LAND LOAN \$2,800,000</p> <p>FIRST MORTGAGE</p> <p>0.82 acre site slated for future residential development</p> <p>WHITBY, ON</p> |
| <p>BRIDGE LOAN \$1,335,000</p> <p>SECOND MORTGAGE</p> <p>Newly constructed single family custom house with a GFA of 3,251 sq. ft.</p> <p>TORONTO, ON</p> | <p>LAND & CONSTRUCTION LOAN \$4,000,000</p> <p>FIRST MORTGAGE</p> <p>3,599 sq. ft. luxury cottage with 245 ft. of water frontage</p> <p>MUSKOKA LAKES, ON</p> | <p>LAND & CONSTRUCTION LOAN \$8,300,000</p> <p>FIRST MORTGAGE</p> <p>6 future townhouse units having a total GFA of 13,193 sq. ft.</p> <p>TORONTO, ON</p> | <p>BRIDGE LOAN \$1,630,000</p> <p>FIRST MORTGAGE</p> <p>4 Investor residential condominium units</p> <p>MONTREAL, QC</p> | <p>BRIDGE LOAN \$7,250,000</p> <p>FIRST MORTGAGE</p> <p>6-storey office building & two single-storey industrial buildings</p> <p>OTTAWA, ON & ERLANGER, KY</p> |
| <p>BRIDGE LOAN \$10,000,000</p> <p>FIRST MORTGAGE</p> <p>120,000 sq. ft. commercial property</p> <p>TORONTO, ON</p> | <p>LAND & CONSTRUCTION LOAN \$4,915,000</p> <p>FIRST MORTGAGE</p> <p>4 detached single family homes</p> <p>OAKVILLE, ON</p> | <p>50% JOINT VENTURE PARTNER \$3,600,000</p> <p>Subordinated Debt: \$2,700,000 Firm Capital Equity: \$900,000</p> <p>Future mid-rise condominium building</p> <p>ANNEX NEIGHBOURHOOD TORONTO, ON</p> | <p>CONSTRUCTION LOAN \$2,100,000</p> <p>FIRST MORTGAGE</p> <p>4 attached triplex units with a gross floor area of 14,925 sq. ft.</p> <p>TERREBONNE, QC</p> | <p>BRIDGE LOAN \$33,000,000</p> <p>FIRST MORTGAGE</p> <p>Six single-tenant retail properties, comprising 195,000 sq. ft.</p> <p>ACROSS CANADA</p> |
| <p>DEVELOPER INVENTORY LOAN \$6,500,000</p> <p>FIRST MORTGAGE</p> <p>3 luxury residential condominium units</p> <p>YORKVILLE, TORONTO, ON</p> | <p>LAND & CONSTRUCTION LOAN \$1,500,000</p> <p>FIRST MORTGAGE</p> <p>4,085 sq. ft. luxury custom home</p> <p>ANCASTER, ON</p> | <p>ACQUISITION LOAN \$2,200,000</p> <p>FIRST MORTGAGE</p> <p>2-storey dwelling with 3,830 sq. ft. of above grade floor area</p> <p>OAKVILLE, ON</p> | <p>LAND LOAN \$15,500,000</p> <p>FIRST MORTGAGE</p> <p>36.7 acre site slated for future industrial development</p> <p>CALEDON, ON</p> | <p>LAND & CONSTRUCTION LOAN \$9,950,000</p> <p>FIRST & SECOND MORTGAGE</p> <p>2,273 unit residential golf lifestyle community</p> <p>MUSKOKA, ON</p> |

TAILORED MORTGAGE ENGINEERING BY FIRM CAPITAL®

2020 REPORT TO CLIENTS

\$560 MILLION IN 2020 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT

FIRM CAPITAL MORTGAGE LENDING GROUP:

In 2020 Firm Capital Corporation celebrated its 32nd anniversary. We are very proud 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, 2020 saw a successful year, having completed \$560 million in new mortgage financing transactions. Our lending volumes were 29.0% lower than 2019 reflecting the uncertainty caused by the COVID-19 pandemic. 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. The new condo and development market has stalled in the major urban markets across Canada as developers adjusted to slower demand for condo units in core markets and COVID-19 has exacerbated the timeliness when it comes to development approvals. Our objective has been to structure creative transactions that satisfy the clients' interests and at the same time focus on preservation of capital. The impact of COVID-19 on developer cash flows will see 2021 as 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 2020. 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 2021. 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 \$560 million in mortgage commitments completed in 2020.

We have tremendous capital capacity for investments. Our focus is not yield, rather security with strong sponsors. Mortgage debt, real estate equity and capital under administration is approximately \$3.6 Billion

PUBLICLY TRADED ENTITIES:

Firm Capital Mortgage Investment Corporation (TSX: FC)

In 2020, 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;

Firm Capital Property Trust (TSXV: FCD.UN)

During 2020, Firm Capital Property Trust was able to mitigate many of the negative effects of the COVID-19 pandemic and accomplished a number of key initiatives including: (i) acquisition of a 50% interest in two industrial buildings located in Edmonton and Leduc, Alberta for \$5.4 million (including transaction costs); (ii) accretive cancellation of 1,288,600 Trust Units for gross proceeds of approximately \$6.3 million which increased cash flow by \$0.6 million; (iii) 97% of gross rent collections net of CECRA; and (iv) mortgage refinancings that generated \$14.4 million of net cash flow. As a result, the Trust announces its eighth consecutive annual distribution increase with a 2% increase commencing in 2021. During 2021, we look forward to continuing to grow the Trust's asset base and deliver value to unitholders.

Firm Capital Apartment REIT (TSXV: FCA.U/FCA.UN)

Despite the many challenges presented by COVID-19, the Trust had a solid 2020. Some of the accomplishments include the following: (i) completed its previously announced REIT conversion; (ii) collected approximately 95% of rent; (iii) issued approximately \$14 million of Trust Units; (iv) increased NAV to \$9.58 per Unit for a +13% AGR since Q3/2017; (v) redeemed 686,200 Trust Units at a price of CAD\$5.35 per Trust Unit (US \$4.00 per Trust Unit) representing total gross proceeds of approximately CAD\$3.7 million (\$2.8 Million); (vi) purchased for cancellation 124,100 Trust Units for total gross proceeds of approximately \$0.7 million; (vii) completed two accretive JV acquisitions for \$65.5 million in Hyattsville, Maryland and Houston, TX; and (viii) the accretive disposition of its Bridgeport, CT joint venture. Going forward, the Trust continues to pursue US real estate equity and debt investments through acquiring (i) income producing real estate investments in both core and noncore markets; and (ii) mortgage debt investments.

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 2021.

Yours truly,

FIRM CAPITAL CORPORATION

PER:



Eli Dadouch
President & CEO

2020 DEBT TRANSACTION HIGHLIGHTS



LAND & CONSTRUCTION LOAN

6 future townhouse units having a total GFA of 13,193 sq. ft.
\$8,300,000 - First Mortgage
TORONTO, ON



BRIDGE LOAN

Portfolio of rental apartment buildings having a combined total of 434 apartment units
\$18,500,000 - FIRST & SECOND MORTGAGE
ALBERTA & SASK.



BRIDGE LOAN

8 storey, 99 unit residential condominium building with a GFA of 88,934 sq. ft.
\$32,500,000 - First Mortgage
TORONTO, ON



LAND LOAN

Approved residential development site for 26 unit, 4-storey luxury condominium building
\$15,450,000 - First Mortgage
DALE AVENUE - ROSEDALE, TORONTO, ON



SINGLE FAMILY HOUSE LOANS

Multiple single family alternative house loans
First & Second Mortgages
ACROSS CANADA



BRIDGE LOAN

Six single-tenant retail properties, comprising 195,000 sq. ft.
\$33,000,000- First Mortgage
ACROSS CANADA

ABOUT FIRM CAPITAL CORPORATION

OUR **CORE** PRINCIPLES



TRUST

Our partners, investors and clients can trust FirmCapital 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 32 years in all aspects of the real estate private equity spectrum. As mortgage lenders, principal 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.

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 and selected parts of the US. 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.

TAILORED MORTGAGE ENGINEERING BY FIRM CAPITAL®

A BOUTIQUE MORTGAGE BANK PROVIDING REAL ESTATE CAPITAL FOR:

- Bridge Financing- 1st & 2nd Mortgages
- Land & Construction Financing
- Infill Construction
- Purpose Built Rental Construction
- Residential Mortgages
- Mezzanine Equity Financing
- Joint Venture Equity Capital
- REITs / Capital Markets
- Partnerships for Investment Properties
- Private & Public Market Investments



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