



\$645 MILLION COMMITTED TRANSACTIONS IN 2023

In spite of the significant market slow down in 2023, it was a successful year for Firm Capital as we completed over \$645 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 2023 and look forward to strengthening our existing relationships and building new ones in 2024.

CONSTRUCTION LOAN \$85,000,000 FIRST MORTGAGE 50% Parri-Passu participation in a \$170,000,000 first mortgage construction loan. Two 11-story residential condo-buildings comprising 422 units TORONTO, ON	SERVICING AND CONSTRUCTION LOAN \$30,000,000 FIRST MORTGAGE 23 residential detached estate lots HALTON HILLS, ON	CONSTRUCTION LOAN \$21,600,000 FIRST PRIORITY PARTICIPATION First priority participation in a \$26,982,000 construction loan facility for a 6-storey mixed-use condominium building comprising 33 residential units and 2 commercial units TORONTO, ON	BRIDGE LOAN \$7,500,000 FIRST MORTGAGE Two industrial buildings and one office building MISSISSAUGA, OAKVILLE & TORONTO, ON	INVENTORY LOAN \$4,000,000 FIRST MORTGAGE 11 residential condominium units NEWSCASTLE, ON
INFILL CONSTRUCTION \$2,100,000 SECOND MORTGAGE A custom built 1.5-storey home having 8,304 sq. ft. of above grade floor area with a fully finished basement KLEINBURG, ON	CONSTRUCTION LOAN \$5,325,000 FIRST MORTGAGE Three 54' x 165' residential lots to be improved with 3 luxury detached single-family homes (approx. 5,000 sq. ft. of above grade floor area each) RICHMOND HILL, ON	CONSTRUCTION LOAN \$3,000,000 SECOND MORTGAGE 1.35 acre ravine lot to be improved with a 6,600 sq. ft. luxury custom home TORONTO, ON	REVOLVING LINE OF CREDIT \$2,000,000 SECOND MORTGAGE 5,900 sq. ft. custom home TORONTO, ON	CONSTRUCTION LOAN \$5,250,000 FIRST MORTGAGE 12 condominium townhouse units CALGARY, AB
SERVICING AND CONSTRUCTION LOAN \$13,380,000 FIRST MORTGAGE 14 single family homes MARKHAM, ON	CONSTRUCTION LOAN \$2,675,000 SECOND MORTGAGE A 75' x 110' lot to be improved with a 5,541 sq. ft. custom Home VAUGHAN, ON	CONSTRUCTION LOAN \$910,000 SECOND MORTGAGE A 36' X 127' lot to be improved with a 4,292 sq. ft. custom home RICHMOND HILL, ON	CONSTRUCTION LOAN \$3,300,000 FIRST MORTGAGE A 50' X 400' lot to be improved with a 3,816 custom home TORONTO, ON	CONVENTIONAL LOAN \$1,700,000 FIRST MORTGAGE Two 2-bedroom residential condominium units MONTREAL & COTE SAINT-LUC, QC
BRIDGE LOAN \$2,685,000 FIRST MORTGAGE A 10,116 sq. ft. property slated to be redeveloped with a residential apartment building MONTREAL, QC	ACQUISITION LOAN \$6,350,000 FIRST MORTGAGE A commercial property that will be converted into a 104 multi-unit residential rental property KINGSTON, ON	ACQUISITION LOAN \$6,500,000 FIRST MORTGAGE Recently Renovated 72-unit Multi-family Building QUINTE WEST, ON	CONSTRUCTION LOAN \$1,150,000 SECOND MORTGAGE A 60' X 129' lot to be improved with a 3,172 sq. ft. custom home OAKVILLE, ON	CONSTRUCTION LOAN \$3,850,000 SECOND MORTGAGE A new 8,125 sq. ft. custom house, two single family homes (collateral) and a one bedroom condo unit (collateral) MISSISSAUGA, NIAGARA FALLS & TORONTO, ON

2023 REPORT TO CLIENTS

\$645 MILLION IN 2023 DEBT TRANSACTIONS RESULTING FROM BEING DEDICATED TO EXCELLENT CLIENT SERVICE & BUILDING ENTREPRENEURIAL SPIRIT

FIRM CAPITAL MORTGAGE LENDING GROUP:

2023 was a year of real estate market challenges. The fall out from the start of rising interest rates in March 2022 was reflected in the market in 2023, with clear signs of a lack of capital in the marketplace.

Notwithstanding, we completed \$645 million in structured transactions.

In 2023 Firm Capital Corporation celebrated its 36th 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, 2023 saw a satisfactory year, having completed \$645,000,000 in new mortgage financing transactions. Our lending volumes were 27% lower than 2022 levels as we faced a much slower real estate market caused by higher interest rates and a more pessimistic outlook. 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 softened in the major urban markets across Canada as developers and builders saw pre-sale purchasers move to the sidelines due to a rapid increase in interest rates and heightened market uncertainty. Our objective has been to structure creative transactions that satisfy the clients' interests and at the same time focus on preservation of capital. Higher rates and longer construction timelines will impact developer cash flows and will see 2024 as a year where we 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 client's needs expediently, efficiently and with integrity. We will strive to play a key role in seeing our clients succeed.

For 2024 we see our conventional lending business to continue the course, and we have set up a distressed lending rescue capital funding program to assist clients in need of very non traditional banking fundings.

MORTGAGE DEBT & REAL ESTATE CAPITAL ACTIVITIES:

The enclosed Transaction Update represents a selection of debt financings that closed in 2023. 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 2024. 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 as demonstrated by our \$645,000,000 in mortgage commitments completed in 2023.

We have tremendous capital capacity for new investments. Our focus is not yield, rather security with strong sponsors. Mortgage debt, real estate equity and capital management under administration is in the billions, and always shifting in the marketplace between the best time to be in equity or debt investments.

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION (TSX:FC)

In 2023, Firm Capital Mortgage Investment Corporation ("FCMIC") continued to deliver shareholder value by not missing a monthly distribution since inception by distributing \$0.99 per common share, which was a combination of normal course dividends of \$0.936 per common share along with a special year-end dividend of \$0.054 per common share. Note that this was the highest dividend payment since 2019.

During 2023, FCMIC strengthened its balance sheet through the repayment of a convertible debenture, having very low debt levels on its warehousing line of credit, as well as increasing loan provisions. FCMIC's investment portfolio stood at \$598 million. Further financial flexibility was also obtained by renewing our \$180 million credit facilities.

2023 DEBT INVESTMENT FOCUS:

We expect the 2024 real estate market to face an environment where interest rates are going to be higher in the first half of the year, compounded by a lack of capital in the market. The need for Non-Bank alternative credit will be large. Nevertheless, we are operating in a market where the residential construction industry is not producing the supply of new homes (rental and owner-occupied) required to meet supply. In addition, the Bank stress test is a challenge for existing homeowners and new purchasers. Our experience in markets such as these is that it will create lending opportunities for Firm Capital with reductions by the Bank of Canada in the second half of the year.

Corporate Lending; Our focus in 2024 is to work with small, medium and larger private developers who operate in major urban markets across Canada; we will also consider secondary markets where the size of the project matches the underlying fundamentals. Our bridge lending programs will include first mortgages on near approved or approved development lands, construction financing (infill projects, mid-rise projects and high-rise condominium projects), first mortgage bridge financing and secondary debt on investment properties. We can also offer interest only bridge financing on completed purpose built rental projects where the takeout proceeds are less than the construction loan creating a gap and the need for 2nd mortgage bridge financing. In addition, we also are seeking larger construction loans for condominium projects where the projects require some flexibility in deal structure when it comes to pre-sale levels and the timing of the staged purchaser deposits.

Residential Home Lending; Firm Capital also offers an alternative residential lending program for house loans, we see the bank stress test rules creating the need for more homeowners to seek alternative funding sources. We offer one to two year loan terms, with interest only payments and the loans are fully open for pre-payment. Our underwriting focus is on the value of an underlying property. Home owners repay us by graduating to a higher tiered bank lender.

Our market knowledge, deal structuring expertise and proprietary capital allows us to understand a transaction quickly and provide deal structures that meet the needs of our clients. Our loans can range from \$1.0 million to \$50.0 million and may go up to \$100 million for select opportunities. Our team comprises seasoned veterans with a multi-cycle track record of experience who work closely with our clients to achieve successful results for all stakeholders.

Over the next year, Firm Capital is targeting \$1.0 billion in new business.

MESSAGE FROM OUR PRESIDENT & CEO:

We have a clear message - we are focused on being the leaders in providing bridge 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 2024.

Yours truly,

FIRM CAPITAL CORPORATION

PER:



Eli Dadouch
President & CEO

2023 DEBT TRANSACTION HIGHLIGHTS



CONSTRUCTION LOAN

\$85,000,000 - FIRST MORTGAGE

50% Parri-Passu participation in a \$170,000,000 first mortgage construction loan. Two 11-story residential condo-buildings comprising 422 units

TORONTO, ON



SERVICING AND CONSTRUCTION LOAN

\$30,000,000 - FIRST MORTGAGE

23 residential detached estate lots

HALTON HILLS, ON



CONSTRUCTION LOAN

\$21,600,000 - FIRST PRIORITY PARTICIPATION

First priority participation in a \$26,982,000 construction loan facility for a 6-story mixed-use condominium building comprising 33 residential units and 2 commercial units

TORONTO, ON



BRIDGE LOAN

\$7,500,000 - FIRST MORTGAGE

Property 1 : 32,015 sq. ft. industrial building - Mississauga, ON

Property 2 : 27,437 sq. ft. office building - Toronto, ON

Property 3 : 19,016 sq. ft. industrial building - Oakville, ON



SINGLE FAMILY HOUSE LOANS

FIRST MORTGAGES & SECOND MORTGAGES

Multiple single family alternative house loans

ACROSS CANADA



INVENTORY LOAN

\$4,000,000 - FIRST MORTGAGE

11 residential condominium units

NEWSCASTLE, ON

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 35 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. 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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