



# Firm Capital Mortgage Investment Corporation

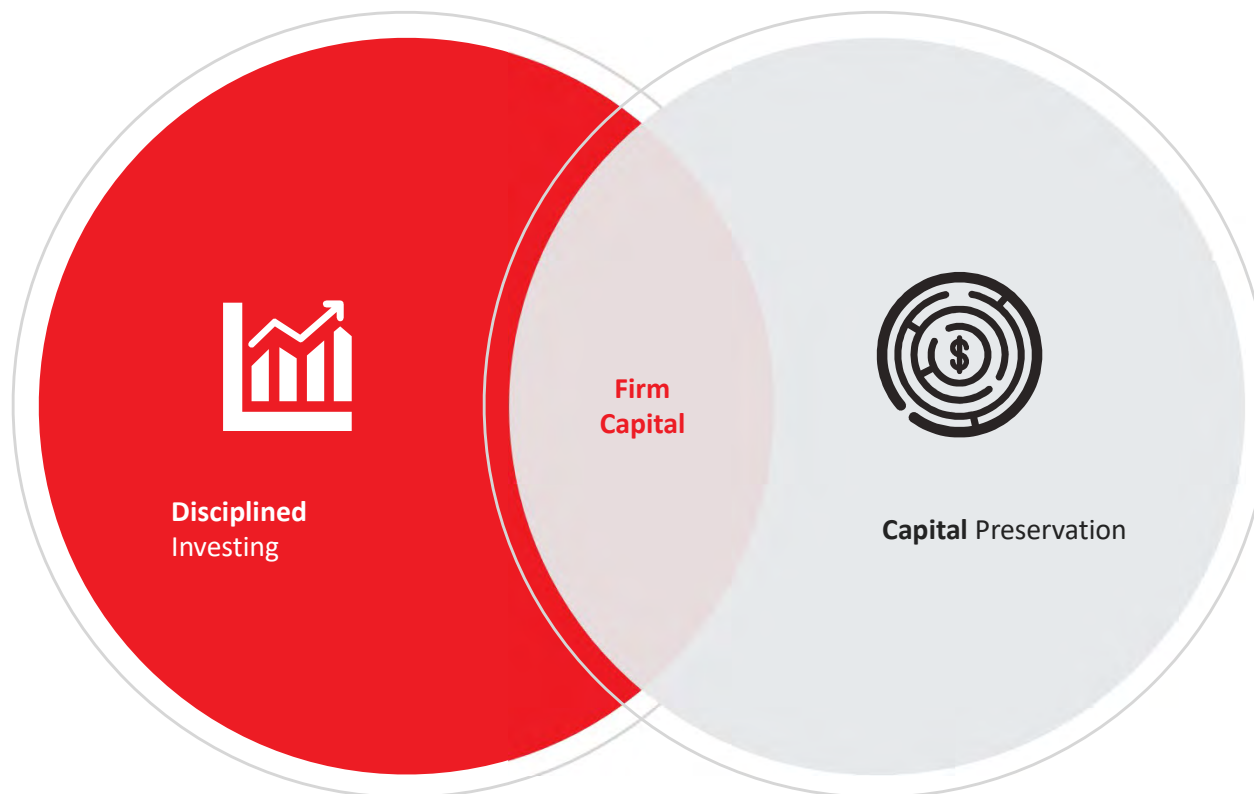
**INVESTOR PRESENTATION – Q3 2021**

## Contents

INTRODUCTION	3	BOARD OF DIRECTORS	21
HISTORY	4	CONTACT INFORMATION	22
FIRM CAPITAL ADVANTAGE	5	DISCLAIMER	23
INVESTMENT HIGHLIGHTS	6		
ALIGNED MANAGEMENT INTERESTS	7		
LENDING APPROACH	8		
CAPITAL STACK	9		
OPERATING STANDARDS	10		
2021/Q3 FINANCIAL HIGHLIGHTS	11		
2021/Q3 RESULTS OF OPERATIONS	12		
ANNUALIZED RETURN ON SHAREHOLDER'S EQUITY	13		
STABLE CASH DIVIDENDS	14		
INCREASING MORTGAGE PORTFOLIO	15		
DEAL FLOW	16		
ACCESSING THE CAPITAL MARKETS	17		
AVERAGE SHARE PRICE & TRADING VOLUME	18		
AN ATTRACTIVE INVESTMENT	19		
2021 OUTLOOK	20		

Firm Capital operates as a boutique real estate and financial services equity investment company deploying capital opportunistically between debt and equity in the real estate private and public markets across Canada and parts of the U.S.

Operating in the same industry for over **33 years**



# Since inception in 1988,

Firm Capital has established an exceptional track record demonstrated by past performance and prides itself on its risk management abilities to protect and preserve capital, while acting as a disciplined investor.

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### PROFICIENT SERVICES PROVIDED BY FIRM CAPITAL:

- Mortgage Lender
- Principal Investor
- Capital Partner
- Activist and Innovative Investor
- Property and Asset Manager

## Firm Capital Advantage

Investing Integrity

### EXPERIENCE MATTERS

Experienced team managing debt and real estate throughout a real estate cycle

33+ year track record with management industry experience in excess of 100 years

### DIRECT INVESTMENTS

Strong alignment of interest through direct investment in assets by management team and board members

### PUBLIC ENTITIES

Public entities provide transparency, safety & liquidity and are governed by rigid investment & operating policies



### DISCIPLINED INVESTING

Disciplined investing focused on capital preservation & consistent returns

### PROVEN TRACK RECORD

Long term track record creating value with attractive yields for investors

## Investment Highlights

Underlying Assets	<ul style="list-style-type: none"> <li>Portfolio comprised of 205 investments</li> </ul>
Alignment of Interests	<ul style="list-style-type: none"> <li>Management Team &amp; Board Members co-invested \$59M alongside investors as at September 30, 2021</li> <li>Approximately 694,728 shares are held by Officers as at September 30, 2021</li> <li>25% pari-passu investment in all non-conventional mortgages</li> </ul>
Strategic Portfolio Diversification	<ul style="list-style-type: none"> <li>Strategically diversified by <b>geography</b> (mainly in Southern Ontario), <b>mortgage type</b> (mainly conventional first mortgages not exceeding 75% LTV), <b>loan amount</b> (majority less than \$2.5M), and by <b>property type</b> (mainly residential construction &amp; land)</li> </ul>
Compelling Investment Metrics & Fundamental Growth	<ul style="list-style-type: none"> <li>Monthly distributions of \$0.078/Share plus additional “top up” dividend at year-end</li> <li>A \$100 investment in Common Shares in October 6, 1999, assuming reinvested dividends, would be worth \$964 as of November 15, 2021 (as opposed to \$543 if invested in S&amp;P/TSX Composite Index)</li> <li>Firm Capital Organization loaned more than \$11.35 Billion from 2000-2021 YTD</li> </ul>
Disciplined Philosophy	<ul style="list-style-type: none"> <li>Conservative underwriting philosophy &amp; default recovery program (no loan losses since inception)</li> <li>Have Impairment Allowance (Loan Loss Reserve) in place to soften effects of possible losses</li> <li>Short-term lending (19.7% maturing by Dec. 31/21 plus 62.8% maturing by Dec. 31/22)</li> <li>Performance driven compensation to Investment Manager (not on cash or non-performing loans)</li> </ul>
Traded on TSX (as at November 15, 2021)	<ul style="list-style-type: none"> <li>TSX: FC</li> <li>CAD\$14.52/Share</li> <li>Market Capitalization CAD\$487 Million</li> <li>Shares Issued 33,563,569</li> <li>TTM yield of 6.5% (includes “top-up” dividend at year end Dec. 31/20)</li> </ul>

## Aligned Management Interests

### Performance Based Compensation

- FCMIC Manager receives 0.75% per annum on performing investments (not cash balances)
- Mortgage Banker receives 0.1% per annum loan servicing fee on performing investments
- Commitment fee income is shared
- Mortgage Banker receives 75% of the commitment & renewal fees and 25% of the special profit income generated from the non-conventional investments after the Corporation has yielded a 10% per annum return on its investments

### Substantial Personal Investment

- Management, directors and/or their respective associates maintain 25% pari-passu investment in all non-conventional mortgages
- Management and directors are co-investors in most investments

**No acquisition or disposition fees charged!**

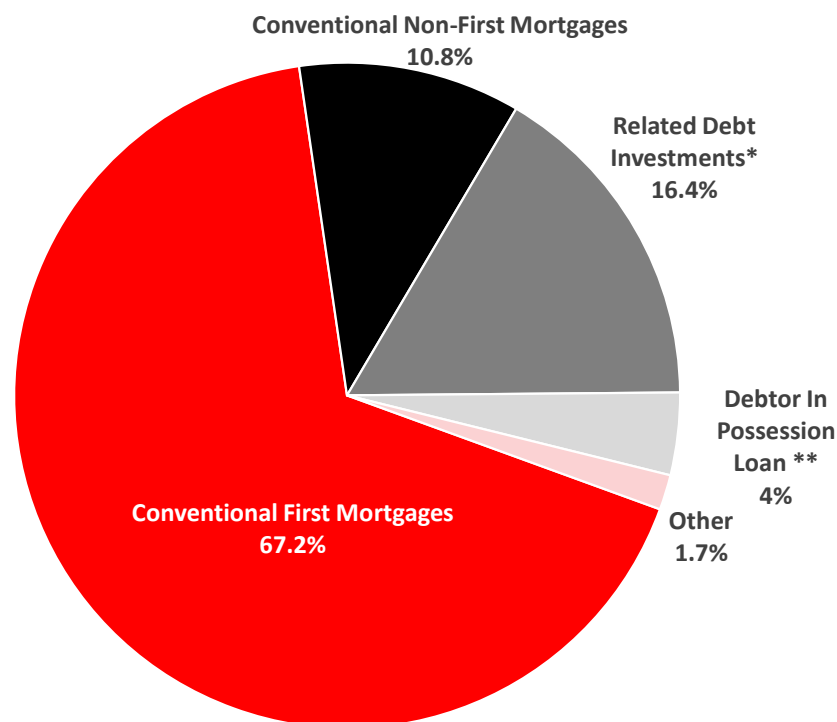


## Conservative Lending Approach

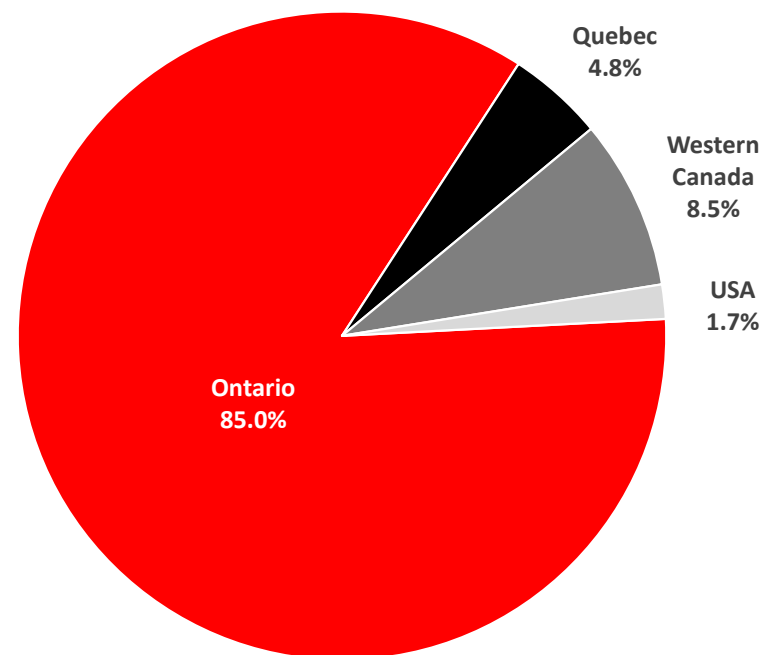
Date: 2021/Q3 – September 30, 2021

- 67% 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\*\*\*



\*The **Related Debt Investments** category is a basket of investments (i.e. Debenture Loans, etc.) that are all participating in debt investments to a variety of third-party borrowers. Such debt investments are not secured by mortgage charges, and instead have other forms of security or recourse, and could include profit sharing.

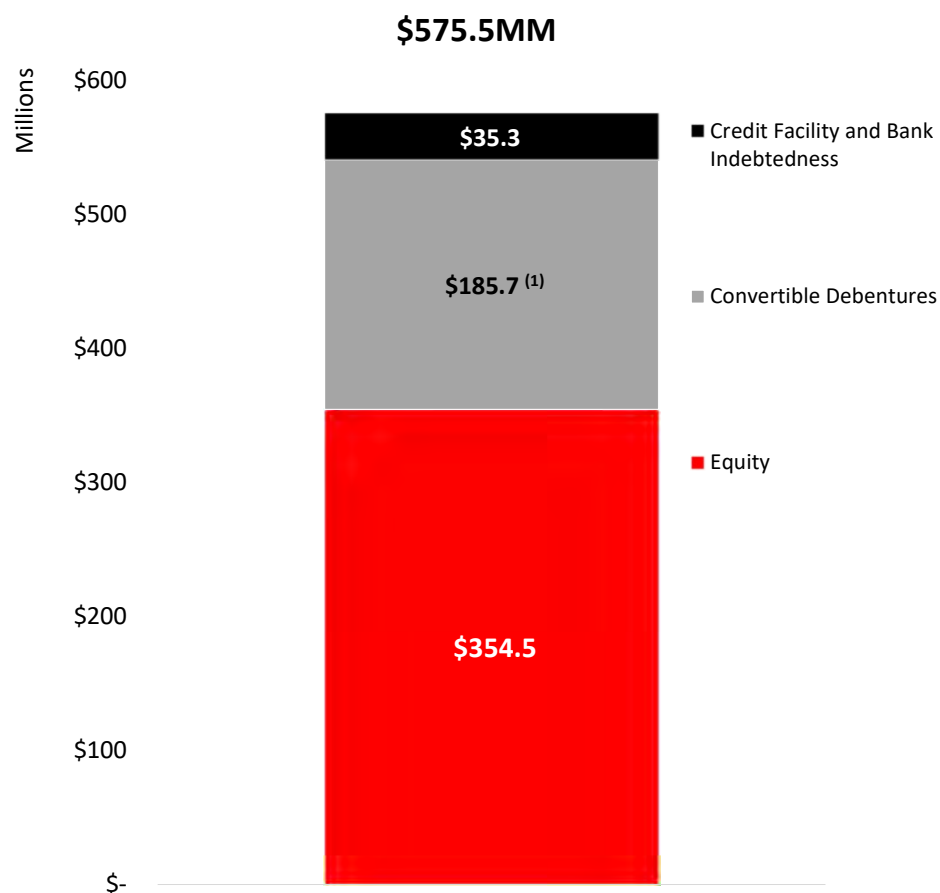
\*\*A **Debtor In Possession loan** ("DIP Loan"), is a loan obtained by an insolvent debtor while that debtor is restructuring its business under the Companies' Creditors Arrangement Act (Canada). A DIP Loan has "super-priority" security on the assets of the debtor company awarded by the court.

\*\*\*Excluding Related Debt Investments

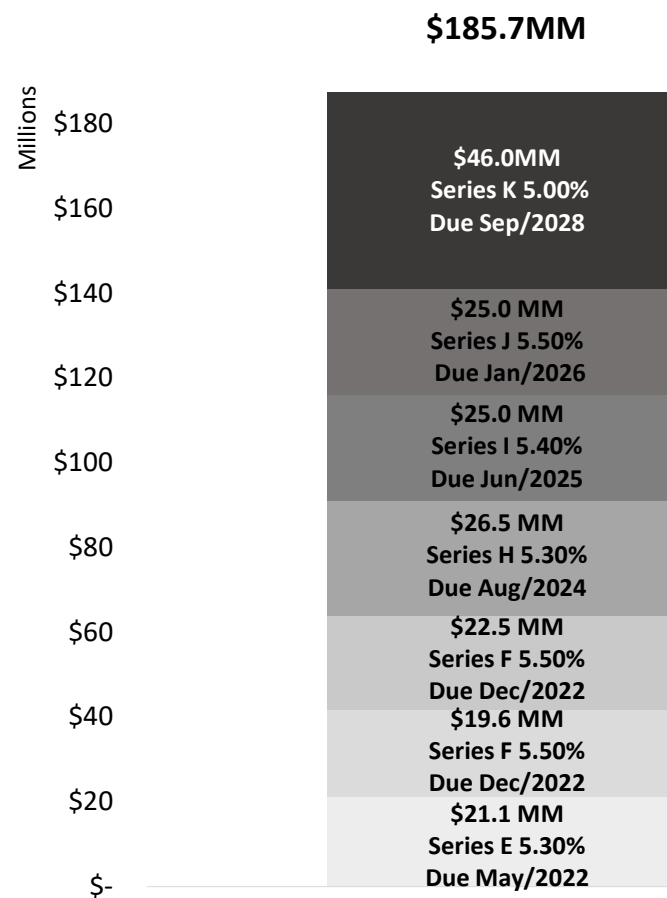


## Capital Stack (in \$MM)

### Current Capital Stack Q3/2021

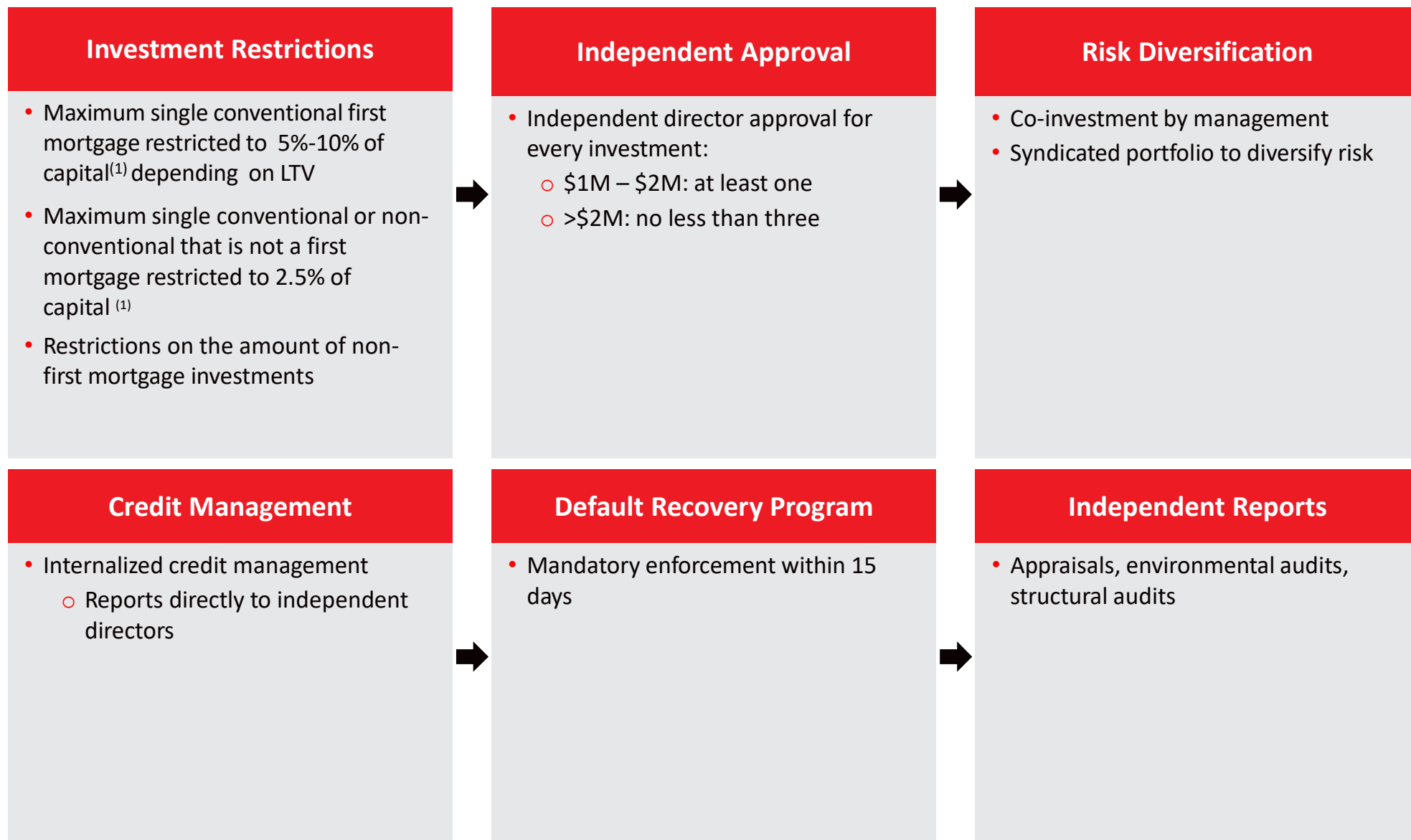


### Convertible Debentures Q3/2021<sup>(1)</sup>



(1) At par value

## Rigid Operating Standards



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

## 2021/Q2 Financial Highlights



	Quarter Ended Sept. 30, 2021	Quarter Ended Jun. 30, 2021	Quarter Ended Mar. 31, 2021	Quarter Ended Dec. 31, 2020
<b>Mortgage Portfolio (millions)<sup>(1)</sup></b>	<b>\$575</b>	<b>\$530</b>	<b>\$547</b>	<b>\$559</b>
<b>Basic Profit Per Share</b>	<b>\$0.241</b>	<b>\$0.238</b>	<b>\$0.237</b>	<b>\$0.249</b>
<b>Dividends Per Share</b>	<b>\$0.234</b>	<b>\$0.234</b>	<b>\$0.234</b>	<b>\$0.242</b>
<b>Return on Equity</b>	<b>8.71%</b>	<b>8.53%</b>	<b>8.50%</b>	<b>8.77%</b>
<b>Loan Losses</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

(1) Gross of impairment provision

## 2021/Q3 Results of Operations

(\$ in millions)	Quarter Ended Sept. 30, 2021	Quarter Ended Jun. 30, 2021	Quarter Ended Mar. 31, 2021	Quarter Ended Dec. 31, 2020
<b>Interest and Fees Earned</b>	<b>\$11.92</b>	<b>\$11.46</b>	<b>\$11.48</b>	<b>\$11.72</b>
<b>Interest and Operating Expenses</b>	<b>\$4.35</b>	<b>\$4.08</b>	<b>\$4.17</b>	<b>\$4.40</b>
<b>Profit</b>	<b>\$7.57</b>	<b>\$7.38</b>	<b>\$7.31</b>	<b>\$7.32</b>
<b>Dividends to Shareholders</b>	<b>\$7.33</b>	<b>\$7.26</b>	<b>\$7.22</b>	<b>\$7.30</b>
<b>Impairment allowance</b>	<b>\$5.635<sup>(4)</sup></b>	<b>\$5.61<sup>(3)</sup></b>	<b>\$5.58<sup>(2)</sup></b>	<b>\$5.61</b>

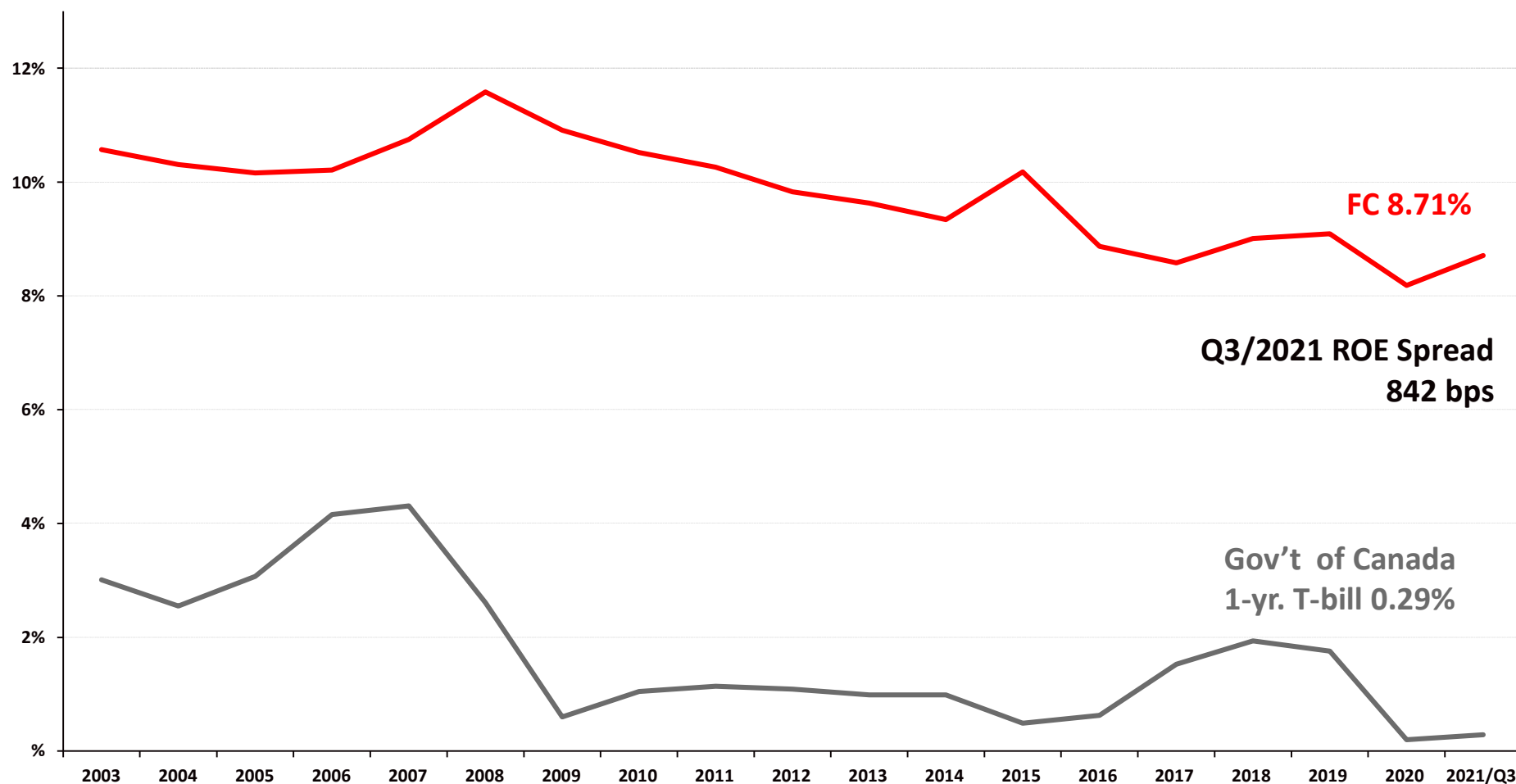
(1) Excluding the non-recurring, non-cash share-based compensation expense of \$0.9 million recorded in the third quarter, adjusted income for the three months ended Sept. 30/20 was \$6.8 million.

(2) Impairment allowance of \$5.58 million for March 31/21 does not include an impaired loan interest allowance of \$1.66 million.

(3) Impairment allowance of \$5.61 million for June 30/21 includes a fair value adjustment of \$1.48 million on investments carried at fair value, and excludes an impaired loan interest allowance of \$1.95 million.

(4) Impairment allowance of \$5.635 million for September 30/21 includes a fair value adjustment of \$1.79 million on investments carried at fair value, and excludes an impaired loan interest allowance of \$2.28 million.

## Annualized Return on Shareholders' Equity



## Stable Cash Dividends

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

**2016**  
TOTAL: \$0.966

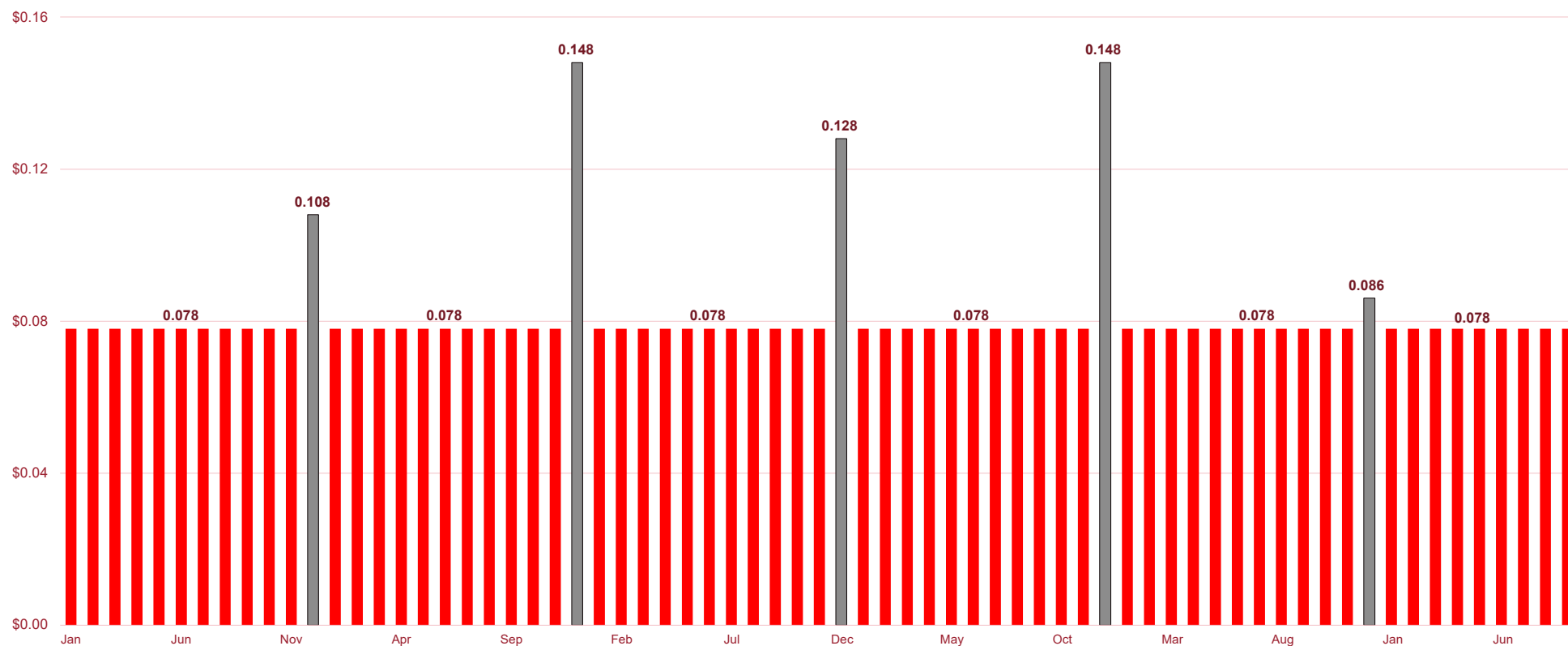
**2017**  
TOTAL: \$1.006

**2018**  
TOTAL: \$0.986

**2019**  
TOTAL: \$1.006

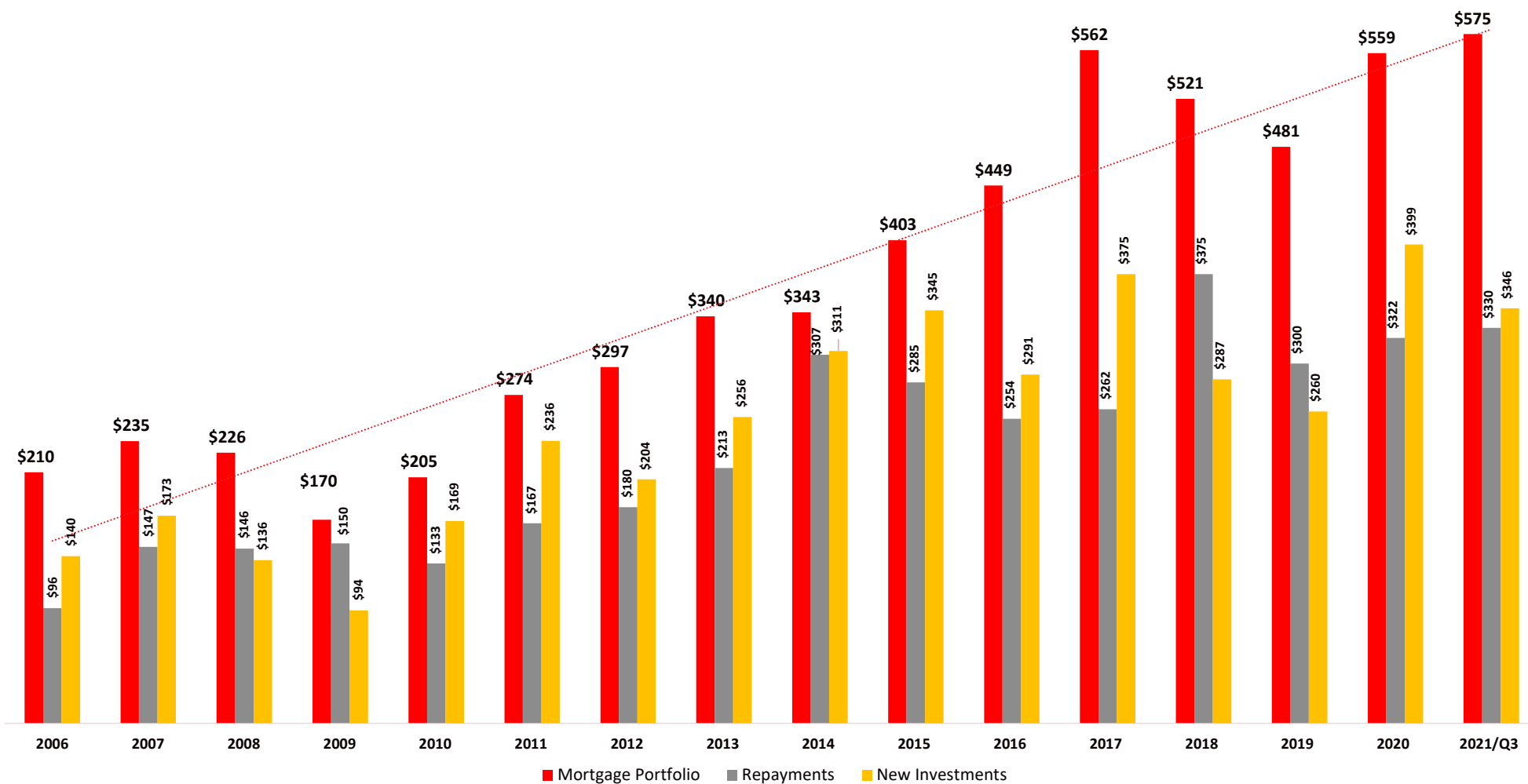
**2020**  
TOTAL: \$0.944

**YTD Sept 2021**  
TOTAL: \$0.702



## Increasing Mortgage Portfolio (in \$MM)

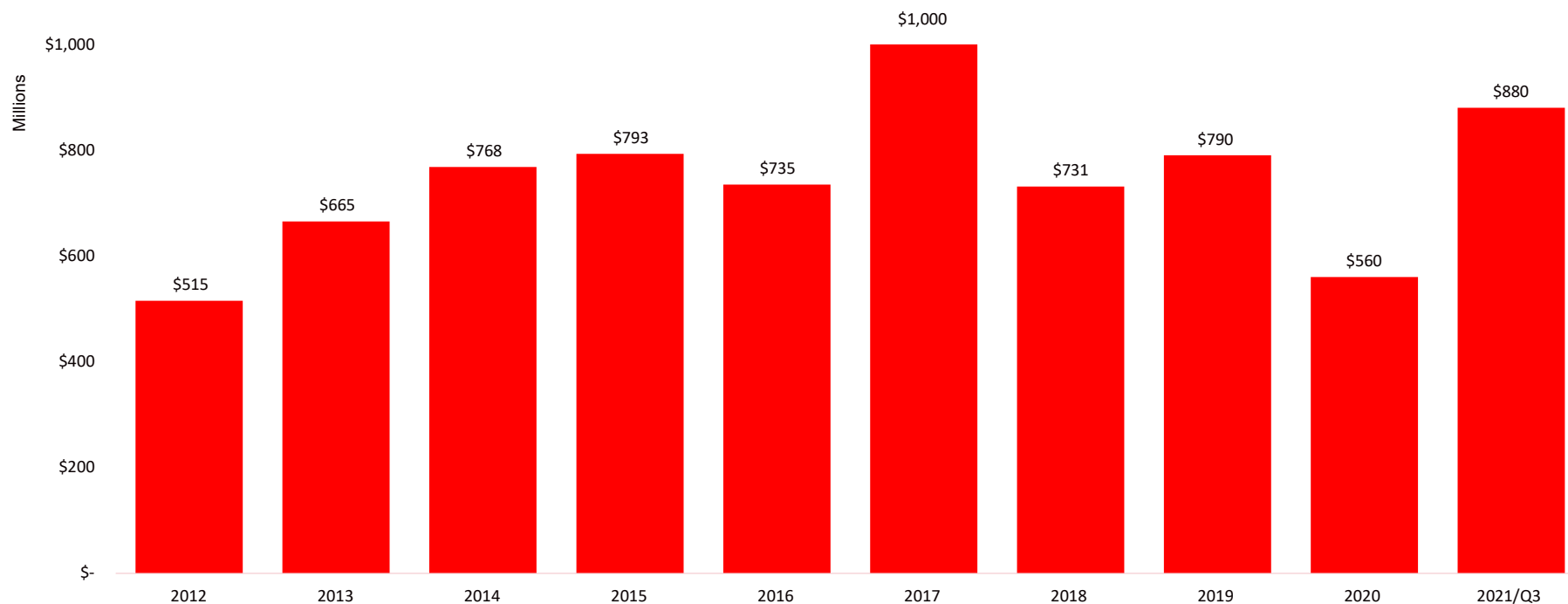
**205 Investments in Q3/2021**



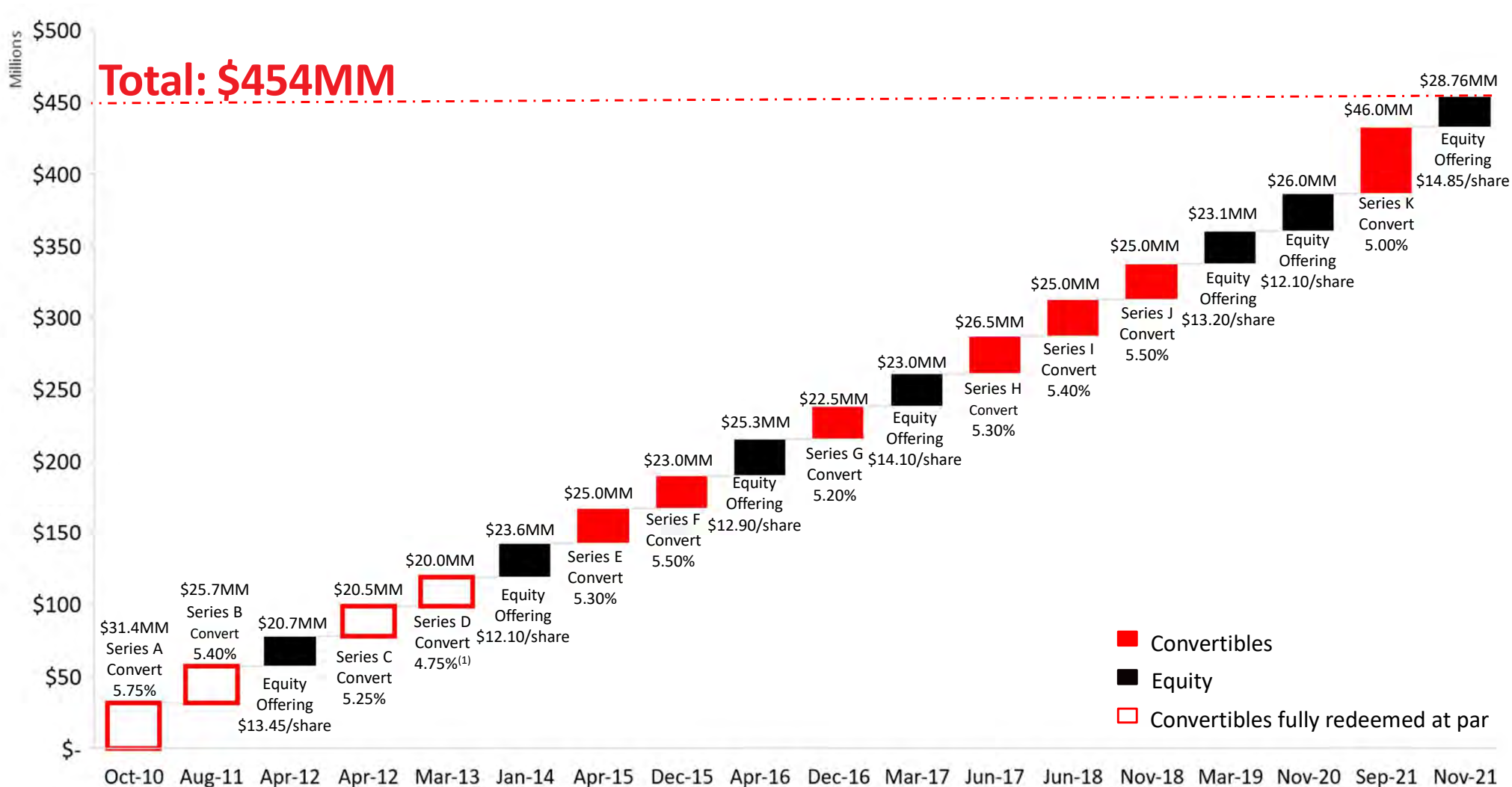


**Significant Origination Capability**

- 30-year track record of mortgage origination
- With the experience of the Mortgage Banker and strong partners, steady deal flow with excellent risk mitigation occurs
- Co-investing with knowledgeable real estate partners

**Transaction Volume (in \$MM): 2012 – Q3/2021**

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

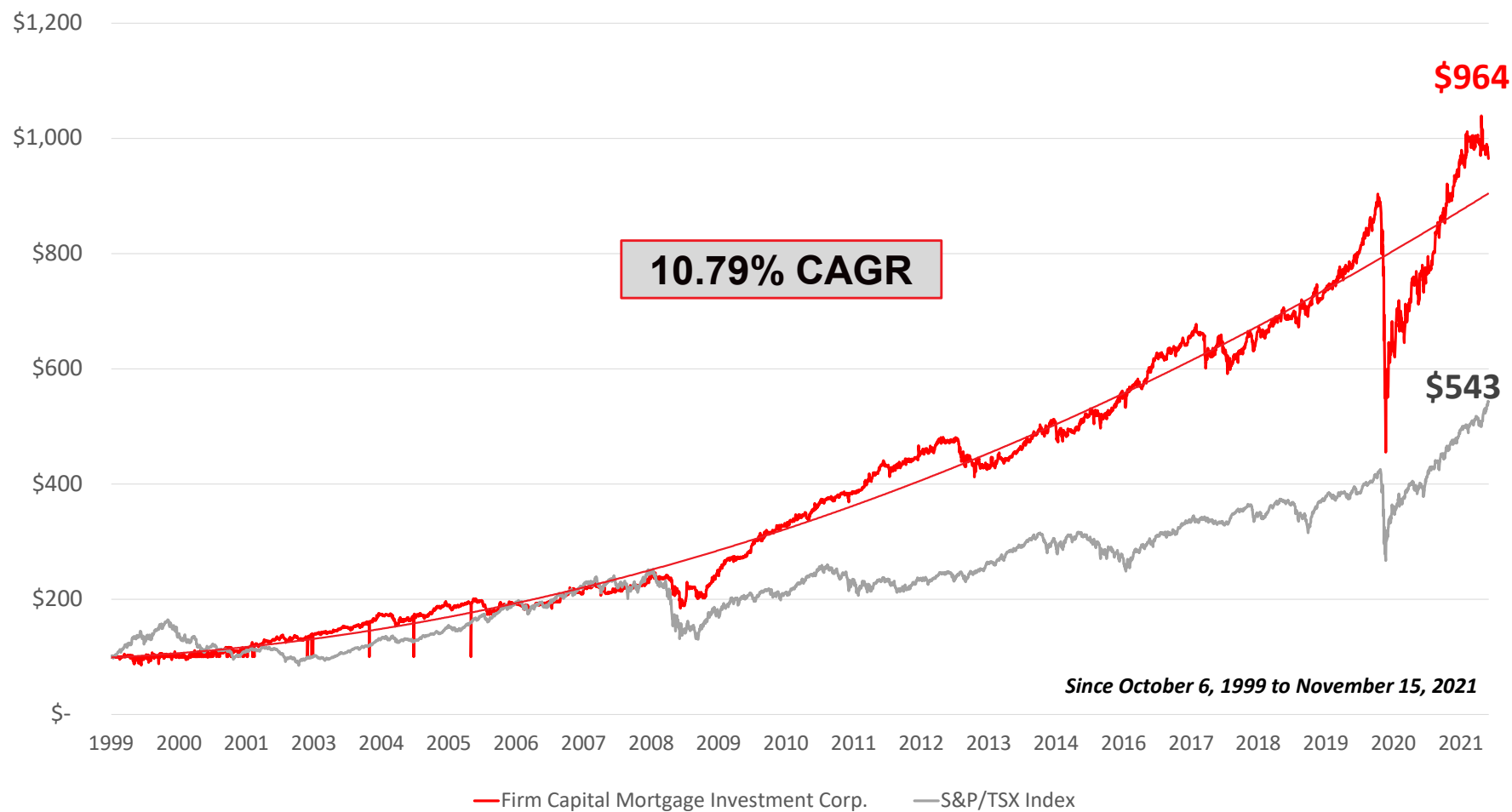


## Average Share Price & Trading Volume



## An Attractive Investment

A \$100 FC investment in 1999 would be worth \$964 today!



## 2021 Outlook

- The Corporation's investment portfolio (the "Investment Portfolio") has continued to revolve in 2021 with significant investment repayments and new fundings. Management's position continues to be that we will turn the Investment Portfolio, if need be, at lower interest rates to ensure we originate solid investments. During the nine months ended September 30, 2021, new fundings and discharges of investments were \$346 million and \$330 million respectively (2020 - \$270 million and \$244 million).
- There continues to be no material signs of deterioration in the Investment Portfolio as a result of any impact from COVID-19 pandemic and borrower repayment performance has remained consistent with pre-COVID-19 performance. In addition, no payment deferral arrangements have been granted. As at September 30, 2021, the Corporation's loan arrears are not materially different from pre-COVID levels and, to date, we have not experienced defaults attributed to the COVID-19 pandemic.
- The Mortgage Banker does not service or underwrite mortgages on hotels, hospitality properties or long-term care facilities and, as such, the Corporation does not have any investment exposure to these asset types.
- In the current market, the Corporation is reinvesting selectively, with the investment policy of holding a hard line on acceptable exposure levels, borrower quality and warranted interest rate pricing. There are no assurances on achievable new lending interest rates or portfolio size as the primary focus is on security. The Mortgage Banker continues to reject a significant number of potential investments that do not meet our investment criteria and risk tolerance. As a result, there are no assurances that there will be growth in the portfolio in 2021.
- The Corporation has announced the declaration of monthly cash dividends of \$0.078 per common share for the months of October 2021 through to November 2021.

## Board of Directors

Independent Director	<b>Stanley Goldfarb</b> Chairman, Independent Director	<ul style="list-style-type: none"> <li>• CEO of Goldfarb Management Services Limited</li> <li>• Chairman &amp; Trustee of Firm Capital Property Trust (TSXV: FCD.UN)</li> </ul>
	<b>Anthony Heller</b> Independent Director	<ul style="list-style-type: none"> <li>• President of Plazacorp Investments Limited</li> </ul>
	<b>Larry Shulman</b> Independent Director	<ul style="list-style-type: none"> <li>• Retired Senior Partner of Goldfarb, Shulman, Patel &amp; Co.</li> </ul>
	<b>Geoffrey Bledin</b> Independent Director	<ul style="list-style-type: none"> <li>• Corporate Director</li> <li>• Past President and CEO of Equitable Trust Company</li> <li>• Former Partner with Price Waterhouse</li> </ul>
	<b>Morris Fischtein</b> Independent Director	<ul style="list-style-type: none"> <li>• President of High City Holdings</li> <li>• Past President of Security Trust</li> </ul>
	<b>Keith L. Ray</b> Independent Director	<ul style="list-style-type: none"> <li>• CEO of Realvest Management</li> <li>• Former Partner with KPMG LLP</li> </ul>
	<b>The Honourable Joe Oliver, PC</b> Independent Director	<ul style="list-style-type: none"> <li>• Former Minister of Finance, Minister of Natural Resources and Member of Parliament</li> <li>• Chair of The Ontario Independent Electricity System Operator</li> </ul>
	<b>The Honourable Francis (Frank) Newbould</b> Independent Director	<ul style="list-style-type: none"> <li>• Former head of the Commercial List of the Ontario Superior Court of Justice</li> <li>• Counsel to the law firm Thorton Grout Finnigan LLP</li> </ul>
Executive Director	<b>Eli Dadouch</b> President & CEO	<ul style="list-style-type: none"> <li>• Founder, President &amp; CEO of Firm Capital Organization</li> <li>• Vice Chairman, Co-CIO &amp; Trustee of Firm Capital Property Trust (TSXV: FCD.UN)</li> <li>• Vice Chairman of Firm Capital Apartment REIT (TSXV: FCA.U/FCA.UN)</li> </ul>
	<b>Jonathan Mair</b> COO & Director	<ul style="list-style-type: none"> <li>• Vice President, Mortgage Banking of Firm Capital Corporation</li> <li>• Trustee of Firm Capital Property Trust (TSXV: FCD.UN)</li> </ul>
	<b>Ryan M. Lim</b> CFO	<ul style="list-style-type: none"> <li>• Former CFO of Rapport Credit Union</li> <li>• Former Manager of Finance at TD Bank Financial Group and Ernst &amp; Young LLP</li> </ul>
	<b>Michael Warner</b> Director	<ul style="list-style-type: none"> <li>• Senior VP, Mortgage Lending of Firm Capital Corporation</li> </ul>
	<b>Victoria Granovski</b> Director	<ul style="list-style-type: none"> <li>• Trustee of Firm Capital Property Trust (TSXV: FCD.UN)</li> </ul>

## OUR CORE PRINCIPLES



### TRUST

Our partners, investors and clients can trust Firm Capital 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.

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 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.

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This presentation contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in this presentation, and other statements concerning the FCMIC’s objectives, its strategies to achieve those objectives, as well as statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management.

All forward-looking statements in this presentation are qualified by these cautionary statements. These statements are not guarantees of future events or performance and, by their nature, are based on FCMIC’s estimates and assumptions, which are subject to risks and uncertainties, which could cause actual events or results to differ materially from the forward-looking statements contained in this presentation. Those risks and uncertainties include, but are not limited to, those related to: liquidity in the global marketplace associated with current economic conditions, occupancy levels, access to debt and equity capital, interest rates, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions or dispositions, construction, environmental matters, legal matters, reliance on key personnel, income taxes, the conditions to the transactions not being satisfied resulting in the failure to complete some or all of the proposed transactions described herein, the trading price of the securities of FCMIC, lack of availability of acquisition or disposition opportunities for the Corporation and exposure to economic, real estate and capital market conditions in North America. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: that the general economy remains stable, interest rates are relatively stable, acquisition/disposition capitalization rates are stable, competition for acquisition or disposition of residential apartments remains intense, and equity and debt markets continue to provide access to capital. These assumptions, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. Although the forward-looking information contained in this presentation is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this presentation may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this presentation. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

Past performance is not a guide to future results and is not indicative of expected realized returns.

All investments are subject to risk, including the loss of the principal amount invested. These risks may include, but not limited to, operating history, uncertain distributions, inconsistent valuation of the portfolio, changing interest rates, leveraging of assets, potential conflicts of interest, payment of fees to the manager, potential illiquidity and liquidation at more or less than the original amount invested. Diversification will not guarantee profitability or protection against loss. Performance may be volatile, and the NAV may fluctuate. There are no guarantees investment objectives will be achieved.

Assets Under Management (“AUM”) refers to the assets that we manage and are generally equal to the sum of (i) asset value at market; (ii) drawn and undrawn debt; (iii) capital under management, including uncalled capital commitments.