



FIRM CAPITAL MORTGAGE INVESTMENT
CORPORATION

CAPITAL PRESERVATION • DISCIPLINED INVESTING

ANNUAL INFORMATION FORM

DECEMBER 31, 2024





FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

ANNUAL INFORMATION FORM

For the year ended December 31, 2024

March 31, 2025

TABLE OF CONTENTS

| | Page |
|--|------|
| GLOSSARY | 1 |
| EXPLANATORY NOTES | 1 |
| FORWARD-LOOKING STATEMENTS | 1 |
| ITEM 1 – CORPORATE STRUCTURE..... | 2 |
| ITEM 2 – GENERAL DEVELOPMENT OF THE CORPORATION..... | 2 |
| ITEM 3 – NARRATIVE DESCRIPTION OF THE ACTIVITIES OF THE CORPORATION | 4 |
| Industry Overview | 4 |
| Single Family Residential Mortgages | 5 |
| Multi-Family Residential, Investment Properties and Commercial Mortgages | 5 |
| Construction Loans | 5 |
| Land Financing | 5 |
| Condominium Financing | 5 |
| Related Debt Investments | 5 |
| The Corporation’s Investments | 5 |
| Investment Strategy | 6 |
| Objectives | 6 |
| Bank Operating Line..... | 6 |
| Loans Payable | 7 |
| Development and Maintenance of the Investment Portfolio..... | 7 |
| Participation in Investment | 8 |
| Management of the Investment Portfolio..... | 8 |
| General..... | 8 |
| Risk Management | 8 |
| Collection Activities | 8 |
| Investment and Operating Guidelines..... | 9 |
| Investment Policies | 9 |
| Operating Guidelines | 11 |
| Amendment..... | 12 |
| Qualification as a Mortgage Investment Corporation | 12 |
| Licensing and Legislative Regime..... | 13 |
| Dividends and Distributions | 13 |
| Dividend Policy | 13 |
| Dividend History..... | 14 |
| Dividend Reinvestment Plan..... | 14 |
| ITEM 4 – DESCRIPTION OF CAPITAL STRUCTURE..... | 15 |
| General..... | 15 |
| Common Shares..... | 15 |
| Preferred Shares..... | 15 |
| Restriction on our Business | 15 |
| Limitation on Ownership..... | 16 |
| Convertible Debentures | 16 |
| ITEM 5 – MANAGEMENT OF THE CORPORATION..... | 18 |
| General..... | 18 |
| The Mortgage Banker | 18 |
| Mortgage Banking Agreement..... | 19 |
| Mortgage Banker’s Fees | 21 |
| The Corporation Manager..... | 21 |
| Corporation Manager’s Obligations..... | 21 |
| Amounts to which Corporation Manager is Entitled | 22 |
| Internalized Credit Management..... | 23 |
| Employees..... | 24 |
| ITEM 6 – DIRECTORS AND OFFICERS | 24 |
| Directors and Officers of the Corporation | 24 |
| Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions | 28 |

| | |
|---|----|
| Independent Director Matters | 29 |
| Investment Committee | 29 |
| Audit Committee..... | 30 |
| Audit Services..... | 31 |
| Remuneration of Directors and Officers | 31 |
| Stock Option Plan | 31 |
| Non-Competition Arrangements..... | 32 |
| Interest of Directors and Others in Material Transactions | 32 |
| Director Term Limits and Other Mechanisms of Board Renewal | 32 |
| ITEM 7 – RISK FACTORS | 39 |
| Public Health Crisis | 39 |
| Liquidity and Price Fluctuation | 39 |
| Dependence on the Corporation Manager and the Mortgage Banker | 40 |
| Potential Conflicts of Interest | 40 |
| Dilution | 40 |
| No Guaranteed Return | 35 |
| Credit Risk | 35 |
| Interest Rate Risk..... | 35 |
| Environmental Matters | 36 |
| Availability of Investments..... | 36 |
| Reliance on the Directors..... | 36 |
| Borrowing | 36 |
| Limited Sources of Borrowing..... | 36 |
| Renewal of Mortgages Comprising the Investment Portfolio..... | 37 |
| Composition of the Investment Portfolio..... | 37 |
| Subordinated and Subsequent Debt Financing | 37 |
| Investment Risk for Land Mortgage Investments | 37 |
| Reliance on Borrowers..... | 37 |
| Litigation Risks..... | 37 |
| Ability to Manage Growth | 38 |
| Change in Legislation | 38 |
| Cyber Risk | 38 |
| Convertible Debentures | 38 |
| Qualification as a Mortgage Investment Corporation | 38 |
| ITEM 8 – MARKET FOR SECURITIES | 38 |
| ITEM 9 – MATERIAL CONTRACTS | 40 |
| ITEM 10 – EXPERTS | 41 |
| ITEM 11 – TRANSFER AGENT AND REGISTRAR | 41 |
| ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS | 41 |
| ITEM 13 – ADDITIONAL INFORMATION | 41 |
| TERMS OF REFERENCE FOR THE AUDIT COMMITTEE..... | A1 |

GLOSSARY

The following terms used in this Annual Information Form have the meanings set out below:

“2017 5.30% Convertible Debentures” means the \$26,500,000 original principal amount of 5.30% convertible unsecured subordinated debentures issued by the Corporation and due August 31, 2024.

“2018 5.50% Convertible Debentures” means the \$25,000,000 original principal amount of 5.50% convertible unsecured subordinated debentures issued by the Corporation and due January 31, 2026.

“2022 5.00% Convertible Debentures” means the \$43,700,000 original principal amount of 5.00% convertible unsecured subordinated debentures issued by the Corporation and due March 31, 2029.

“5.20% Convertible Debentures” means the \$22,500,000 original principal amount of 5.20% convertible unsecured subordinated debentures issued by the Corporation and due December 31, 2023.

“5.30% Convertible Debentures” means the \$25,000,000 original principal amount of 5.30% convertible unsecured subordinated debentures issued by the Corporation and due May 31, 2022.

“5.40% Convertible Debentures” means the \$25,000,000 original principal amount of 5.40% convertible unsecured subordinated debentures issued by the Corporation and due June 30, 2025.

“5.50% Convertible Debentures” means the \$23,000,000 original principal amount of 5.50% convertible unsecured subordinated debentures issued by the Corporation and due December 31, 2022.

“5.00% Convertible Debentures” means the \$46,000,000 original principal amount of 5.00% convertible unsecured subordinated debentures issued by the Corporation and due September 30, 2028.

“AAA Rated Mortgage Backed Securities” means mortgage backed securities, being bonds or other financial obligations secured by a pool of mortgage loans, with a rating of AAA (or the equivalent), as determined by any one of Dominion Bond Rating Service Limited, Standard & Poor's Rating Group, Moody's Canada Inc., Canadian Bond Rating Service Inc. or any of their successors.

“affiliate” has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended from time to time.

“associate” has the meaning ascribed thereto in the CBCA.

“Audit Committee” means the audit committee of the Board of Directors.

“Authorized Interim Investments” means investments guaranteed by the Government of Canada or of a province or territory of Canada, deposits in or receipts, deposit notes, certificates of deposits, acceptances and other similar instruments issued, endorsed or guaranteed by a Schedule I Bank or short-term Canada Mortgage and Housing Corporation insured Residential Mortgages.

“Average Market Price” means the weighted average price of the Shares on the TSX for the five trading days immediately preceding the relevant dividend date or the effective date of the purchase of additional Common Shares, as applicable.

“Board of Directors” means the board of directors of the Corporation.

“CBCA” means the *Canada Business Corporations Act*, as amended from time to time.

“Commercial Mortgage Backed Securities” means bonds or other financial obligations secured by a pool of mortgage loans.

“Commercial Mortgages” means mortgages which are principally secured by income-producing properties which have retail, commercial, service, office and/or industrial uses.

“**Common Shares**” means the common shares in the capital of the Corporation.

“**Conventional First Mortgage**” means a First Mortgage for which the principal amount, at the time of commitment, does not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the underlying real property securing the mortgage as determined by a Qualified Appraiser.

“**Conventional Mortgage**” means a mortgage for which the principal amount, at the time of commitment, together with all other equal and prior ranking mortgages: (a) in the case of a property purchase, does not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the underlying real property securing the mortgage as determined by a Qualified Appraiser at the time of such purchase; and (b) in the case of a refinancing, does not exceed 75% of the appraised value of the underlying real property securing the mortgage as determined by a Qualified Appraiser at the time of such refinancing.

“**Conventional Non-First Mortgage**” means a Conventional Mortgage that is not a First Mortgage.

“**Convertible Debentures**” means, collectively, the 5.40% Convertible Debentures, 2018 5.50% Convertible Debentures, 2022 5.00% Convertible Debentures and 5.00% Convertible Debentures.

“**Convertible Debt**” means any indebtedness that is issued by the Corporation and convertible into Common Shares at the option of the holder or redeemable by the Corporation in exchange for Common Shares (including upon repayment at maturity).

“**Corporation**” or “**FCMIC**” means Firm Capital Mortgage Investment Corporation.

“**Corporation JV Agreement**” means the amended and restated joint venture agreement made as of the 10th day of June, 2024 between the Corporation Manager and the Corporation.

“**Corporation Manager**” means FC Treasury Management Inc. (and its successors as the joint venture participant under the Corporation JV Agreement).

“**Corporation’s Capital**” means, at any time, the aggregate amount of Shareholders’ equity and the outstanding principal amount of any Convertible Debt.

“**Credit Manager**” means the credit manager who is appointed by the Independent Directors and is in charge of ensuring compliance with our Investment and Operating Guidelines and reports directly to the Chairman of the Board of Directors.

“**Debentures**” means convertible and un-convertible debentures issued by Canadian real estate investment trusts and real estate corporations from time to time listed for trading on the TSX or TSX Venture Exchange, as the case may be.

“**Debtor In Possession Loan**” or “**DIP Loan**” means a loan obtained by an insolvent debtor while that debtor is restructuring its business under the *Companies’ Creditors Arrangement Act* (Canada). DIP loans have “super-priority” on the assets of the debtor company awarded by the court.

“**Directors**” means the directors of the Corporation.

“**Eleventh Supplemental Indenture**” means the supplemental indenture entered into in connection with the issuance of the 2018 5.50% Convertible Debentures.

“**FC Finance Trust**” means FC Finance Trust, a trust, whose sole beneficiary is the Corporation, formed for the purposes of investing in mortgages, and other related debt investments using the funds of the Corporation.

“**Firm Syndication Interest**” means up to a 20% *pari passu* interest in a mortgage in which the Corporation is offered an interest and which interest is made available to the Mortgage Banker for the benefit of the Mortgage Banker and its clients, including pooled funds (other than the Corporation) for which it acts as manager.

“First Mortgage” means a mortgage having priority over all other security interests registered against the same real property used to secure such mortgage.

“FM/MB Minimum Interest” means an aggregate minimum 10% *pari passu* interest in each Non-Conventional Mortgage in which the Corporation acquires an interest and which interest is required to be acquired by members of management of the Corporation Manager and/or the Mortgage Banker and/or their respective associates.

“FSRA” means Ontario’s Financial Services Regulatory Authority.

“Indenture” means the trust indenture between the Corporation (as successor) and Computershare Trust Company of Canada dated April 24, 2006.

“Independent Director” means a Director who is not an associate, director, officer or employee of the Corporation Manager or the Mortgage Banker or of an affiliate of any of the foregoing and who is independent (as defined in Section 1.4 of Multilateral Instrument 52-110 *Audit Committees*) of the Corporation, the Corporation Manager and the Mortgage Banker. A Director who is a nominee of the Corporation Manager is deemed not to be an Independent Director.

“Investment Committee” means the investment committee of the Board of Directors.

“Investment and Operating Guidelines” means the investment policies and operational guidelines described under “Investment and Operating Guidelines – Investment Policies” and “Investment and Operating Guidelines – Operating Guidelines”.

“Investment Portfolio” means, at any time, the Corporation’s portfolio of investments.

“Margin Loan” means a loan, debenture, note or other evidence of indebtedness secured by an assignment and or pledge of shares or units of Canadian publicly listed entities, or by limited partnership units exchangeable into shares or units of such Canadian publicly listed entities.

“MBLAA” means the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), as amended from time to time.

“MIC” means mortgage investment corporation, within the meaning of subsection 130.1(6) of the Tax Act.

“mortgage” means a mortgage, hypothec, deed of trust, charge or other security interest of or in real property used to secure obligations to repay money by a charge upon the underlying real property, whether evidenced by notes, debentures, bonds, assignments of purchase and sale agreements or other evidences of indebtedness, whether negotiable or non-negotiable.

“Mortgage Banker” means Firm Capital Corporation (and its successors as mortgage banker under the Mortgage Banking Agreement).

“Mortgage Banking Agreement” means the amended and restated mortgage banking agreement made as of the 10th day of June, 2024 between the Corporation and the Mortgage Banker, providing for, among other things, the retention of the Mortgage Banker by the Corporation.

“mortgages” means, collectively, the investments of the Corporation in mortgage loans that comprise part of the Investment Portfolio.

“Ninth Supplemental Indenture” means the supplemental indenture entered into in connection with the issuance of the 2017 5.30% Convertible Debentures.

“Non-Competition Agreement” means the non-competition agreement dated October 6, 1999 between the predecessor of the Corporation and the Restricted Group as described under “Directors and Officers – Non-Competition Arrangements” herein below.

“Non-Conventional Mortgage” means a mortgage, other than a Conventional Mortgage, and includes mortgage investments that exceed, or may exceed, 75% of the appraised value of the real property underlying such mortgages as determined by a Qualified Appraiser.

“Operating Facility” means the Corporation’s credit facility arranged with a Canadian bank for the purpose of providing funding for general operating expenses of the Corporation and working capital for the Corporation, including for the purpose of making advances under committed mortgages and additional funding of new investments, as described under “Investment Strategy – Bank Operating Line” herein below.

“order” means: (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

“Phase I Environmental Audit” means an evaluation of real property for purposes of environmental analysis performed solely on the basis of historical records without invasive sampling or drillings from such property.

“Preferred Shares” means the preferred shares in the capital of the Corporation.

“Prime Rate” means the rate of interest, expressed as an annual rate, in effect from time to time and announced in Canada by the principal banker of the Corporation from time to time as its prime rate with respect to commercial loans in Canadian dollars made in Canada to its Canadian commercial borrowers.

“Qualified Appraiser” means a person who is an accredited appraiser of the Appraisal Institute of Canada or any successor thereof.

“real property” means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of corporations the sole or principal purpose and activity of which is to invest in, hold and deal in real property.

“Related Investment” means: (i) a direct investment in real property resulting from the Corporation’s equity, mezzanine and other investment transactions; (ii) a bond, debenture, note or other evidence of indebtedness, or a share, unit or other evidence of ownership, in a person (other than an individual) engaged in real estate development, lending or the funding or holding of mortgages; or (iii) a mortgage that is not registered at the appropriate registry office.

“Related Debt Investment” means: (i) Related Investments; plus (ii) Margin Loans.

“Related Person” means a person that is related (as such term is defined in the Tax Act) to a shareholder of the Corporation.

“Residential Mortgages” means mortgages which are principally secured by single family residences and multi-family residential properties.

“Restricted Group” means the Mortgage Banker, Eli Dadouch, Michael Warner and Jonathan Mair, who have each entered into the Non-Competition Agreement as described under “Directors and Officers – Non-Competition Arrangements” herein below.

“Schedule I Bank” means a bank listed in Schedule I of the *Bank Act* (Canada), as amended from time to time.

“Second Supplemental Indenture” means the supplemental indenture between the Corporation and Computershare Trust Company of Canada dated January 1, 2011.

“Servicing Standard” means the servicing standard described under “Mortgage Banking Agreement” herein below.

“Shareholder” means a holder of Common Shares.

“Stock Option Plan” means the 2010 Stock Option Plan described under “Directors and Officers – Stock Option Plan” herein below.

“**syndication**” means the sharing of a mortgage investment by more than one person.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Tenth Supplemental Indenture**” means the supplemental indenture entered into in connection with the issuance of the 5.40% Convertible Debentures.

“**Thirteenth Supplemental Indenture**” means the supplemental indenture entered into in connection with the issuance of the 2022 5.00% Convertible Debentures.

“**TSX**” means the Toronto Stock Exchange.

“**Twelfth Supplemental Indenture**” means the supplemental indenture entered into in connection with the issuance of the 5.00% Convertible Debentures.

ANNUAL INFORMATION FORM

(Information as at December 31, 2024 unless otherwise indicated)

EXPLANATORY NOTES

This is the Annual Information Form of Firm Capital Mortgage Investment Corporation (“**we**”, “**us**”, “**our**”, “**FCMIC**” or the “**Corporation**”) for the year ended December 31, 2024. Unless otherwise stated, the information in this Annual Information Form is stated as of December 31, 2024 and all references to the Corporation’s fiscal year are to the year ended December 31, 2024.

Effective January 1, 2011, the income trust structure of Firm Capital Mortgage Investment Trust was reorganized into a corporate structure by way of a plan of arrangement between Firm Capital Mortgage Investment Trust and the Corporation under Section 192 of the CBCA. This plan of arrangement was approved by unitholders of Firm Capital Mortgage Investment Trust at a special meeting held on November 30, 2010. Pursuant to this plan of arrangement, Firm Capital Mortgage Investment Trust was dissolved, and Common Shares of the newly incorporated corporation, Firm Capital Mortgage Investment Corporation, were distributed to unitholders of Firm Capital Mortgage Investment Trust on the basis of one Common Share for each unit of Firm Capital Mortgage Investment Trust held. See “General Development of the Corporation”.

In this Annual Information Form, for any period that ended prior to January 1, 2011, unless the context otherwise requires: (i) any reference to “*Firm Capital Mortgage Investment Corporation*”, “*we*”, “*us*”, “*our*”, “*FCMIC*” or the “*Corporation*” are references to Firm Capital Mortgage Investment Trust; (ii) any reference to a “*Director*”, when made in reference to a director of the Corporation, is a reference to a trustee of Firm Capital Mortgage Investment Trust; and (iii) any reference to “*Shareholders*” is a reference to unitholders of Firm Capital Mortgage Investment Trust.

FORWARD-LOOKING STATEMENTS

Certain information included in this Annual Information Form contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our objectives and our strategies to achieve those objectives, as well as statements with respect to management’s beliefs, 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”, “expect”, “intent”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “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.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described below in this Annual Information Form under “Risk Factors”, which could cause our actual results to differ materially from the forward-looking statements contained in this Annual Information Form. Those risks and uncertainties include risks associated with public health crisis, liquidity and price fluctuation, dependence on the Corporation Manager and the Mortgage Banker, potential conflicts of interest, dilution, no guaranteed return, credit risk, interest rate risk, environmental matters, availability of investments, reliance on the Directors, the Corporation’s ability to borrow, limited sources of borrowing, renewal of mortgages comprising the Investment Portfolio, composition of the Investment Portfolio, subordinated and subsequent debt financing, investment risk for land mortgage investments, reliance on borrowers, litigation risks, ability to manage growth, change in legislation, cyber risk, Convertible Debentures and qualification as a mortgage investment corporation. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general real estate market remains stable; adequate mortgage investment opportunities are presented to the Corporation; and adequate bank indebtedness and bank loans are available to the Corporation. Although the forward-looking statements contained in this Annual Information Form are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements in this Annual Information Form are made as of the date of this Annual Information Form and are qualified by these cautionary statements. Except as required by applicable law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 1 – CORPORATE STRUCTURE

The Corporation qualifies as a MIC, and invests predominantly in short-term residential and commercial real estate mortgage loans and real estate Related Debt Investments. See “Narrative Description of the Activities of the Corporation” below.

The Corporation is the successor to Firm Capital Mortgage Investment Trust (originally named Firm Capital Mortgage Investment Fund), an Ontario trust formed on July 13, 1999. See “General Development of the Corporation”. Firm Capital Mortgage Investment Trust completed its initial public offering on October 6, 1999. The Corporation was incorporated under the CBCA on October 22, 2010 under the name “7683570 Canada Inc.” and changed its name to “*Firm Capital Mortgage Investment Corporation*” on November 19, 2010. On January 1, 2011, we completed the conversion of Firm Capital Mortgage Investment Trust from an income trust to a corporate structure, the Corporation, by way of a court-approved plan of arrangement under the CBCA. See “Explanatory Notes”.

The Corporation has adopted a by-law that requires advance notice by any Shareholder intending to nominate a director to the Board of Directors (the “**Advance Notice By-Law**”). Among other things, the Advance Notice By-Law fixes a deadline by which Shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders where directors are to be elected and sets forth the information that a Shareholder must include in the notice for it to be valid. In the case of an annual meeting of Shareholders, notice to the Corporation must be made not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Advance Notice By-Law was confirmed by the Shareholders on June 26, 2013.

The registered and head office of the Corporation is located at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5.

The Common Shares, 5.40% Convertible Debentures, 2018 5.50% Convertible Debentures, 2022 5.00% Convertible Debentures and 5.00% Convertible Debentures are posted and listed for trading on the TSX under the symbols “FC”, “FC.DB.I”, “FC.DB.J”, “FC.DB.K” and “FC.DB.L”, respectively.

The Corporation owns 100% of each of FC Finance Trust (an Ontario trust of which the Corporation is the sole beneficiary), FC Residential Mortgage Company Inc. (an Ontario corporation) and Firm Capital Mortgage Fund Inc. (an Ontario corporation).

ITEM 2 – GENERAL DEVELOPMENT OF THE CORPORATION

Firm Capital Mortgage Investment Fund, a trust governed by the laws of the Province of Ontario, was created pursuant to a declaration of trust dated as of July 13, 1999, as thereafter amended and restated. On April 19, 2001, Firm Capital Mortgage Investment Fund changed its name to Firm Capital Mortgage Investment Trust.

Pursuant to a plan of arrangement under the CBCA, on January 1, 2011, all of the issued and outstanding units of Firm Capital Mortgage Investment Trust were automatically exchanged on a 1 for 1 basis without any further action by the holder for Common Shares of the Corporation, and Firm Capital Mortgage Investment Trust was wound up. The Corporation assumed all of the covenants and obligations of Firm Capital Mortgage Investment Trust under its then outstanding convertible unsecured subordinated debentures. The Common Shares and assumed convertible unsecured subordinated debentures commenced trading on the TSX on January 5, 2011. The units of Firm Capital Mortgage Investment Trust were delisted from the TSX on January 4, 2010.

As a result of the plan of arrangement, the Corporation is the successor reporting issuer of Firm Capital Mortgage Investment Trust in all provinces of Canada, the same jurisdictions as those of the trust prior to the plan of arrangement. In addition, as a result of the plan of arrangement, the Firm Capital Mortgage Investment Trust ceased to be a reporting issuer.

On March 24, 2015, the Corporation completed a non-brokered private placement of 80,000 Common Shares at a price of \$12.25 per Common Share for gross proceeds to the Corporation of approximately \$980,000.

On April 17, 2015, the Corporation completed a bought deal offering pursuant to which it issued the 5.30% Convertible Debentures. The 5.30% Convertible Debentures traded on the TSX under the symbol "FC.DB.E".

On December 22, 2015, the Corporation completed a bought deal offering pursuant to which it issued the 5.50% Convertible Debentures, and on December 30, 2015, the Corporation closed the exercise of the underwriters' over-allotment option in respect of the 5.50% Convertible Debentures. The 5.50% Convertible Debentures traded on the TSX under the symbol "FC.DB.F".

On April 19, 2016, the Corporation completed a bought deal offering of 1,710,000 Common Shares at a price of \$12.90 per Common Share for gross proceeds to the Corporation of approximately \$22,059,000. On April 26, 2016, the Corporation issued an additional 256,500 Common Shares at a price of \$12.90 per Common Share pursuant to the over-allotment option granted to the underwriters in connection with the Corporation's bought deal offering that closed on April 19, 2016. Following the exercise and closing of the over-allotment option, the Corporation raised aggregate gross proceeds of \$25,367,850 in connection with this bought deal offering.

On December 21, 2016, the Corporation completed a bought deal offering pursuant to which it issued the 5.20% Convertible Debentures. The 5.20% Convertible Debentures traded on the TSX under the symbol "FC.DB.G".

On March 28, 2017, the Corporation completed a bought deal offering of 1,633,000 Common Shares at a price of \$14.10 per Common Share for gross proceeds to the Corporation of \$23,025,300, which includes the exercise in full by the underwriters of their option to purchase up to 213,000 additional Common Shares.

On June 27, 2017, the Corporation completed a bought deal offering pursuant to which it issued the 2017 5.30% Convertible Debentures. The 2017 5.30% Convertible Debentures trade on the TSX under the symbol "FC.DB.H".

On September 20, 2017, the Corporation either redeemed or converted into Common Shares the outstanding principal amount of its 5.75% convertible unsecured subordinated debentures in full. As at December 31, 2017, none of the 5.75% convertible unsecured subordinated debentures remained on the balance sheet of the Corporation.

On June 21, 2018, the Corporation completed a bought deal offering pursuant to which it issued the 5.40% Convertible Debentures. The 5.40% Convertible Debentures trade on the TSX under the symbol "FC.DB.I".

On November 26, 2018, November 5, 2019 and February 3, 2021, the Corporation amended the Investment and Operating Guidelines. The Investment and Operating Guidelines are described under "Investment and Operating Guidelines" below.

On November 23, 2018, the Corporation completed a bought deal offering pursuant to which it issued the 2018 5.50% Convertible Debentures. The 2018 5.50% Convertible Debentures trade on the TSX under the symbol "FC.DB.J".

On December 27, 2018, the Corporation redeemed the outstanding principal amount of its 5.40% convertible unsecured subordinated debentures in full for cash. As at December 31, 2018, none of the 5.40% convertible unsecured subordinated debentures remained on the balance sheet of the Corporation.

On March 1, 2019, the Corporation completed an equity offering of 1,520,000 Common Shares at a price of \$13.20 per Common Share for gross proceeds of \$20,064,000. The over-allotment option was exercised in full and the Corporation issued an additional 228,000 Common Shares at a price of \$13.20 per Common Share for gross proceeds of \$3,009,600. A total of 1,748,000 Common Shares were issued under this equity offering for gross proceeds of \$23,073,600.

On March 31, 2019, the Corporation's 5.25% convertible unsecured subordinated debentures matured and the Corporation fully paid-off the then outstanding principal amount of such debentures. As at December 31, 2019, none of the 5.25% convertible unsecured subordinated debentures remained on the balance sheet of the Corporation.

On May 15, 2019, the Corporation completed a non-brokered private placement of 209,630 Common Shares at a price of \$13.20 per Common Share for gross proceeds of \$2,767,116.

On December 20, 2019, the Corporation redeemed early the outstanding principal amount of its 4.75% convertible unsecured subordinated debentures due March 31, 2020 in full for cash. As at December 31, 2019, none of the 4.75% convertible unsecured subordinated debentures remained on the balance sheet of the Corporation.

On November 30, 2020, the Corporation completed an equity offering of 2,139,000 Common Shares (including the exercise in full of the over-allotment option granted to the underwriters of the offering) at a price of \$12.10 per Common Share for gross proceeds of \$25,881,900.

On September 3, 2021, the Corporation completed a bought deal offering pursuant to which it issued the 5.00% Convertible Debentures, and on September 9, 2021, the Corporation closed the exercise of the underwriters' over-allotment option in respect of the 5.00% Convertible Debentures. The 5.00% Convertible Debentures trade on the TSX under the symbol "FC.DB.K".

In November 2021, the Corporation along with shareholders associated with the Corporation completed the sale, on a bought deal basis, of a total of 1,936,600 Common Shares at a price of \$14.85 per Common Share, with 1,466,600 Common Shares issued from treasury by the Corporation for gross proceeds of approximately \$22 million and 470,000 Common Shares sold by the selling shareholders for aggregate gross proceeds to the selling shareholders of approximately \$7 million.

On January 27, 2022, the Corporation completed a bought deal offering pursuant to which it issued the 2022 5.00% Convertible Debentures, and on February 2, 2022, the Corporation closed the exercise of the underwriters' over-allotment option in respect of the 2022 5.00% Convertible Debentures. The 2022 5.00% Convertible Debentures trade on the TSX under the symbol "FC.DB.L".

On March 7, 2022, the Corporation completed the early redemption and cancellation of its outstanding 5.30% Convertible Debentures for cash which were scheduled to mature on May 31, 2022. The aggregate principal amount outstanding on the redemption was \$9,919,000.

On December 31, 2022, the outstanding 5.50% Convertible Debentures matured and were paid out in full. The aggregate principal amount outstanding at maturity was \$19,333,000.

On December 31, 2023, the outstanding 5.20% Convertible Debentures matured and were paid out in full. The aggregate principal amount outstanding at maturity was \$22,500,000.

On August 8, 2024, the Corporation completed an equity offering of 1,950,000 Common Shares at a price of \$11.30 per Common Share for gross proceeds of \$22,035,000. The over-allotment option was exercised in full and the Corporation issued an additional 292,500 Common Shares at a price of \$11.30 per Common Share for gross proceeds of \$3,305,250. A total of 2,242,500 Common Shares were issued under this equity offering for gross proceeds of \$25,340,250.

On August 31, 2024, the outstanding 2017 5.30% Convertible Debentures matured and were paid out in full. The aggregate principal amount outstanding at maturity was \$26,500,000.

ITEM 3 – NARRATIVE DESCRIPTION OF THE ACTIVITIES OF THE CORPORATION

Industry Overview

We invest predominantly by being a participant, in whole or in part, in loan investments originated by the Mortgage Banker, being Conventional First Mortgages, Conventional Non-First Mortgages, Non-Conventional Mortgages, and Related Debt Investments. These loans and investments are generally short-term bridge financing for residential and commercial real estate (including construction loans for such properties) for owners and developers.

The market niches in which our loan investments fall are summarized below.

Single Family Residential Mortgages

The single-family Conventional Mortgage market in Canada is dominated by the Schedule I Banks, trust companies and credit unions which are in underwriting single family mortgage loans under rigid underwriting criteria. Borrowers who do not meet the underwriting criteria of the Schedule I Banks, trust companies and credit unions find it difficult to obtain financing from larger traditional financial institutions, regardless of loan-to-value ratios or security offered, and turn to lenders like the Corporation for financing.

Multi-Family Residential, Investment Properties and Commercial Mortgages

The multi-family residential, investment property and commercial mortgage markets are dominated by large financial institutions. These institutions are less aggressive in pursuing bridge financing opportunities and/or value-creating lending opportunities, and the Corporation can exploit the opportunities in these areas to provide such financing.

Construction Loans

The provision of interim financing for large new home subdivisions and large interim land development projects is well served by the Schedule I Banks. However, developers and builders seeking financing for smaller land developments and housing projects have fewer financing options. The Corporation participates in loans that provide construction and development financing to developers and builders.

Land Financing

Traditional financial institutions generally do not provide land financing to small to mid-sized investors and developers. The Corporation's Manager specializes in underwriting mortgage loans in land, and the Corporation participates in such loans.

Condominium Financing

Traditional financial institutions have rigid underwriting guidelines for single unit condominium loans and for multi-unit (builder inventory type) loans. The Corporation participates in such loans, including those in a pool of multiple completed condominium units within a building.

Related Debt Investments

The Mortgage Banker originates loans to real estate ownership entities that are not restricted to those loans that have registered mortgage security. The Corporation participates in such loans, consistent with its Investment and Operating Guidelines as to investment amount and total investment as a component of its total Investment Portfolio. The Related Debt Investment category is a basket of investments 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.

The Corporation's Investments

The Corporation's Investment Portfolio is based on underwriting completed by the Mortgage Banker. Based on this information, the Investment Committee has determined that each of the investments meets the Investment and Operating Guidelines of the Corporation. The Investment Portfolio was sourced and underwritten by the Mortgage Banker. As at December 31, 2024, the Investment Portfolio consisted of 285 investments. See "Investment Strategy" and "Investment and Operating Guidelines" below.

The following is an overview of the Investment Portfolio held by the Corporation as at December 31, 2024 and 2023:

| | December 31, 2024 | | December 31, 2023 | |
|----------------------------------|--------------------------|---------------|--------------------------|---------------|
| Conventional First Mortgages | \$575,610,293 | 88.1% | \$523,562,081 | 87.5% |
| Related Debt Investments | 10,324,696 | 1.6% | 18,851,599 | 3.2% |
| Conventional Non-First Mortgages | 48,168,954 | 7.4% | 39,550,432 | 6.6% |
| Non-Conventional Mortgages | 12,943,328 | 2.0% | 9,614,348 | 1.6% |
| Debtor In Possession Loans | 6,669,208 | 1.0% | 6,481,110 | 1.1% |
| | \$ 598,059,570 | 100.0% | \$ 598,059,570 | 100.0% |

The Investment Portfolio as at December 31, 2024 is representative of the types of investments in which we invest. While there can be no assurance that the interest yields on these investments will be representative of interest yields to be obtained on our future investments, management anticipates that the aggregate interest yield on our investments will continue to be in excess of 400 basis points above the then current yield to maturity on one year Government of Canada treasury bills, based on the performance of the Investment Portfolio and the historical performance of the mortgage investments originated and serviced by the Mortgage Banker.

As at December 31, 2024, the Investment Portfolio is diversified by property and security type and no investment to a single borrower (including associates of such borrower) represents more than 15% of the aggregate cost of our assets. A significant portion of our mortgage investments are secured by real property located in Ontario, and principally in the Toronto and surrounding area, and are denominated in Canadian dollars.

We receive from the Mortgage Banker a portion of the commitment fees and discharge fees otherwise payable to the Mortgage Banker by borrowers under our investments. See “Management of the Corporation – The Mortgage Banker” below. The Mortgage Banker’s entitlement to these fees (which are paid for by borrowers) arises only from its ability to source investments funded by us.

Legal title to each registered mortgage is held by and registered in the name of a corporation or other entity wholly-owned by us, or another trustee, with beneficial title to our interest being held by us. Where legal title to a mortgage is held by and registered in the name of an entity wholly-owned by us, such entity may hold legal title to such mortgage on behalf of the other beneficial owners of such mortgage. Where appropriate, title insurance is obtained.

Investment Strategy

Objectives

Our objectives are: (i) the preservation of Shareholders’ equity; and (ii) to provide a return on Shareholders’ equity in excess of 400 basis points above the average yield to maturity on one year Government of Canada treasury bills from time to time. We aim to provide Shareholders with stable and secure cash dividends from our Investment Portfolio.

The Mortgage Banker, on our behalf, reviews and selects investment opportunities to be approved by the Investment Committee. The Investment Portfolio is serviced by the Mortgage Banker. In making its investment selections to be presented to us, the Mortgage Banker adheres to our Investment and Operating Guidelines. The Credit Manager is responsible for overseeing investment approval and compliance with our Investment and Operating Guidelines.

To maintain a stable interest yield on the Investment Portfolio, we manage risk through maintenance of a diversified investment portfolio.

Bank Operating Line

An important strategy of ours is to borrow against a pool of Conventional First Mortgages forming part of the Investment Portfolio, to a maximum indebtedness of 50% of the book value of our portfolio of Conventional First Mortgages. The cost of such borrowing is less than the interest received by us from our mortgage investments, and this interest spread enhances the interest yield on the Investment Portfolio. This borrowing strategy further enhances

the aggregate interest rate yield on our mortgage investments. See “Investment and Operating Guidelines” and “Risk Factors” below.

We have arranged a syndicated Operating Facility with Canadian chartered banks. As at December 31, 2024, \$54,626,159 was drawn under the Operating Facility. Interest on the Operating Facility is predominantly charged at rates that vary with the Prime Rate and may have a component with a fixed interest rate established based on a formula linked to Banker’s Acceptance rates. The Operating Facility currently provides for a revolving credit facility of up to \$205,000,000 and a maturity date of October 7, 2026. The Operating Facility is secured by a general security agreement over all of the assets of the Corporation and contains certain financial covenants that must be maintained.

Loans Payable

For a small number of select mortgage loan investments, a first priority borrowing is obtained from a financial institution. Such borrowing is reflected as Loans Payable on the Corporation balance sheet. Each borrowing within the Loans Payable is specific to an individual mortgage investment of the Corporation with its term and repayment matched to that of the related mortgage investment. All advances made under these borrowings are on a non-recourse basis to us. These loans are different from the Operating Facility, in that funds under these loans are drawn for the sole purpose of matching the interest rate and the term of the underlying investments. In contrast, the Operating Facility is a facility used by us for operating expenses and the funding of additional investments. As at December 31, 2024, the Corporation had no such loans outstanding.

Development and Maintenance of the Investment Portfolio

In the view of management, the three keys to developing and maintaining a successful Investment Portfolio are: (i) relying on knowledgeable underwriting; (ii) relying on the ability to source a broad range of investment opportunities; and (iii) disciplined monitoring, servicing and collection enforcement methods by the investment servicer (the Mortgage Banker). In these respects, we benefit from the experience of the Corporation Manager and the Mortgage Banker.

We benefit from the experienced sourcing practices of the Mortgage Banker, through whom we have been able to source and fund loan investments which satisfy our Investment and Operating Guidelines based on: (i) the specialized lending structures offered to borrowers; (ii) the reputation, experience and marketing ability of the Mortgage Banker; and (iii) the timely credit analysis and decision-making processes followed by the Mortgage Banker.

The Mortgage Banker sources mortgages on our behalf and on behalf of its other investor clients through conventional intermediaries, including existing borrowers of the Mortgage Banker, mortgage brokers, and referrals from banks, trust companies, lawyers and accountants.

The Mortgage Banker’s sourcing of our investments and servicing of the Investment Portfolio provide the following benefits to us:

- *Mortgage Investment Opportunity Sources.* Senior management of the Mortgage Banker has been in the business of sourcing and underwriting mortgages for over 30 years. The Mortgage Banker manages and services mortgages on behalf of various investor clients. All of the Mortgage Banker’s officers have extensive contacts in the mortgage and real estate industries which will allow them to identify lending investment opportunities and submit them to us.
- *Proven Industry Experience.* Collectively, members of management of the Mortgage Banker have over 100 years of combined mortgage and real estate experience. Each officer has a comprehensive knowledge and understanding of the mortgage and real estate industries that has enabled him or her to make prudent investment decisions and identify sound investment opportunities. The name and municipality of residence, office held with the Mortgage Banker and principal occupation of each officer of the Mortgage Banker are described under the heading “Management of the Corporation – The Mortgage Banker”.
- *Problem Identification and Rectification Experience.* The Mortgage Banker minimizes risks associated with defaulting mortgages through diligent monitoring of the Investment Portfolio, active communication with

borrowers and the institution of appropriate and timely enforcement procedures on defaulting mortgages. The Mortgage Banker has substantial experience in servicing mortgage loans, including the institution of enforcement proceedings, and has a history of a low default rate on mortgages which it services.

- *Focus on Toronto and the Surrounding Area and other Urban Centres.* One of the keys to successful underwriting is knowing and understanding the real estate markets in which the properties are located. Together, Toronto and the surrounding area and other urban centres contain a sizeable portion of Canada's population and a well-diversified industry base. We make the majority of our mortgage investments on real property located primarily in Toronto and the surrounding area and other urban centres in Ontario, areas with which the officers of the Mortgage Banker are familiar due to their past lending experience.

Participation in Investment

All investments of the Corporation are originated by the Mortgage Banker and are participated in by the Corporation, in whole or in part. The amount of participation in any investment is recommended by the Mortgage Banker and approved by the Investment Committee and is based on several factors including: (i) the desire to diversify the Investment Portfolio; and (ii) the availability of funds on hand and the cash flow position of the Corporation at the time of the making of each investment.

Management of the Investment Portfolio

General

The Mortgage Banker is responsible for originating, underwriting, servicing and syndicating our mortgage investments pursuant to the Mortgage Banking Agreement. The Credit Manager is responsible for ensuring compliance with our Investment and Operating Guidelines and, after confirming such compliance, the Credit Manager presents a mortgage investment opportunity for approval to the Investment Committee. See "Investment and Operating Guidelines", "Management of the Corporation – The Mortgage Banker" and "Management of the Corporation – Internalized Credit Management" below.

Risk Management

We have implemented the following strategy to limit and manage risk:

- (a) conservative Investment and Operating Guidelines;
- (b) when appropriate and subject to our cash position and the underlying investment profile of a potential loan investment, participating for a portion of such investment, with the Mortgage Banker allocating the balance of such investment with other investors to diversify and share risks associated with a given mortgage investment;
- (c) requiring members of management of the Corporation Manager and/or the Mortgage Banker and/or their respective associates to acquire and maintain a minimum 10% *pari passu* interest, in the aggregate, in each Non-Conventional Mortgage in which we invest;
- (d) encourage members of management of the Corporation Manager and/or the Mortgage Banker and/or their respective associates to participate alongside the Corporation in investments;
- (e) detailed mortgage underwriting and analysis presentation to the Investment Committee; and
- (f) independent appraisals prepared by Qualified Appraisers for all mortgage investments.

Collection Activities

The Mortgage Banker services and monitors the performance of the Investment Portfolio, including tracking of the status of outstanding payments due, and enforcement of security.

The Mortgage Banking Agreement requires the Mortgage Banker to make reasonable efforts to collect all payments called for under the terms and provisions of each mortgage comprising the Investment Portfolio, and to follow collection procedures that are consistent with the Servicing Standard or as the Investment Committee may otherwise direct.

The Mortgage Banker is required to monitor any loan that is in default, evaluate whether the causes of the default will be corrected by the related borrower over an acceptable period without significant impairment of the value of the related mortgaged property, initiate corrective action, inspect the related mortgaged property and take such other actions as are consistent with the Servicing Standard.

The time within which the Mortgage Banker may make the initial determination of appropriate action, evaluate the appropriate corrective action, if any, develop additional initiatives, or institute foreclosure, power of sale or other enforcement proceedings on behalf of the Corporation may vary considerably depending on the particular investment, the mortgaged property, the borrower, the mortgagor's circumstances as perceived by the Mortgage Banker. If a borrower makes a proposal or assignment or takes any other proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) or other insolvency, arrangement or other legislation for the relief of debtors, the Mortgage Banker may not be permitted to accelerate the maturity of the related mortgage loan, to foreclose the mortgaged property or to exercise power of sale or other mortgage enforcement proceedings for a considerable period of time.

Investment and Operating Guidelines

The Board of Directors adopted the Investment and Operating Guidelines for the Corporation, as described below, which were implemented on January 1, 2011, and amended from time to time thereafter. The Investment and Operating Guidelines were last amended on February 3, 2021, and can be modified by the Board of Directors.

Investment Policies

The assets of the Corporation may be invested only as follows, unless otherwise approved by the Board of Directors:

- (a) the Corporation shall invest only in a Conventional First Mortgage, Conventional Non-First Mortgage, Margin Loan, Non-Conventional Mortgage, and a Related Investment;
- (b) 100% of the Corporation's Capital may be invested in Conventional First Mortgages and/or AAA Rated Mortgage Backed Securities;
- (c) a maximum of 30% of the Corporation's Capital may be invested in a combination of Non-Conventional Mortgages, Conventional Mortgages that are not Conventional First Mortgages and Commercial Mortgage Backed Securities that are not AAA Rated Mortgage Backed Securities;
- (d) a Conventional Mortgage may not exceed the lower of 75% of the purchase price of the underlying real property securing the mortgage and 75% of the appraised value of the property ("**Loan to Value**"), as determined by a Qualified Appraiser and calculated at the time of commitment, provided that if a mortgage exceeds 75% Loan to Value, it can be classified as a Conventional Mortgage for the portion up to 75% of the Loan to Value, with the portion in excess of 75% being classified as a Non-Conventional Mortgage;
- (e) the Corporation may not participate in any Non-Conventional Mortgage investment where its interest in such mortgage exceeds 75% of the principal amount of such mortgage;
- (f) a maximum of 10% of the Corporation's Capital may be invested in Debentures. Leverage may be applied to these Debentures to a maximum of 65%. No more than 1% of the Corporation's Capital may be invested in any one Debenture. Investments in Debentures will be treated in the same manner as all non-conventional investments in terms of amounts earned by the Mortgage Banker. Management of the Corporation will provide the Directors a monthly report outlining each Debenture investment;
- (g) other than investments in Non-Conventional Mortgages and Commercial Mortgage Backed Securities or the acquisition of a portfolio of mortgages, the Corporation shall not invest in any mortgage where the term of

the mortgage exceeds five years, but mortgages in which the Corporation invests may contain clauses permitting the mortgagor, when not in default, to renew the mortgage for additional terms;

- (h) at no time may the Corporation hold any real property which is not capital property or which is not situated in Canada;
- (i) unless approved by a majority of the Independent Directors, the Corporation will not make an investment in any mortgage or other investment in real property where a Director, the Mortgage Banker, any of their respective officers, directors or employees or any affiliate or associate thereof: (i) has or expects to obtain, insofar as the Corporation is aware, as a debtor, an interest in the transaction; (ii) has at any time in the period of 24 months preceding the date of the transaction had a direct or indirect material financial interest, as a debtor, in the real property being mortgaged or acquired; or (iii) has an interest in any other mortgage, as a debtor, on the real property being mortgaged or acquired;
- (j) when not invested in Residential Mortgages, Commercial Mortgages, Commercial Mortgage Backed Securities or Related Investments, the funds of the Corporation shall be placed in Authorized Interim Investments;
- (k) up to 10% of the Corporation's Capital in any single Conventional First Mortgage where the principal amount of such mortgage loan is less than 60% of the appraised value of the secured properties.

Up to 8% of the Corporation's Capital in any single Conventional First Mortgage where the principal amount of such mortgage loan is between 60% and 70% of the appraised value of the secured properties.

Up to 5% of the Corporation's Capital in any single Conventional First Mortgage where the principal amount of such mortgage loan exceeds 70% of the appraised value of the secured properties.

Up to 2.5% of the Corporation's Capital in any single Non-Conventional Mortgage or Conventional Mortgage that is not a Conventional First Mortgage.

For purposes of the above provision, where the mortgage loan is secured by properties that were acquired by the borrower within a 12 month period of the date of the loan funding, the purchase price of the property shall be utilized as the appraised value where same is less than the appraised value, unless there has been a material, post-acquisition, value enhancing change at the property that justifies the appraised value;

- (l) the Corporation shall not make an investment in, or acquisition of, a mortgage with a single borrower (including associates of such borrower), all calculated at the time the investment is made, if the aggregate of the cost of such investment and the cost of the Corporation's mortgages, loans or investments already provided to or with such single borrower (including associates of such borrower) would exceed 10% of the cost of the Corporation's assets;
- (m) the Corporation shall obtain approval of investments from the Independent Directors, as follows (i) investments with total investment amounts of under \$1 million, no Independent Directors (ii) investment amounts between \$1 million to \$2 million, one Independent Director; and (iii) investments with total investment amounts over \$2 million, three Independent Directors;
- (n) should an Independent Director specifically decline approval of an investment, the Credit Manager shall advise the all other Directors of same;
- (o) the Corporation may only borrow funds in order to acquire or invest in specific mortgage investments or mortgage portfolios in amounts up to 60% of the book value of the Corporation's portfolio of Conventional First Mortgages and at an interest rate less than the interest rate charged by the Corporation on the corresponding mortgage investment or portfolios acquired with such borrowed funds; provided, however, that the outstanding amount of any Convertible Debt shall for purposes of this section be deemed not to be "borrowed funds";
- (p) the Corporation may participate in mortgages on a syndication basis, subject to the approvals otherwise required in connection with its mortgage investments;

- (q) the Corporation may invest up to 20% of the Corporation's Capital in Related Investments, provided that no single Related Investment would exceed 3.5% of the Corporation's Capital in the aggregate;
- (r) the Corporation may invest up to 15% of the Corporation's Capital in DIP Loans, provided that no single DIP Loan would exceed 7.5% of Corporation's Capital in the aggregate;
- (s) the Corporation may advance funds to FC Finance Trust for it to invest in the United States provided that no single investment shall exceed 3.5% of the Corporation's Capital and that all such US investments in the aggregate, do not exceed 15% of the Corporations' Capital; and
- (t) the Corporation shall not make any investment, take any action or omit to take any action that would result in the Common Shares not being classified as shares of a "mutual fund corporation" within the meaning of the Tax Act or that would result in the Common Shares being disqualified for investment by registered retirement savings plans, registered disability savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans or tax-free savings accounts, and the Corporation shall take all such actions as may be required to continually meet all of the criteria enumerated in subsection 130.1(6) of the Tax Act throughout such taxation year in order to maintain its status as a "mortgage investment corporation" in each taxation year.
- (u) Notwithstanding any other paragraph in these investment guidelines and subject to paragraph (n) above, with the prior approval of a majority of the members of the Investment Committee, the Corporation may invest up to 15% of the Corporation's Capital in Margin Loans, provided that no single Margin Loan would exceed 2.50% of Corporation's Capital in the aggregate.

Operating Guidelines

The operations and affairs of the Corporation must be conducted in accordance with the following policies:

- (a) before making an investment or acquisition, the Corporation shall obtain an independent appraisal from a Qualified Appraiser of the underlying real property which is the primary security for the mortgage, and may or may not obtain additional independent appraisals of additional collateral and other properties securing obligations to the Corporation;
- (b) before making an investment or acquisition, the Corporation will obtain a Phase I Environmental Audit on the underlying real property provided as security for a mortgage unless the Investment Committee has determined that a Phase I Environmental Audit is not necessary;
- (c) the Directors may approve an investment or acquisition to be made in accordance with investment and operating policies at a meeting of the Directors whose approval is required to approve such investment or acquisition or in writing, provided that written approval may be signed in counterparts, original or by telecopier by the number of Directors required to approve such investment or acquisition;
- (d) when deemed necessary by the Mortgage Banker, the Corporation will obtain title insurance in respect of all real property provided as security for the Corporation's mortgage investments in amounts and on such terms as the Mortgage Banker considers appropriate (provided that the Mortgage Banker or Board of Directors may determine not to obtain title insurance if, in the Mortgage Banker's or Board of Directors' opinion, it is appropriate);
- (e) upon the request of the Investment Committee or the Mortgage Banker, the Corporation will establish and manage property tax escrow accounts in respect of a property provided as security for the Corporation's mortgage investments;
- (f) the underwriting policies and procedures of the Corporation shall include an evaluation of both the prospective mortgagor and the proposed real estate collateral. In connection with a proposed mortgage, the Corporation shall analyze factors, including, without limitation, the mortgaged property's historical cash flow; age and condition; appraised value; gross square footage; net rentable area; gross land area; number of units, rooms or beds; current tenants' size, identity and any lease termination or purchase option rights;

property interest to be mortgaged; term, expiration and rental rates under current leases; leasing commissions; tenant improvements and concessions; applicable market rentals for similar properties; historical vacancy rate and market vacancy rate; debt service coverage ratio; and loan to value ratio. Factors to be analyzed in connection with a prospective borrower will include its credit history, capitalization and overall financial resources and management skill and experience in the applicable property type; and

- (g) the legal title to each mortgage will be held by and registered in the name of a corporation or other entity wholly owned by the Corporation, other than mortgages held by another entity or other entity in trust for the Corporation, with beneficial title to the mortgage being held by the Corporation. Where the Corporation's interest is held in trust, the trust arrangements will be approved by a majority of Independent Directors. Where the legal title to a mortgage is held by and registered in the name of an entity wholly owned by the Corporation, such entity may hold legal title to such mortgage on behalf of other beneficial owners of such mortgage.

Amendment

These Investment and Operating Guidelines may be amended from time to time by the Board of Directors, in its discretion, as amendments are made.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the Corporation will be deemed to be those of the Corporation on a proportionate consolidated basis. In addition, any references in the foregoing to investment in mortgages will be deemed to include an investment in a joint venture arrangement.

Qualification as a Mortgage Investment Corporation

The Board of Directors have elected to operate the Corporation as a MIC. See "Distribution Policy – Dividend Policy" and "Description of Capital Structure – Limitation on Ownership" below. In addition to the foregoing policies, and in order for Corporation to qualify as a MIC in a taxation year, the Corporation must continually meet all of the criteria enumerated in subsection 130.1(6) of the Tax Act throughout such taxation year, including the requirements that:

- the Corporation be a "Canadian corporation" as defined in the Tax Act, which generally means a corporation incorporated or resident in Canada;
- the only undertaking of the Corporation must be investing its funds and it must not manage or develop real property;
- none of the Corporation's property can consist of specified types of foreign property;
- the Corporation must have, at all times, at least 20 shareholders;
- no shareholder of the Corporation (together with Related Persons) may hold, directly or indirectly, more than 25% of the issued shares of any class of the Corporation;
- holders of Preferred Shares (if any) had the right, after payment to them of their preferred dividends and payment of dividends in a like amount per share to the holders of Common Shares, to participate *pari passu* (equally) with the holders of Common Shares in any further payment of dividends;
- at least 50% of the "cost amount" (as defined in the Tax Act) to the Corporation of its property must consist, in general, of certain residential mortgages, certain types of deposits and money;
- not more than 25% of the cost amount to the Corporation of all of its property can be attributable to real property or leasehold interests therein; and

- in circumstances where at any time during the year the cost amount to the Corporation of its money, debt secured on certain specified residential properties, and funds on deposit with a Canada Deposit Insurance Fund-insured or Régie de l'assurance-dépôts du Québec-insured institution or credit union (such debts and deposits referred to herein as “**Required Property**”) represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation's liabilities may not exceed 75% of its assets (at cost amount). Where, however, throughout the year the cost amount to the Corporation of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation's liabilities may not exceed 83.33% of its assets (at cost amount).

Licensing and Legislative Regime

All provinces throughout Canada have enacted legislation to govern the mortgage broker industry. Under all of these Acts, corporations, partnerships and sole proprietorships that carry on the business of dealing in or trading in mortgages, or carry on business as a mortgage lender, are required to hold a valid brokerage license. A person or entity is a mortgage lender when he, she or it lends money on the security of real property. An individual who deals in mortgages or trades in mortgages is required to be licensed as a mortgage broker or a mortgage agent. A mortgage broker or mortgage agent can only act on behalf of one specified mortgage brokerage and every brokerage must appoint a principal broker who is licensed as a mortgage broker. Corporations, partnerships and sole proprietorships that carry on the business of administering mortgages are required to hold a valid mortgage administrator's license.

As we are not licensed as a mortgage brokerage or administrator and we do not employ any mortgage brokers or agents, we cannot engage directly in the business of lending money on the security of real property or administering mortgages, and must therefore conduct our mortgage lending activities under contract with a licensed mortgage brokerage and administrator such as the Mortgage Banker. A mortgage brokerage and its principal broker must obtain a brokerage and a broker license, respectively, issued by the applicable provincial regulatory body. The Mortgage Banker, which performs mortgage brokerage, servicing and administration services on our behalf pursuant to the Mortgage Banking Agreement, currently holds a valid license with each of the applicable provincial regulatory bodies (including FSRA) to permit it to carry on the activities contemplated in the Mortgage Banking Agreement and operates in compliance with applicable provincial legislation (including the MBLAA). The Mortgage Banker's license with each applicable provincial regulatory body qualifies it to syndicate mortgage loans.

Each provincial regulatory body with whom the Mortgage Banker is licensed has wide authoritative power over the mortgage brokerage and administrator industry, including the power to grant or renew licenses, the power to revoke licenses, the power to attach conditions to licenses, and the power to investigate complaints made regarding the conduct of registered mortgage brokerages, brokers, agents and administrators. Under each applicable provincial Act (including the MBLAA), there are several requirements a mortgage brokerage, broker, agent or administrator must meet in order to obtain or renew a license. These Acts also impose a continuing obligation on a registered mortgage broker and/or agent to remain in compliance with applicable legislation, failing which the applicable provincial regulatory body may revoke a license.

Generally, a mortgage brokerage or administrator will not be granted a license or a renewal of a license if, having regard to the financial position of the mortgage brokerage or administrator, it could not reasonably be expected that the mortgage brokerage or administrator would be financially responsible in the conduct of its business. In addition, a license will not be granted or renewed if the past conduct of the applicant is such that it provides reasonable grounds for the applicable provincial regulatory body to believe that the mortgage brokerage or administrator will not conduct business legally and with integrity and honesty. In the case of a corporate mortgage brokerage or administrator, the applicable provincial regulatory body will look to the past conduct of the directors and officers of the corporation.

Dividends and Distributions

Dividend Policy

Registered Shareholders are entitled to receive dividends as and when declared from time to time by the Directors, acting in their sole discretion. It is the intention of the Corporation to make distributions to the extent necessary to reduce its taxable income each year to nil so that it has no tax payable under Part I of the Tax Act. To the

extent that the Corporation realizes a capital gain in a year in excess of applicable capital losses, the Corporation intends to elect to have dividends to be capital gains dividends to the maximum extent allowable.

The dividend policy is at the discretion of the Directors and the amount paid may vary depending on, among other things, the Corporation's earnings, financial requirements, the satisfaction of solvency tests imposed by the CBCA for the declaration of dividends and other conditions existing at such future time.

Dividend History

The aggregate of the cash dividends declared per Common Share in respect of the years ended December 31, 2024, 2023 and 2022 were \$0.992, \$0.990, and \$0.950, respectively. The following chart details the monthly dividend history of the Corporation:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------|----------------|----------------|----------------|
| January | \$0.078 | \$0.078 | \$0.078 |
| February | \$0.078 | \$0.078 | \$0.078 |
| March | \$0.078 | \$0.078 | \$0.078 |
| April | \$0.078 | \$0.078 | \$0.078 |
| May | \$0.078 | \$0.078 | \$0.078 |
| June | \$0.078 | \$0.078 | \$0.078 |
| July | \$0.078 | \$0.078 | \$0.078 |
| August | \$0.078 | \$0.078 | \$0.078 |
| September | \$0.078 | \$0.078 | \$0.078 |
| October | \$0.078 | \$0.078 | \$0.078 |
| November | \$0.078 | \$0.078 | \$0.078 |
| <u>December</u> | <u>\$0.134</u> | <u>\$0.132</u> | <u>\$0.092</u> |
| Total per Common Share | \$0.992 | \$0.990 | \$0.950 |

Dividend Reinvestment Plan

The Corporation has implemented a dividend reinvestment plan and a share purchase plan (collectively, the “**Dividend Reinvestment Plan**”). Under the Dividend Reinvestment Plan, Shareholders who are resident Canadians may elect to invest any and all cash dividends on eligible Common Shares at a 3% discount to the five day weighted average price of the Common Shares on the TSX and/or provide optional cash payments to purchase additional Common Shares. Computershare Trust Company of Canada acts as the Corporation's agent under the Dividend Reinvestment Plan.

Under the terms of the Dividend Reinvestment Plan, if the Average Market Price is less than \$14.85, then using the dividends received on behalf of Shareholders who have elected to participate in the Dividend Reinvestment Plan, the agent shall purchase, through the facilities of the TSX, additional Common Shares at prevailing market prices of less than \$14.85 per Common Share (after payment of brokerage fees and commissions) during the period ending five trading days following the relevant dividend date. The agent will seek the best price and execution and negotiate favourable brokerage rates for these purchases. To the extent the agent is unable to purchase additional Common Shares at a cost less than \$14.85 per Common Share (after payment of brokerage fees and commissions) due to prevailing market prices, then the remaining funds deposited into the Dividend Reinvestment Plan for such purpose will be applied to the purchase of Common Shares from the treasury of the Corporation at \$14.85 per Common Share. If the Average Market Price is \$14.85 or more, all of the funds deposited into the Dividend Reinvestment Plan will be applied to the purchase of Common Shares from the treasury of the Corporation at the Average Market Price, less a discount of 3%. In addition, pursuant to the Share purchase plan component, participants in the Dividend Reinvestment Plan may elect to purchase additional Common Shares at the Average Market Price. A minimum purchase of \$250 per month and maximum purchases of up to an aggregate of \$12,000 per year will be permitted under this election. These additional Common Shares will be issued from the treasury of the Corporation. In fiscal 2024, 2,596 Common Shares were issued pursuant to the Dividend Reinvestment Plan.

ITEM 4 – DESCRIPTION OF CAPITAL STRUCTURE

General

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares and to the Preferred Shares, respectively, is subject to, and qualified in its entirety by reference to, the Corporation's articles, which are available on SEDAR+ at www.sedarplus.ca.

Common Shares

Each Common Share entitles the holder thereof to one (1) vote at all meetings of Shareholders, except where holders of another class are entitled to vote separately as a class as provided by law or the rules of any applicable stock exchange. Subject to the rights of the holders of the Preferred Shares, the holders of Common Shares are entitled to such dividends as the Directors may declare from time to time.

Subject to the prior rights of the holders of the Preferred Shares ranking senior to the Common Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Common Shares are entitled to receive the remaining property of the Corporation.

Preferred Shares

The Directors may, at any time and from time to time, issue the Preferred Shares in one or more series, in accordance with and subject to the provisions of the CBCA. The Directors may, from time to time, fix before issuance the designation, rights, privileges, restrictions and conditions attaching to a series of Preferred Shares. No rights, privileges, restrictions or conditions attached to any series of Preferred Shares shall confer upon the shares of such series a priority, in respect of dividends and the distribution of assets or return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, over the shares of any other series of Preferred Shares. The Preferred Shares of each series shall rank in priority to the Common Shares and on parity with the shares of every other series of Preferred Shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of the liquidation, dissolution or winding-up of the Corporation.

The holders of the Preferred Shares are not entitled, except as provided by law or the rules of any applicable stock exchange, to receive notice of or to attend any meeting of the shareholders, and are not entitled to vote at any such meeting (except where holders of a specified class or series of shares are entitled to vote separately as a class or series as provided by law). Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Preferred Shares by the Directors, the holders of the Preferred Shares shall not be entitled to vote separately as a class or series or to dissent upon a proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized shares of such class or series, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the shares of such class or series; (b) effect an exchange, reclassification or cancellation of the shares of such class or series; or (c) create a new class or series of shares equal or superior to the shares of such class or series. Notwithstanding such restrictions, conditions or prohibitions on the right to vote, the holders of the Preferred Shares shall be entitled to notice of all meetings of Shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business, as required under subsection 189(3) of the CBCA, as such subsection may be amended from time to time.

Restriction on our Business

Our articles provide that we may not make any investment or conduct any activity that would result in our failing to qualify as a MIC.

Limitation on Ownership

In order to maintain its status as a MIC, the articles of the Corporation provide that no shareholder of the Corporation is permitted to hold at any time, directly or indirectly, either alone or together with a Related Person, more than 25% of any class or series of the issued shares of the Corporation.

In the event that (i) the exercise by any holder of Convertible Debentures, or (ii) as determined by the Board of Directors in its sole discretion, any other transaction affecting the shares of the Corporation (each a “**Triggering Transaction**”), if completed, would cause any shareholder(s) (each an “**Automatic Repurchase Shareholder**”), either alone or together with Related Persons, to hold more than 25% of any class or series of the issued shares of the Corporation, that portion of the shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of issued shares of any class or series of shares (the “**Repurchased Shares**”) will, immediately prior to the completion of a Triggering Transaction, automatically be repurchased and cancelled by the Corporation (an “**Automatic Repurchase**”) without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the volume weighted average trading price of the particular class or series of shares for the five (5) consecutive trading days ending immediately preceding the date of the Triggering Transaction. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder at the time of the Automatic Repurchase.

Normal Course Issuer Bid

Pursuant to a notice of intention to make a normal course issuer bid dated October 4, 2023, the Corporation commenced a normal course issuer bid to purchase up to a maximum of 3,356,287 Common Shares, being 10% of the “public float” of Common Shares as at October 4, 2023 (the “**NCIB**”). The Corporation was permitted to purchase its Common Shares from time to time if the Corporation believed that the market price of the Common Shares was attractive and that the purchase would be an appropriate use of corporate funds and in the Corporation’s best interests. Purchases pursuant to the NCIB were permitted to occur on the TSX between October 11, 2023 and October 10, 2024 at a price not exceeding the market price of the Common Shares at the time of acquisition. The actual number of Common Shares which could have been purchased pursuant to the NCIB and the timing of any such purchases was determined by the Corporation’s senior management. Daily purchases under the NCIB were limited to 7,473 Common Shares, other than block purchases. The NCIB expired on October 10, 2024. During 2024, the Corporation did not purchase any Common Shares under the NCIB.

Convertible Debentures

The summary below of the terms of the outstanding Convertible Debentures is subject to, and qualified in its entirety by reference to, the Indenture, Second Supplemental Indenture, Ninth Supplemental Indenture, Tenth Supplemental Indenture, Eleventh Supplemental Indenture, Twelfth Supplemental Indenture and Thirteenth Supplemental Indenture, which are available on SEDAR+ at www.sedarplus.ca. A summary of additional terms of the outstanding Convertible Debentures is set out in the section entitled “Description of the Securities being Distributed” contained in each of our final prospectuses or prospectus supplements qualifying the distribution of such outstanding Convertible Debentures, which sections are incorporated herein by reference and available on SEDAR+ at www.sedarplus.ca.

2017 5.30% Convertible Debentures

On June 27, 2017, the Corporation issued \$26,500,000 principal amount of 2017 5.30% Convertible Debentures. Each 2017 5.30% Convertible Debenture pays interest at 5.30% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including August 31, 2024, at a price of \$15.25 per Common Share (the “**2017 5.30% Conversion Price**”). Each 2017 5.30% Convertible Debenture ranks *pari passu* with each other 2017 5.30% Convertible Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2017 5.30% Convertible Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Ninth Supplemental Indenture) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation’s subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after August 31, 2020, but prior to August 31, 2022, the 2017 5.30% Convertible Debentures will be

redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Ninth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 2017 5.30% Conversion Price. On or after August 31, 2022, the 2017 5.30% Convertible Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2017 5.30% Convertible Debentures mature on August 31, 2024. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2017 5.30% Convertible Debentures upon redemption or at maturity by issuing Common Shares.

On August 31, 2024, the outstanding 2017 5.30% Convertible Debentures matured and were paid out in full. The aggregate principal amount outstanding at maturity was \$26,500,000.

5.40% Convertible Debentures

On June 21, 2018, the Corporation issued \$25,000,000 principal amount of 5.40% Convertible Debentures. Each 5.40% Convertible Debenture pays interest at 5.40% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including June 30, 2025, at a price of \$15.00 per Common Share (the "**5.40% Conversion Price**"). Each 2018 5.40% Convertible Debenture ranks *pari passu* with each other 2018 5.40% Convertible Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 5.40% Convertible Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Tenth Supplemental Indenture) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after June 30, 2021, but prior to June 30, 2023, the 5.40% Convertible Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Tenth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 5.40% Conversion Price. On or after June 30, 2023, the 5.40% Convertible Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 5.40% Convertible Debentures mature on June 30, 2025. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 5.40% Convertible Debentures upon redemption or at maturity by issuing Common Shares.

2018 5.50% Convertible Debentures

On November 23, 2018, the Corporation issued \$25,000,000 principal amount of 2018 5.50% Convertible Debentures. Each 2018 5.50% Convertible Debenture pays interest at 5.50% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including January 31, 2026, at a price of \$14.60 per Common Share (the "**2018 5.50% Conversion Price**"). Each 2018 5.50% Convertible Debenture ranks *pari passu* with each other 2018 5.50% Convertible Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2018 5.50% Convertible Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Eleventh Supplemental Indenture) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after January 31, 2022, but prior to January 31, 2024, the 2018 5.50% Convertible Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Eleventh Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 2018 5.50% Conversion Price. On or after January 31, 2024, the 2018 5.50% Convertible Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2018 5.50% Convertible Debentures mature on January 31, 2026. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2018 5.50% Convertible Debentures upon redemption or at maturity by issuing Common Shares.

5.00% Convertible Debentures

On September 3, 2021 and September 9, 2021, the Corporation issued a total of \$46,000,000 principal amount of 5.00% Convertible Debentures. Each 5.00% Convertible Debenture pays interest at 5.00% per annum, payable

semi-annually, and is convertible at the option of the holder at any time up to and including September 30, 2028, at a price of \$17.75 per Common Share (the “**5.00% Conversion Price**”). Each 5.00% Convertible Debenture ranks *pari passu* with each other 5.00% Convertible Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 5.00% Convertible Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Twelfth Supplemental Indenture) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation’s subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after September 30, 2024, but prior to September 30, 2026, the 5.00% Convertible Debentures will be redeemable at the Corporation’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Twelfth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 5.00% Conversion Price. On or after September 30, 2026, the 5.00% Convertible Debentures will be redeemable at the Corporation’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 5.00% Convertible Debentures mature on September 30, 2028. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 5.00% Convertible Debentures upon redemption or at maturity by issuing Common Shares.

2022 5.00% Convertible Debentures

On January 27, 2022 and February 2, 2022, the Corporation issued a total of \$43,700,000 principal amount of 2022 5.00% Convertible Debentures. Each 2022 5.00% Convertible Debenture pays interest at 5.00% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including March 31, 2029, at a price of \$17.00 per Common Share (the “**2022 5.00% Conversion Price**”). Each 2022 5.00% Convertible Debenture ranks *pari passu* with each other 2022 5.00% Convertible Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2022 5.00% Convertible Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the Thirteenth Supplemental Indenture) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation’s subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after March 31, 2025, but prior to March 31, 2027, the 2022 5.00% Convertible Debentures will be redeemable at the Corporation’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Thirteenth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 2022 5.00% Conversion Price. On or after March 31, 2027, the 2022 5.00% Convertible Debentures will be redeemable at the Corporation’s sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2022 5.00% Convertible Debentures mature on March 31, 2029. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2022 5.00% Convertible Debentures upon redemption or at maturity by issuing Common Shares.

ITEM 5 – MANAGEMENT OF THE CORPORATION

General

Our Investment and Operating Guidelines are subject to the control and direction of the Directors, a majority of whom must be Independent Directors. The Directors are responsible for the general control and direction of the Corporation. The Mortgage Banker originates and underwrites all mortgage investments on behalf of the Corporation and services the Investment Portfolio. The Corporation Manager administers the day-to-day operations of the Corporation and performs various activities related to the operations of the Corporation.

The Mortgage Banker

The Mortgage Banker is a corporation incorporated under the laws of the Province of Ontario and acts as our loan originator, underwriter, servicer and syndicator. The Mortgage Banker has been in the business of originating, underwriting, servicing and syndicating mortgage loans since 1988 and is licensed by FSRA as a mortgage broker and administrator. As the Corporation is not licensed under the MBLAA, we cannot carry on the business of directly lending money on the security of real estate or dealing in mortgages. We must therefore conduct our mortgage

investment activities under contract with a licensed mortgage broker and administrator such as the Mortgage Banker. See “Narrative Description of the Activities of the Corporation – Licensing and Legislative Regime” above.

The reluctance of large institutional lenders to enter into the niche markets in which we invest has made available investment opportunities in the market niches in which the Mortgage Banker has specialized over the past 30 years. The Mortgage Banker is well known in the non-bank real estate lending industry and it sources potential transactions principally through a network of licensed mortgage brokers, repeat borrowers and its reputation.

The Mortgage Banker diligently seeks out, reviews and presents to us mortgage investment opportunities which are consistent with our Investment and Operating Guidelines and objectives, and services such mortgages on our behalf. The Mortgage Banker has successfully originated, underwritten and serviced mortgage investments on behalf of, and syndicated mortgage investments with, numerous investor clients and financial institutions over the past 30 years. The underwriting, investment and operating policies adopted by the Mortgage Banker have proven to be well-suited to the market serviced by the Mortgage Banker and form the basis for our Investment and Operating Guidelines. See “Narrative Description of the Activities of the Corporation – Investment and Operating Guidelines” above.

Mortgage Banking Agreement

Effective January 1, 2011, the Mortgage Banking Agreement was assumed by the Corporation, and it was subsequently amended on June 26, 2012, June 14, 2016, June 19, 2019, June 13, 2023 and June 10, 2024, respectively. Pursuant to the Mortgage Banking Agreement, the Mortgage Banker is required, among other things, to: (i) identify investment opportunities for us; (ii) provide the Directors and the Investment Committee with information relating to proposed acquisitions, dispositions, financing and mortgage investments; and (iii) service and administer the Investment Portfolio on behalf of, and solely in the best interests and for the benefit of, the Corporation and its shareholders.

The Mortgage Banker is required to service the Investment Portfolio in the same manner in which, and with the same care, skill, prudence and diligence with which, it services and administers similar mortgage loans for other similar third-party portfolios, giving due consideration to customary and usual standards of practice of prudent institutional, residential and commercial mortgage loan servicers used with respect to loans comparable to the Investment Portfolio. It must also exercise reasonable business judgment in accordance with applicable law to maximize recovery under the Investment Portfolio, but without regard to: (a) any other relationship that the Mortgage Banker or any affiliate or associate of the Mortgage Banker may have with borrowers or any affiliate or associate of such borrowers; (b) the Mortgage Banker’s obligation to incur servicing expenses with respect to the Investment Portfolio; (c) the Mortgage Banker’s right to receive compensation for its services under the Mortgage Banking Agreement or with respect to any particular transaction; or (d) the ownership, servicing or management for others by the Mortgage Banker of any other mortgage loans or property (the standard described in this paragraph is herein referred to as the “**Servicing Standard**”).

The Mortgage Banking Agreement provides that we have a right of first refusal on any investment opportunities presented to, or originated by, the Mortgage Banker, subject to the Firm Syndication Interest and the FM/MB Minimum Interest. In addition, the Mortgage Banker will not refer investment opportunities to us for consideration where such investments do not fall within our objectives or investment policies or where investments have a principal amount less than \$50,000. See “Directors and Officers – Non-Competition Arrangements” below.

The allocation to participants of investments provides the Mortgage Banker senior officers with an opportunity to invest (for the benefit of its clients, other than us), on a *pari passu* basis, in our investments. This provides the Mortgage Banker with an incentive to source high-yielding investments for us while providing us with an increased opportunity to reduce risk through syndication.

The Mortgage Banking Agreement provides that the Mortgage Banker shall not have any responsibility or liability to us or to our Shareholders for taking any action or for the refraining from taking any action, in good faith pursuant to the Mortgage Banking Agreement, or for errors in judgment. Notwithstanding the foregoing, the Mortgage Banker would not be protected against any breach of its representations or warranties in the Mortgage Banking Agreement, or from any liability, which would otherwise be imposed by reason of fraud, bad faith or negligence in the performance of its duties under the Mortgage Banking Agreement.

The Mortgage Banking Agreement also requires the Mortgage Banker to administer deposits and trust accounts for reserves under deposit trust agreements in respect of the Investment Portfolio in accordance with the standard of care applicable to its servicing duties under the Mortgage Banking Agreement.

The Mortgage Banking Agreement is terminable by us on or at any time after October 6, 2035 otherwise than for cause, upon the approval of two-thirds of the votes cast by the Shareholders at a meeting of the Shareholders called for such purpose after October 6, 2035 and upon 24 months' prior written notice to the Mortgage Banker given after the aforesaid approval of the Shareholders. The term of the Mortgage Banking Agreement will automatically be extended through October 6, 2040 if the requisite approval of Shareholders to terminate the Mortgage Banking Agreement described above is not obtained by January 6, 2036. The Mortgage Banking Agreement may be terminated by a two-thirds majority of the Independent Directors at any time for cause, which includes (i) a breach by the Mortgage Banker of any material term of the Mortgage Banking Agreement that has, or may reasonably be expected to have, a material adverse effect on the operations and financial condition of the Corporation that is not cured within 60 days of written notice of such breach to the Mortgage Banker; (ii) a breach by the Mortgage Banker of any material term of the Non-Competition Agreement that is not cured within 60 days of written notice of such breach to the Mortgage Banker; or (iii) any act on the part of the Mortgage Banker constituting bad faith, wilful malfeasance, gross negligence or reckless disregard of its duties under the Mortgage Banking Agreement. In addition, any change of control of the Mortgage Banker will be subject to the prior approval of a majority of the Directors and the Corporation will have the right of first opportunity to acquire the Mortgage Banking Agreement in the event of such a change of control or should the Mortgage Banker wish to sell its rights under the agreement. The Mortgage Banking Agreement may be terminated by the Mortgage Banker at any time upon not less than 180 days' prior written notice to the Corporation.

The Mortgage Banking Agreement provides that upon the termination or non-renewal of the Mortgage Banking Agreement for any reason, we will pay, in addition to any other amounts otherwise payable, a termination fee to the Mortgage Banker equal to 2% of the greater of:

- (a) \$74,921,941.99 (being our assets under administration on April 30, 2002);
- (b) our assets under administration on the date that is 12 months prior to the receipt by the Mortgage Banker of notice of termination or non-renewal; and
- (c) our assets under administration on the date on which the Mortgage Banker receives the notice of termination or non-renewal.

The termination fee plus any fees otherwise payable to the Mortgage Banker under the Mortgage Banking Agreement will be payable upon receipt by the Mortgage Banker of notice of termination or non-renewal and can be satisfied by the payment of cash, in interests in mortgages or in some combination thereof, at the discretion of the Mortgage Banker. If requested by the Mortgage Banker, the termination fee, as well as any other payments owed by us to the Mortgage Banker, will be secured by way of a fixed and floating charge over, and security interest in, all of the property and assets owned or later acquired by us.

The termination fee payable to the Mortgage Banker is in addition to, and not in replacement of, any amounts payable by us to the Mortgage Banker upon the termination or non-renewal of the Mortgage Banking Agreement.

The Mortgage Banking Agreement provides that upon the agreement being terminated by us other than for cause (including, without limitation, if the activities of the Corporation are not carried on in the normal course consistent with past practice, or if we propose to distribute our capital (other than ordinary course distributions of capital which are consistent with past practice and that portion of the distributions, if any, in connection with the amortization of our initial public offering costs)) or upon a breach of the agreement by us, we will be required to pay the Mortgage Banker any amounts which would have been earned by the Mortgage Banker under the Mortgage Banking Agreement in respect of the uncompleted portion of the term of the Mortgage Banking Agreement, based on the fees earned by, and any other amounts payable to, the Mortgage Banker during the most recently completed fully operational four quarters immediately prior to the occurrence of such termination, in addition to payment of the termination fee. These fees consist of (i) originating, commitment, profit on mortgage investments and discharge fees, (ii) servicing fees, (iii) statement fees, (iv) NSF fees, (v) tax escrow account fees, (vi) advance fees, (vii) fees on account of overnight float/interest on trust accounts, (viii) enforcement fees, and (ix) other borrower paid service and

administrative fees resulting from us being a lender to such borrowers. In lieu of termination of the Mortgage Banking Agreement (other than for cause) as set out above, at the option of the Mortgage Banker, it may cause the Corporation to acquire the Mortgage Banking Agreement for a purchase price equal to the amount that the Mortgage Banker would have received had the agreement been terminated other than for cause. The Mortgage Banker will have the option to take payments for the amounts payable on breach or termination in cash, interest in mortgages or any combination thereof and to obtain a security interest in the Corporation's property and assets in respect of such obligations.

Mortgage Banker's Fees

In consideration for the services provided to us by the Mortgage Banker, the Mortgage Banker is paid spread income equal to 0.10% per annum on the principal amount of each mortgage investment (other than syndicated loans). In respect of syndicated loans, the spread income consists of the amount paid by the syndicate in consideration for servicing by the Mortgage Banker of each syndicated loan. The fees payable in consideration for servicing syndicated loans will not exceed 0.10% of the principal amount of the investment in the syndicated loan per annum and will be payable as to 1/12 monthly based on the receipt of interest payments from borrowers. In addition, servicing fees on syndicated loans are approved by the Investment Committee on a transactional basis. In addition to such fees, the Mortgage Banker is entitled to retain any overnight float interest on all accounts maintained by the Mortgage Banker in connection with its originating and servicing of our mortgage investments.

The Mortgage Banker remits to us 25% of all commitment fees and renewal fees it receives from borrowers on mortgages it originates for us. In addition, the Mortgage Banker remits to us 75% of any participation fees and special profit made on discounted debt that the Mortgage Banker receives in respect of all Mortgages it originates for us (with a 10% annual preferential return to be given to us on our investment amount prior to the Mortgage Banker receiving its share of such fees). The Mortgage Banker retains 100% of all other fees payable by borrowers.

Under the Mortgage Banking Agreement, the Mortgage Banker is responsible for employment expenses of its personnel, rent and other office expenses, and expenses of our Directors and officers who are directors, officers or employees of the Mortgage Banker or an affiliate of the Mortgage Banker (except expenses incurred in attending meetings of the Directors).

Under the terms of the Stock Option Plan, options to purchase Common Shares reserved for issuance under the Stock Option Plan may be granted to directors, officers and members of the management team of the Mortgage Banker. See "Directors and Officers – Stock Option Plan" below.

The Corporation Manager

The Corporation Manager is a corporation incorporated under the laws of the Province of Ontario on April 16, 1999. Pursuant to the Corporation JV Agreement, the Corporation Manager administers the day-to-day operations of the Corporation and performs various activities related to the operations of the Corporation.

Corporation Manager's Obligations

Among its other obligations, the Corporation Manager is responsible for contributing the following pursuant to the Corporation JV Agreement:

- arranging financing and raising capital for us as required;
- providing advice and assistance on our behalf in connection with our dealings with investment dealers, institutions and investors regarding sales of our securities;
- conducting day-to-day relations on our behalf with other persons, including brokers, consultants, lenders, accountants, lawyers, appraisers, insurers and insurance agents and lenders;
- maintaining our books and financial records; and
- providing office space and equipment and the necessary clerical and secretarial personnel for the administration of our day-to-day affairs.

Amounts to which Corporation Manager is Entitled

The Corporation Manager is entitled to an annual amount of interest income received on our investments, equal to the greater of \$150,000 and 0.75% of our first \$1 billion of invested mortgages, paid monthly. Under the Corporation JV Agreement, the amount of interest income to which the Corporation Manager shall be entitled in respect of investments greater than \$1 billion shall be determined at a future date and based on a proposal by the Corporation Manager to the Shareholders for their approval by 2/3 of the votes cast by Shareholders at a meeting. The Corporation Manager is not entitled to interest income in respect of our cash balances or mortgage loans held by us in respect of which interest payments are in arrears for 30 days or more, but excluding mortgage loans in respect of which any default thereunder was subsequently remedied in accordance with the terms of such loans. In fiscal 2024 and 2023, the Corporation Manager received interest income from us under the Corporation JV Agreement (or the predecessor thereto) of \$4,613,485 and \$4,848,896, respectively.

Under the terms of the Stock Option Plan, options to purchase Common Shares reserved for issuance under the Stock Option Plan may be granted to directors, officers and employees of the Corporation Manager. See “Directors and Officers – Stock Option Plan” below.

Under the Corporation JV Agreement, the Corporation Manager is responsible for employment expenses of its personnel, rent and other office expenses, and expenses of the Directors and officers of the Corporation who are directors, officers or employees of the Corporation Manager or an affiliate of the Corporation Manager (except expenses incurred in attending meetings of the Directors).

In addition to the amounts and expenses to which the Corporation Manager is entitled, we are responsible for all of the Corporation Manager’s expenses (other than expenses of the Corporation Manager as set out in the Corporation JV Agreement), including the following:

- (a) remuneration of, and other expenses associated with, the Credit Manager and the performance of his or her duties (see “Management of the Corporation – Internalized Credit Management” below);
- (b) fees and expenses connected with the acquisition, disposition and ownership of our mortgage investments or other investments;
- (c) insurance as considered necessary by the Directors;
- (d) expenses in connection with payments of distributions of Shares;
- (e) expenses in connection with communications to Shareholders and the other bookkeeping and clerical work necessary in maintaining relations with Shareholders;
- (f) fees and expenses payable under the Mortgage Banking Agreement (not otherwise payable by borrowers);
- (g) all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to the public of Shares and other required governmental filings; and
- (h) all costs and expenses in connection with the incorporation, organization and maintenance of corporations formed to hold mortgages, investments or other assets of the Corporation.

The Corporation JV Agreement is terminable by us on 24 months’ notice delivered at any time following October 6, 2035, upon approval of 66.67% of the votes cast by the Shareholders at a meeting of the Shareholders called for such purpose after that date. The term of the Corporation JV Agreement will automatically be extended through October 6, 2040 if the requisite approval of Shareholders to terminate the Corporation JV Agreement described above is not obtained by January 6, 2036. The Corporation JV Agreement may be terminated by a two-thirds majority of the Independent Directors at any time for cause, which includes (i) a continuing material default by the Corporation Manager under the Corporation JV Agreement that has, or may reasonably be expected to have, a material adverse effect on the operating and financial condition of the Corporation, or (ii) any act on the part of the Corporation Manager constituting bad faith, wilful malfeasance, gross negligence or reckless disregard of its duties.

In addition, any change of control of the Corporation Manager will be subject to the approval of a majority of the Directors, and we have the right of first opportunity to acquire control of the Corporation Manager. We also have the right of first opportunity to acquire the Corporation JV Agreement should the Corporation Manager wish to sell its rights under the agreement. The Corporation JV Agreement may be terminated by the Corporation Manager on 180 days' prior written notice to us.

The Corporation JV Agreement provides that upon the agreement being terminated by us other than for cause (including, without limitation, if our activities are not carried on in the normal course consistent with past practice, or if we propose to distribute our capital (other than ordinary distributions of capital which are consistent with past practice and that portion of the distributions, if any, in connection with the amortization of our initial public offering costs)) or a breach by us of the Corporation JV Agreement, we will be required to pay the Corporation Manager any amounts which would have been earned by the Corporation Manager under the Corporation JV Agreement for the duration of the term of the agreement (including notice periods), based on the amounts to which the Corporation Manager was entitled during the most recently completed fully operational four quarters immediately prior to the occurrence of the termination or breach. In lieu of termination of the Corporation JV Agreement other than for cause as set out above, at the option of the Corporation Manager, it may cause us to acquire the Corporation JV Agreement for a purchase price equal to the amount that the Corporation Manager would have received had the agreement been terminated other than for cause. The Corporation Manager will have the option to take payments for the amounts payable on termination or breach in cash, interest in mortgages or any combination thereof, and to obtain a security interest in our property and assets in respect of such obligations.

Members of management of the Corporation Manager and/or the Mortgage Banker and/or their respective associates are required to acquire and maintain the FM/MB Minimum Interest, being a minimum 10% *pari passu* interest in each Non-Conventional Mortgage in which we acquire an interest, so that management has an economic interest in any Non-Conventional Mortgage in which we invest. This further aligns the interests of the Corporation Manager and the Mortgage Banker with those of the Corporation.

Internalized Credit Management

Our current Internal Credit Manager was appointed by the Independent Directors on October 7, 2013. The Credit Manager is in charge of ensuring compliance with our Investment and Operating Guidelines and reports directly to the Chairman of the Board of Directors (who is an Independent Director). The Independent Directors are empowered to give credit direction to the Credit Manager, terminate and replace this individual's employment contract if appropriate, and delegate to this individual the responsibility for ensuring that our underwriting reviews are consistent with our investment and operating policies. The Credit Manager is responsible for, among other matters:

- (a) submitting underwriting proposals received from the Mortgage Banker to the Investment Committee (and/or the Directors considering the investment, as applicable) for review and consideration;
- (b) ensuring ongoing compliance by the Mortgage Banker with our investment and operating policies and reporting regularly to the Chairman of the Board of Directors and the Investment Committee on the status of such compliance;
- (c) initiating and conducting such investigational work as may be instructed by the Directors or the Investment Committee; and
- (d) overseeing compliance by the Directors, the Investment Committee and the Audit Committee with regulatory requirements.

The Credit Manager may not be an employee of the Corporation Manager or the Mortgage Banker, but, from time to time, the Corporation Manager may, with the consent of a majority of the Independent Directors, appoint a Credit Manager who may be an employee of the Corporation Manager on an interim basis during any period when the Independent Directors are actively seeking a successor Credit Manager to replace a Vice President for any reason.

A portion of the Credit Manager's compensation may be paid directly by the Corporation Manager or the Mortgage Banker.

The Credit Manager works with the Mortgage Banker in overseeing mortgage investment management for the Investment Portfolio.

Employees

As at December 31, 2024, the Corporation had one employee.

ITEM 6 – DIRECTORS AND OFFICERS

Directors and Officers of the Corporation

The articles of the Corporation provide that the Corporation may have between three and 12 Directors. The Directors are responsible for supervising the activities and managing the affairs of the Corporation. The number of Directors is currently set at twelve. Generally, Directors will be elected by Shareholders at each annual meeting of the Shareholders to hold office for a term expiring at the close of the next annual meeting. Eight of the current Directors are Independent Directors. The names of the Independent Directors as of the date of this Annual Information Form are listed below:

- Geoffrey Bledin;
- Morris Fischtein;
- Stanley Goldfarb;
- Anthony Heller;
- The Honourable Francis (Frank) Newbould, K.C.;
- The Honourable Joseph (Joe) Oliver, P.C.;
- Keith Ray; and
- Lawrence Shulman.

So long as FC Treasury Management Inc. is the Corporation Manager, it will be entitled to appoint three Directors to a Board of Directors consisting of eight or more Directors, and two Directors to a Board of Directors consisting of fewer than eight Directors. The remaining Directors must be elected annually by resolution passed by a majority of the votes cast at a meeting of the Shareholders. The Corporation Manager's appointees to the Board of Directors are currently Eli Dadouch, Jonathan Mair and Michael Warner. A Director appointed by the Corporation Manager may only be replaced by a successor appointed by the Corporation Manager. A Director elected to fill a vacancy will be elected for the remaining term of the Director whom he or she is succeeding. Victoria Granovski, the Internal Credit Manager of the Corporation and Secretary, was first elected as a director by the Shareholders in 2017 and is a Non-Independent Director.

The Corporation's policies provide for the appointment by the Directors of an Audit Committee and an Investment Committee. The Audit Committee is comprised of five Independent Directors. The Investment Committee comprises all 8 Independent Directors. The approval of a majority of the members of the Investment Committee is required prior to the Corporation making an investment in, or acquisition of, a mortgage with a cost to the Corporation of \$1,000,000 or more, but not for the renewal of any mortgage. The approval of any three Directors, at least one of whom must be an Independent Director, is required prior to the Corporation making an investment in, or acquisition of, a mortgage with a cost to the Corporation of \$1,000,000 to \$2,000,000. And no less than the approval of three Independent Directors is required for an investment in, or acquisition of, a mortgage with a cost to the Corporation of greater than \$2,000,000. As part of such approval process, the Directors involved in making an investment decision are provided with a full underwriting report, consisting of a thorough credit assessment of the mortgage investment and the security provided therefore; an appraisal prepared by a Qualified Appraiser; a Phase I Environmental Audit, where deemed necessary by the Mortgage Banker and/or the Directors involved; and an evaluation of the prospective borrower and the proposed real estate collateral. See "Narrative Description of the Activities of the Corporation – Investment and Operating Guidelines" above.

The following table sets forth the names and municipalities of residence of our Directors and executive officers, their positions or offices, the date when they first became a Director and/or executive officer and their principal occupations during the past five years:

| Name and Municipality of Residence | Office | Principal Occupation | Director and/or Officer Since |
|--|--|---|--------------------------------------|
| STANLEY GOLDFARB, FCPA, FCA ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada | Chairman of the Board of Directors and a Director | Chief Executive Officer of Goldfarb Management Services Limited (a private investment management company); Director of The Goldfarb Corporation (an investment holding company); Chairman, and Chair of the Audit Committee of Firm Capital Property Trust (a publicly traded real estate trust) | 2011 |
| ELI DADOUCH Toronto, Ontario, Canada | Chief Executive Officer, President and a Director | President of Mortgage Banker, and the Corporation Manager, and Firm Capital Properties Inc. (a property management company); President and a director of Firm Capital Mortgage Investors Corp. (a mortgage investment company); Vice Chair and Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded real estate trust); Vice Chairman of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust) | 2011 |
| JONATHAN MAIR, CPA, CA Toronto, Ontario, Canada | Executive Vice President & Chief Operating Officer, and a Director | Chief Financial Officer and Senior Vice-President of the Corporation Manager; Trustee and Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded real estate trust), and Vice-President, Mortgage Banking, of the Mortgage Banker and a trustee of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust) | 2011 |
| SANDY POKLAR, CPA, CA Toronto, Ontario, Canada | Executive Vice President & Managing Director, Finance | COO and Managing Director, Capital Markets and Strategic Developments for Firm Capital Corporation; CFO and Trustee, Firm Capital Property Trust (a publicly traded real estate trust); CEO and a trustee of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust) | 2013 |
| RYAN LIM, CPA, CA Toronto, Ontario, Canada | Chief Financial Officer | Chief Financial Officer, Mortgage Banking Group; prior to August 2021, Mr. Lim was CFO of Rapport Credit Union. | 2021 |
| GEOFFREY BLEDIN ⁽¹⁾⁽³⁾ Antigua, West Indies | Director | Corporate Director, Trustee of Firm Capital Property Trust (a publicly traded real estate trust); Chairman of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust) | 2011 |
| MORRIS FISCHTEIN ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada | Director | President, High City Holdings Limited (a construction, development and property management company) | 2011 |

| Name and Municipality of Residence | Office | Principal Occupation | Director and/or Officer Since |
|--|------------------------|--|--------------------------------------|
| MICHAEL WARNER Thornhill, Ontario, Canada | Director | Senior Vice President, Mortgage Lending, of the Mortgage Banker | 2020 |
| ANTHONY HELLER ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada | Director | President of Plazacorp Investments Limited (a residential and commercial real estate development firm) | 2011 |
| THE HONOURABLE JOE OLIVER, P.C. ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada | Director | Former Minister of Finance, Minister of Natural Resources and Member of Parliament for Eglinton-Lawrence; Former Chair of the Ontario Independent Electricity System Operator and member of the board of High Arctic Energy Services Inc. (listed on the TSX). | 2016 |
| KEITH RAY, CPA, CA ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada | Director | CEO of Realvest Management (a company that manages real estate related investments); a director, and Chair of the Audit Committee of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust) | 2014 |
| LAWRENCE SHULMAN, B.COMM., CPA, CA ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada | Director | Investment manager and financial advisor; Trustee for Firm Capital Property Trust (a publicly traded real estate trust) | 2011 |
| THE HONOURABLE FRANCIS (FRANK) NEWBOULD, K.C. ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada | Director | Former Justice at the Ontario Superior Court of Justice; Counsel to Thornton Grout Finnigan LLP; member arbitrator at Arbitration Place | 2017 |
| VICTORIA GRANOVSKI, Mfin Maple, Ontario, Canada | Director and Secretary | Internal Credit Manager, Senior Vice President, Credit and Equity Capital and Vice President of Mortgage Operations at Firm Capital Corporation (Mortgage Banker) | 2017 |

Notes:

- (1) Member of the Investment Committee.
- (2) Member of the Audit Committee.
- (3) Independent Director.
- (4) Chairman of the Investment Committee and the Audit Committee.

The Directors and executive officers of the Corporation, as a group, collectively own, directly or indirectly, or exercise control or direction over an aggregate of 854,875 Common Shares, representing approximately 2.3% of the outstanding Common Shares as at December 31, 2024.

The following are brief biographies of the Directors and executive officers of the Corporation, including the nature and extent of their experience in the mortgage and real estate industries and their principal occupations during the last five years.

Stanley Goldfarb, FCPA, FCA is Chief Executive Officer of Goldfarb Management Services Limited (a private investment management company) and Chairman of Firm Capital Property Trust (a publicly traded real estate trust). Mr. Goldfarb is a director of The Goldfarb Corporation and was a founding partner of Goldfarb, Shulman, Patel and Co., Chartered Accountants (a chartered accountancy firm that is now part of PricewaterhouseCoopers LLP), where he practiced from 1959 to January 1999. Mr. Goldfarb has been a chartered accountant since 1957.

Eli Dadouch has been President of the Mortgage Banker, Firm Capital Properties Inc. (a property management company) and Firm Capital Mortgage Corporation (a mortgage investment company) since 1988. Mr. Dadouch is also the Vice Chair & Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded real estate trust), the President and a Director of FCMIC, and Vice Chairman of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust).

Jonathan Mair, CPA, CA has been the Vice-President, Mortgage Banking, of the Mortgage Banker since 1997, and a Trustee and Co-Chief Investment Officer of Firm Capital Property Trust (a publicly traded real estate trust). Mr. Mair is also a Director of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust). Prior to that, Mr. Mair was a Vice-President of KPMG Inc. (a financial advisory services firm) specializing in the management and debt restructuring of mortgage lending institutions and mortgage portfolios from 1993 to 1997. Mr. Mair has been a chartered accountant since 1991.

Sandy Poklar, CPA, CA is currently the Chief Operating Officer and Managing Director, Capital Markets & Strategic Developments for the Mortgage Banker, Executive Vice President & Managing Director, Finance for FCMIC, the Chief Financial Officer and Trustee for Firm Capital Property Trust (a publicly traded real estate trust), and the Chief Financial Officer and a director of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust). Sandy is currently a Trustee for True North Commercial REIT (a publicly traded REIT) and was a director of Genesis Land Development Corporation (a publicly traded real estate company). Prior to joining Firm Capital, Sandy was employed at Macquarie Capital and TD Securities, where he was a Vice President and an Associate in their Real Estate Investment Banking Groups, respectively. Sandy is a chartered accountant and has his ICD.D designation.

Ryan Lim, CPA, CA is currently the Chief Financial Officer for FCMIC. Prior to August 2021, Ryan was the Chief Financial Officer of Rapport Credit Union for four years, where he was involved in financial, operations and risk management. Previous to that role, Ryan was a Manager of Finance at TD Bank Financial Group and a Manager in the Financial Services Assurance Group at Ernst & Young LLP. Ryan is a chartered professional accountant.

Geoffrey Bledin was the past President and Chief Executive Officer of The Equitable Trust Company from 1990 to 2007 (a deposit taking institution that specializes in residential and commercial real estate lending). Prior to 1990, Mr. Bledin was a partner at PricewaterhouseCoopers LLP. Mr. Bledin is also a Trustee of Firm Capital Property Trust (a publicly traded real estate trust) and Chairman of Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust).

Morris Fischtein has been the President of High City Holdings Limited (a construction, development and property management company) since 1970. From 1977 to 1993, Mr. Fischtein was President of Security Trust (an Ontario registered trust company engaged in mortgage lending).

Michael Warner, has been the Senior Vice President, Mortgage Lending of the Mortgage Banker since 1995. Mr. Warner is involved in all aspects of mortgage lending including mortgage origination, the structuring of mortgage investments, underwriting, and the ongoing administration of loans funded. Mr. Warner's focuses on land and development financing, construction financing and residential and commercial term lending. Mr. Warner graduated from Ryerson under the Architectural science program.

Anthony Heller, is the President of Plazacorp Investments Limited (a residential and commercial real estate development firm), which is currently building over 2,000 residential condominium units in the Greater Toronto area and has completed 35 condominium projects, since 1995. Mr. Heller is a Director of FCMIC. He is also the largest shareholder and a director of Findev Inc, a public company listed on the Toronto Venture Exchange.

The Honourable Joseph (Joe) Oliver, P.C. is the former Minister of Finance, Minister of Natural Resources and Member of Parliament for Eglinton-Lawrence. Previously, he was a senior investment banker, Executive Director of the Ontario Securities Commission and President & CEO of the Investment Dealers Association of Canada. He is Former Chair of the Ontario Independent Electricity System Operator and member of the board of High Arctic Energy Services Inc. (listed on the TSX).

Keith Ray, CPA, CA has been, since 2007, the Chief Executive Officer of Realvest Management, a privately owned company that manages investments for its own account, primarily related to real estate. Mr. Ray has a breadth

of experience with various real estate companies, including both private companies and public REITs. For 27 years until his retirement in 2007, Mr. Ray was a partner at KPMG LLP and a predecessor firm where he served as audit partner and relationship partner for a wide variety of public and private companies, mostly in the real estate industry. Currently, he sits on the board of directors, and is Chair of the Audit Committee, of one other reporting issuers, Firm Capital Apartment Real Estate Investment Trust (a publicly traded real estate trust).

Lawrence Shulman, CPA, CA graduated with a Bachelor of Commerce degree from the University of Toronto in 1961 and has been a Chartered Accountant since 1964. From that time, up until his retirement in June 2006, he was a senior partner of Goldfarb, Shulman, Patel & Co. LLP, an accounting firm that is now part of Pricewaterhouse Coopers LLP. Goldfarb, Shulman, Patel & Co. LLP, which had a staff of 75 professionals and support personnel, concentrated its practice in the land development and construction company areas. As well, they offered a full range of services and were affiliated with other accounting firms around the world. Mr. Shulman has lectured extensively in income taxes and estate planning and has had significant experience in advising real estate developers and construction company executives, both local and non-resident. He currently manages, on behalf of clients, portfolios of investment funds in excess of \$30 million and has acted as the financial advisor on the sale of numerous corporations, including a large multi-national corporation with sales approaching \$100 million annually. Over the years Mr. Shulman has worked with many professional and religious organizations, both in administrative and fundraising roles. He currently serves as a Trustee for Firm Capital Property Trust (a publicly traded real estate trust) and is President of the New Gamebridge Beach Cottage Association.

The Honourable Francis (Frank) Newbould, K.C. was appointed to the Ontario Superior Court of Justice in 2006. Until his retirement on June 1, 2017, he was from 2013 the head of the Commercial List of the Ontario Superior Court of Justice in Toronto. Mr. Newbould is a panel member of Arbitration Place in Toronto, a panel member of the Singapore International Arbitration Centre, a member of the ICC Canada Arbitration Committee, a member of INSOL International (International Association of Restructuring, Insolvency & Bankruptcy Professionals), a member of IIR (International Insolvency Institute), counsel to the law firm Thornton Grout Finnigan LLP in Toronto and a fellow of the American College of Trial Lawyers.

Victoria Granovski, CFA, Mfin currently holds the position of Internal Credit Manager of the Corporation, and Senior Vice President, Credit and Equity Capital, Secretary as well as Vice President of Mortgage Operations at Firm Capital Corporation (Mortgage Banker). Prior to joining Firm Capital, Victoria worked at Direct Insurance – Financial Investments Ltd and its affiliates. Victoria holds a Master of Finance degree from the Smith School of Business at Queen's University and Bachelor of Arts degree with a major in Economics from the Open University of Israel.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this Annual Information Form and within the ten years before the date of this Annual Information Form, no director or executive officer of the Corporation is or has been a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or

compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
or

- (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Corporation or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority;
or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Independent Director Matters

The following matters require only the approval of a majority of the Independent Directors to become effective:

- a material change to the Corporation JV Agreement or the Mortgage Banking Agreement, including renewals thereof and the fees payable thereunder;
- the grant of options under the Stock Option Plan;
- any changes in compensation of the Directors or officers of the Corporation;
- the enforcement of any agreement entered into by the Corporation with a Director who is not an Independent Director, with the Corporation Manager or Mortgage Banker or with a party which is non-arm's length with the Corporation Manager or Mortgage Banker;
- the filling of a vacancy occurring among the Independent Directors;
- the entering into of any arrangement in which the Corporation Manager (other than pursuant to the Corporation JV Agreement), the Mortgage Banker (other than pursuant to the Mortgage Banking Agreement), a Director who is not an Independent Director, or a director or officer of the Corporation Manager or the Mortgage Banker has a material interest;
- a decision relating to a claim by or against any of the Corporation Manager, the Mortgage Banker or any affiliate or associate of any of the foregoing;
- a decision relating to a claim in which the interests of the Corporation Manager, the Mortgage Banker or any affiliate or associate of any of the foregoing differ from the interests of the Corporation; and
- the making of certain investments (see "Narrative Description of the Activities of the Corporation – Investment and Operating Guidelines – Investment Policies" above).

Investment Committee

The Investment Committee must be composed of all of the Independent Directors. Our Investment Committee currently consists of Stanley Goldfarb, Geoffrey Bledin, Morris Fischstein, Anthony Heller, Joe Oliver, Keith Ray, Lawrence Shulman, and Francis Newbould, and is responsible for: (a) the approval or rejection of investments and acquisitions of investments; and (b) dealing with such other matters as may be referred to the Investment Committee by the Directors. The Chairman of the Investment Committee, Stanley Goldfarb, is required to be the Chairman of the Board of Directors and the Audit Committee.

Audit Committee

We have established an Audit Committee comprised of Stanley Goldfarb (Chairman), Anthony Heller, Morris Fischtein, Lawrence Shulman and Keith Ray, each of whom is independent and financially literate (as such terms are defined in National Instrument 52-110 – *Audit Committees*). The Chairman of the Audit Committee is required to be the Chairman of the Board of Directors and the Investment Committee. The Audit Committee reviews financial statements and payments to the Corporation Manager pursuant to the Corporation JV Agreement. The Audit Committee's Terms of Reference provide that the Audit Committee shall pre-approve all non-audit services provided by the independent auditor. A copy of the Audit Committee's Terms of Reference is attached hereto as Schedule "A".

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by us to prepare our annual and interim financial statements:

| <u>Name of Audit Committee Member</u> | <u>Relevant Education and Experience</u> |
|--|--|
| Stanley Goldfarb (Chairman) | Mr. Goldfarb obtained his Chartered Accountant designation in 1957 and started his own chartered accounting firm in 1959. The public accounting firm he started 50 years ago was known as Goldfarb, Shulman, Patel & Co. LLP, and he is now retired from public accounting. |
| Anthony Heller | Mr. Heller has had extensive experience in the real estate business. He is currently the President of Plazacorp Investments Limited, which is an active real estate development company focusing on residential condominium development in Toronto. |
| Morris Fischtein | Mr. Fischtein has over 30 years of audit-related experience, holding many positions that exposed him to financial statements and financial reporting, including the position of President of the Security Trust Company (a provincially chartered trust company). Mr. Fischtein also served on the Security Trust Company's Audit Committee for over 10 years and oversaw its functioning and reporting. |
| Lawrence Shulman | Mr. Shulman obtained a Bachelor of Commerce degree in 1961 and a Chartered Accountant designation in 1964. From that time, up until his retirement in June 2006, he was a senior partner in the public accounting firm of Goldfarb, Shulman, Patel & Co. LLP which is now part of PriceWaterhouseCoopers LLP. Mr. Shulman has lectured extensively on income tax and estate planning, and currently manages, on behalf of clients, portfolios of investment funds in excess of \$30 million. He has also acted as the financial advisor on the sale of numerous corporations, including a large multi-national corporation with sales approaching \$100 million annually. |
| Keith Ray | Mr. Ray has extensive experience in real estate with various real estate companies, including both private companies and public REITs. He is currently Chief Executive Officer of Realvest Management, a private company that manages investments related to real estate. For 27 years until his retirement in 2007, Mr. Ray was a partner at KPMG LLP and a predecessor firm where he served as audit partner and relationship partner for a wide variety of public and private companies, mostly in the real estate industry. Mr. Ray currently sits on the board of directors, and is Chair of the Audit Committee, of one other reporting issuer, Firm Capital Apartment Real Estate Investment Trust. |

MNP LLP were the appointed auditors of the Corporation in 2024. MNP LLP was initially appointed auditors of the Corporation on August 28, 2024, and replaced RSM Canada LLP, the Corporation previous auditors. The table below provides for greater disclosure of the services provided and fees earned by the Corporation's external auditor,

MNP LLP and RSM Canada LLP, over the two most recently completed fiscal years (excluding HST and disbursements).

| Type of Work | Fees – Fiscal 2024 | Fees – Fiscal 2023 |
|-------------------------------|-------------------------------|-------------------------------|
| Audit fees ⁽¹⁾ | \$245,000 | \$201,000 |
| Audit-related fees | – | – |
| Tax fees | 20,160 | 11,800 |
| All other fees ⁽²⁾ | 27,020 | – |
| Total: | \$292,180 | \$212,800 |

Notes:

- (1) Audit of the annual financial statements of the Corporation, interim reviews of unaudited condensed interim consolidated financial statements, and services rendered in connection with prospectus or prospectus supplement filings.
- (2) Services rendered in connection with French translation of documents required for prospectus filings.

Audit Services

Audit fees were paid for professional services rendered by the auditors for the audit of our annual financial statements as well as services provided in connection with statutory and regulatory filings. Tax fees were paid for tax compliance, tax advice and tax planning professional services.

Remuneration of Directors and Officers

In fiscal 2024, the Chairman of the Board of Directors received remuneration from the Corporation in the aggregate amount of \$85,000 in respect of base remuneration and for acting as Chairman of the Board of Directors, Chairman of the Investment Committee, Chairman of the Audit Committee and Chairman of the annual meeting of Shareholders, for performing his duties as a member of the Investment Committee, and for participating in meetings of the Directors. In fiscal 2024, each other Independent Director received remuneration from the Corporation in the aggregate amount of \$31,750 in respect of base remuneration and for performing his or her duties as a member of the Investment Committee and participating in meetings of the Directors. In fiscal 2024, one non-independent Director (Victoria Granovski) received remuneration from the Corporation in the aggregate amount of \$13,750 for participating in meetings of the Directors. Victoria Granovski is also the Internal Credit Manager and Secretary of the Corporation. The Directors' compensation is subject to such amendments as the Independent Directors may determine from time to time, and the Directors are entitled to reimbursement of their out-of-pocket expenses incurred in acting as a Director. The Directors may also be entitled to additional remuneration from the Corporation for the performance of additional services and special projects for the Corporation. The amount of any such remuneration shall be determined by the Independent Directors. Our Directors and officers are entitled to participate in our Stock Option Plan.

Stock Option Plan

The Corporation adopted the Stock Option Plan, which was approved by a majority of the votes cast by securityholders of our predecessor on November 30, 2010, and subsequently thereafter by Shareholders every three years. Participation in the Stock Option Plan is restricted to: (i) the Directors and the officers and employees of the Corporation or any subsidiary of the Corporation, (ii) persons who provide services to the Corporation, including the Corporation Manager and the Mortgage Banker and their respective officers and employees; and (iii) personal holding companies or family trusts of any persons referred to in (i) and (ii), all as selected by the Independent Directors. Options granted under the Stock Option Plan are exercisable at a price not less than the market price of the Common Shares at the time of grant. The maximum number of Common Shares which may be issued under options granted under the Stock Option Plan, from time to time, is equal to 10% of the outstanding Common Shares.

As at December 31, 2024, of the 3,673,441 Common Shares which may be issued pursuant to the Stock Option Plan (which represents 10% of the total outstanding Common Shares as at December 31, 2024), there were outstanding 3,245,000 options to purchase Common Shares under the Stock Option Plan. The following table sets out in detail all options outstanding under the Stock Option Plan:

| | Amount | Grant Date | Expiry Date | Exercise Price |
|---------|---------------|-------------------|--------------------|-----------------------|
| Options | 1,515,000 | August 14, 2020 | August 14, 2030 | \$11.70 |

| | | | | |
|---------|-----------|------------------|------------------|---------|
| Options | 100,000 | December 6, 2021 | December 6, 2031 | \$13.97 |
| Options | 1,630,000 | July 6, 2022 | July 6, 2032 | \$11.62 |

Non-Competition Arrangements

On October 6, 1999, the date of closing of the initial public offering of our predecessor, each member of the Restricted Group entered into the Non-Competition Agreement which restricts certain activities by them in the mortgage lending industry.

Under the terms of the Non-Competition Agreement, the Restricted Group is not permitted to start a rival fund (holding investments similar to or in competition with those investments held or to be held by the Corporation), or acquire an interest (other than a Firm Syndication Interest and any FM/MB Minimum Interest) in a mortgage without first offering to the Corporation the opportunity to acquire an interest therein and receiving notice from the Corporation that it does not intend to acquire an interest in any such investment. The above restrictions do not apply to the Restricted Group's interest in the Corporation or to other investments made by the individuals comprising the Restricted Group or their affiliates prior to October 6, 1999.

The Non-Competition Agreement applies to the Restricted Group for the term of the Mortgage Banking Agreement and any renewal or extension thereof.

In addition to the Non-Competition Agreement, key employees of the Corporation Manager and Mortgage Banker were required, as a condition of their employment with the Corporation Manager and/or the Mortgage Banker, as the case may be, to enter into a covenant not to compete with the Corporation Manager, the Mortgage Banker or the Corporation during the term of their employment.

Interest of Directors and Others in Material Transactions

Several of our mortgages are shared with other investors, including Directors and/or officers of the Corporation. We rank equally with other members of the syndicate as to receipt of principal and interest in respect of such mortgages.

Eli Dadouch is a Director and officer of the Corporation, is also director, officer and is related to entities that own indirectly an interest in the Corporation Manager, which is a party to the Corporation JV Agreement described under "Management of the Corporation – The Corporation Manager" above. Eli Dadouch, Michael Warner and Jonathan Mair, each of whom is a Director and/or officer of the Corporation, are also directors and/or officers of the Mortgage Banker. Victoria Granovski is the Senior Vice President, Credit and Equity Capital, Secretary and Vice President of Mortgage Operations of the Mortgage Banker. The Mortgage Banker is indirectly controlled by an entity which is related to Eli Dadouch. Pursuant to a licensing agreement between the Corporation and the Mortgage Banker providing for the licensing of the use by the Corporation of the words "Firm Capital" in its name, the Corporation is required to remove the words "Firm Capital" from its name and to cease to use any identifying words, letters, symbols or marks used by the Mortgage Banker upon the termination of the Mortgage Banking Agreement.

Director Term Limits and Other Mechanisms of Board Renewal

The of Board of Directors believes that the need to have highly experienced directors who: (i) are familiar with the business of the Corporation; (ii) possess highly developed specialized skill sets in real estate, finance, taxation, mortgage underwriting analysis and accounting; and (iii) are knowledgeable about the Corporation as a whole, which takes precedence when assessing management and its recommendations. The Board of Directors has not adopted director term limits or other mechanisms of board renewal for the following reasons:

- after considering the Director profile at the Corporation, the Board of Directors determined that a term limit was not appropriate in the context of the Corporation. The Corporation invests in mortgages secured by all types of residential and commercial real property, subject to compliance with our investment policies. As such, this form of investment activity requires highly developed and specialized skill sets in real estate, finance, taxation, mortgage underwriting analysis and accounting requiring years of experience. We consider such experience to be a major asset of the Corporation and a contributing factor to our success, and does not taint independence;

- the Corporation has found that having long standing Directors on its Board does not negatively impact its effectiveness, and instead positively contributes to boardroom dynamics. As such, the Corporation has for many years enjoyed a consistently engaged Board of Directors. This is reflective in the consistent returns the Corporation has delivered to Shareholders since the initial public offering of its predecessor in 1999 in the form of dividends and capital appreciation;
- the imposition of Director term limits on a board implicitly discounts the value of experience and continuity amongst members of the Board of Directors and runs the risk of excluding experienced and potentially valuable board members of the Board of Directors as a result of an arbitrary determination;
- Directors with the level of understanding of the issuer's business, history and culture acquired through long service on the Board of Directors provide additional value to the Corporation and its Shareholders;
- term limits run the risk of acting as a substitute for proper board self-assessment and renewal and undermines Shareholders' voting rights to select their Board of Directors; and
- there is little empirical evidence that a Director's ability to act independently of management declines after any specific period of service.

ITEM 7 – RISK FACTORS

Readers should carefully consider the following risks, as well as the other information contained in this Annual Information Form and our management's discussion and analysis for the year ended December 31, 2024. If any of the following risks actually occurs, our business could be materially harmed. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties, including those of which we are currently unaware or we currently deem immaterial, may also adversely affect our business, and past performance is no guarantee of future performance.

Public Health Crisis

The Corporation's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control. Many governments may declare that an outbreak, or one or more waves of an outbreak, constitutes an emergency in their jurisdictions. Reactions to the spread of an outbreak, or the worsening of an outbreak from time to time, may lead to, among other things, significant restrictions on travel, business closures, quarantines, social distancing and other containment measures and a general reduction in consumer activity and the institution of government programs to assist in addressing the economic impact of the outbreak. While these effects may be temporary, the duration of any business disruptions and related financial impact cannot be reasonably estimated, and may be instituted, terminated and re-instituted from time to time as an outbreak worsens, waves of an outbreak occur or new variants of the virus arise from time to time. The volatility and disruption related to an outbreak and the reactions to it may result in a disruption or deferral in borrower payments, a decline in the appraised value or salability of properties, a decline of interest rates, a deterioration of the credit worthiness of the borrowers, an inability for the borrowers to obtain additional financing, should the need arise, and/or the need to extend the maturity date of the mortgage. The risks to the Corporation of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

Liquidity and Price Fluctuation

We are a corporation and our Common Shares and outstanding Convertible Debentures are listed on the TSX. We cannot predict the prices at which the Common Shares and outstanding Convertible Debentures will trade and there can be no assurance that an active trading market in the Common Shares and outstanding Convertible Debentures will exist or be sustained.

The market price of the Common Shares and outstanding Convertible Debentures may be adversely affected by a variety of factors relating to the Corporation's business, including fluctuations in the Corporation's operating and

financial results, the results of any public announcements made by the Corporation and the Corporation's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares and outstanding Convertible Debentures for reasons unrelated to the Corporation's performance. There can be no assurance that the market price of the Common Shares and outstanding Convertible Debentures will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Dependence on the Corporation Manager and the Mortgage Banker

Because our day-to-day activities are administered by the Corporation Manager and the source of all of our investments is through the Mortgage Banker, we are exposed to adverse developments in the business and affairs of the Corporation Manager and Mortgage Banker, to their respective management and financial strength, to their ability to operate their respective businesses profitably, and to the Mortgage Banker's ability to retain its mortgage broker and administrator licenses issued to it under the MBLAA. Although we have a right of first refusal on any mortgage investment opportunity presented or made available to the Mortgage Banker where such investments fall within our objectives and investment policies, our arrangement with the Mortgage Banker is exclusive, such that we are unable to seek the services provided by the Mortgage Banker from third parties. In addition, to maintain our status as a MIC under the Tax Act, we are limited in the types of investments we may make. The termination of the Corporation JV Agreement and/or Mortgage Banking Agreement would have a material adverse effect on our business, financial condition and results of operation. There is no assurance that the Corporation Manager and/or Mortgage Banker will continue in a joint venture with, and/or to provide services to, us. See "Management of the Corporation – The Mortgage Banker" and "Management of the Corporation – The Corporation Manager" above.

Although the employees of the Corporation Manager and Mortgage Banker who are primarily responsible for our performance have extensive experience, there is no certainty that such individuals will continue to be employees of the Corporation Manager and/or Mortgage Banker, as applicable, in the future. The loss of the services of one or more of those individuals could have a material adverse effect on us. Furthermore, there is no certainty that the persons who are currently officers and directors of the Corporation Manager and Mortgage Banker will continue to act in such capacity. Shareholders are required to depend upon the good faith, expertise and judgement of the individuals comprising the management of the Corporation Manager and Mortgage Banker from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Corporation Manager and/or Mortgage Banker.

Potential Conflicts of Interest

We are subject to various potential conflicts of interest because the Corporation Manager and the Mortgage Banker are controlled by insiders of the Corporation and because the Mortgage Banker and certain members of management of the Mortgage Banker (and/or their associates) may make mortgage investments similar to those which are made by us (including pursuant to the Firm Syndication Interest and the FM/MB Minimum Interest). See "Directors and Officers – Interest of Directors and Others in Material Transactions" above. We have entered into the Non-Competition Agreement with the Restricted Group, which addresses certain conflicts of interest. See "Directors and Officers – Non-Competition Arrangements" above. In addition, the directors and officers of the Corporation Manager and the Mortgage Banker may have a conflict of interest in allocating their time between the respective businesses and interests of the Corporation Manager and the Mortgage Banker, as applicable, and us, and other businesses or projects in which they may be involved.

The Directors may from time to time deal with parties with whom the Corporation may be dealing, or may be seeking investments similar to those desired by the Corporation. We have conflict of interest policies requiring the Directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.

Dilution

The Corporation's articles allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Board of Directors, in many cases, without the approval of the Shareholders. The Directors have the discretion to issue additional Common Shares in other circumstances, including under the Stock Option Plan. The Corporation may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the exercise of

stock options or other securities exercisable for Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. Any issuance of Common Shares may have a dilutive effect on existing Shareholders and their voting power and the Corporation may experience dilution in its earnings per share.

No Guaranteed Return

There can be no assurance that our mortgages will result in a guaranteed rate of return or any return to Shareholders, or that losses will not be suffered on one or more mortgages. Moreover, the interest rates being charged for mortgages reflect the general level of interest rates and, as interest rates fluctuate, our management expects that the aggregate yield on mortgage investments will also change.

The obligations of a mortgage borrower to us or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make us whole. Our securities are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

There is no guarantee that an investment in Common Shares will earn any positive return in the short-term or long-term. Although the Corporation intends to make distributions of its available cash to Shareholders in accordance with its dividend policy, these cash distributions are not assured. The actual amount distributed to Shareholders will depend on numerous factors, including but not limited to the Corporation's financial performance, debt covenants and obligations, working capital requirements, composition of the Corporation's Investment Portfolio, availability of mortgage investments and fluctuations in interest rates that impact the aggregate yield on mortgage investments. The market value of the Common Shares may deteriorate if the Corporation is unable to meet its cash distribution targets in the future, and that deterioration may be material.

Credit Risk

Credit risk is the possibility that a borrower under one of the mortgages comprising the investment portfolio, may be unable to honour their debt commitment as a result of a negative change in the borrowers' financial position or market conditions that could result in a loss to the Corporation. Any instability in the real estate sector or an adverse change in economic conditions in Canada could result in declines in the value of real property securing the Corporation's investments. There have been significant increases in real estate values in various sectors of the Canadian market over the past few years. A correction or revaluation of real estate in such sectors will result in a reduction in values of the real estate securing mortgage loans that comprise the Corporation's investment portfolio. This could result in impairments in the mortgage loans or loan losses in the event the real estate security has to be realized upon by the lender.

Interest Rate Risk

Interest rate risk is the risk that fair value of future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates.

- (a) Interest income risk: A significant portion of the Corporation's investment portfolio comprise investments in short term mortgage loans that generally are repaid by the borrowers in under twenty-four months. The reinvestment of funds received from such repayments are invested at current market interest rates. As such, the weighted average interest rate applicable to the investment portfolio changes with time. This creates an ongoing risk that the weighted average interest rate on the investment portfolio will decrease which will have a negative impact on the Corporation's interest income and net income.
- (b) Interest expense risk: The Corporation's floating-rate debt comprises bank indebtedness, which bears interest based on bank prime and/or based on short term bankers' acceptance interest rates as a benchmark.

Environmental Matters

We may from time to time take possession, through enforcement proceedings, of properties that secured defaulted mortgage loans to recover our investment in such mortgage loans. Prior to taking possession of properties which secure a mortgage investment, we assess the potential environmental liability associated with such investment and determine whether it is significant, having regard to the value of the property. If we subsequently decide to take possession of the property, we could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of our mortgage investments, we obtain a Phase I Environmental Audit on the underlying real property provided as security for a mortgage, unless the Investment Committee has determined that a Phase I Environmental Audit is not necessary. However, there can be no assurance that such Phase I Environmental Audits will reveal any or all existing or potential environmental liabilities necessary to effectively insulate us from potential liability for a materially adverse environmental condition at any mortgaged property. If hazardous substances are discovered on a property which we have taken possession of, we may be required to remove such substances and clean up the property. We may also be liable to tenants and other users of neighbouring properties and may find it difficult to resell the property prior to or following such clean-up.

Availability of Investments

Our ability to make investments in accordance with our objectives and investment policies depends upon the availability of suitable investments and the amount of funds available. There can be no assurance that the yields on the Mortgages in the Investment Portfolio will be representative of yields to be obtained on our future mortgage investments. We may not be able to source suitable mortgages in which to reinvest our funds as mortgages are repaid, in which case the funds will be invested in Authorized Interim Investments. The rates of return on Authorized Interim Investments will be lower than the rates of return on our mortgages. An inability to find suitable investments may have an adverse effect on our ability to sustain the level of dividends paid.

Reliance on the Directors

In assessing the risk of an investment in Common Shares, potential investors should be aware that they will be relying on the good faith, experience and judgement of the Directors. Although investments made by us are carefully chosen by the Directors, there can be no assurance that such investments will earn a positive return in the short or long-term or that losses may not be suffered by us from such investments.

Borrowing

We are entitled to, and may, incur indebtedness secured by our assets to purchase mortgages or for ongoing mortgage investments. Such indebtedness may not exceed 50% of the book value of our Conventional First Mortgage portfolio. There can be no assurance that such a strategy will enhance returns and in fact the strategy may reduce returns. The security which we are required to furnish may include an assignment of our mortgages to a third party lender. If we are unable to service our debt to such lender, a loss could result if the lender exercises its rights of foreclosure and sale.

Limited Sources of Borrowing

The Canadian financial marketplace is characterized by a limited number of financial institutions that provide credit to entities such as ours. The limited availability of sources of credit may limit our ability to take advantage of leveraging opportunities to enhance the yield on our mortgage investments. We limit our exposure to the potential scarcity of such funds by continuously seeking out new sources of credit, and we have also entered into the Operating Facility and received other loans from various financial institutions (see “Narrative Description of the Activities of the Corporation – Investment Strategy – Bank Operating Line” above). These loans are liabilities resulting from the funding of our mortgage investments. Repayment of mortgage investments results in a direct and corresponding pay down of these loans. The obligations for future mortgage advances under the Corporation’s Investment Portfolio are anticipated to be funded from the Corporation’s credit facility and borrower mortgage repayments. Upon funding of mortgage advances, the funded amount forms part of the Mortgages. If payment under these loans is demanded, including as a result of our failing to meet certain financial covenants under these loans, and there is not a corresponding repayment of our mortgage investments, or if we are unable to find sources of credit to fund our

mortgage investments, there would be an adverse effect on our ability to pay dividends and there could also be a material adverse effect on our business, financial condition and results of operations.

Renewal of Mortgages Comprising the Investment Portfolio

There can be no assurances that any of the Mortgages comprising the Investment Portfolio can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each mortgage comprising the Investment Portfolio, it is possible that the mortgagor, the mortgagee or both, will elect not to renew such mortgage. In addition, if the Mortgages are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such Mortgages will be subject to negotiations between the mortgagors and the mortgagees at the time of renewal.

Composition of the Investment Portfolio

The composition of the Investment Portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Investment Portfolio being less diversified than anticipated. A lack of diversification may result in us being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography.

Subordinated and Subsequent Debt Financing

Secondary financing which may be carried on by us is generally considered to be riskier than primary financing because we will not have a first-ranking charge on the underlying property. When a charge on real property is in a position other than first-ranking, it is possible for the holder of a prior charge on the property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the real property to realize on the security given for the loan. Such actions may include a foreclosure action, the exercising of a giving-in-payment clause, or an action forcing the sale of the real property. A foreclosure action or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person having a charge other than a first-ranking charge on the real property of the security of such real property. If an action is taken to sell the real property and sufficient proceeds are not realized from such sale to pay off creditors who have prior charges on the property, the holder of a subsequent charge may lose its investment or part thereof to the extent of the deficiency unless the holder can otherwise recover such deficiency from other property owned by the debtor. We may remedy a default under the terms of a prior charge on a property or satisfy the obligations of a borrower towards the holder of a prior-ranking charge if required to protect our investment, subject to the approval of a majority of the Independent Directors.

Investment Risk for Land Mortgage Investments

Land mortgages pose a unique risk in the event of default in that the work-out period can be lengthy while the asset has no capacity to generate cash flow. As a result, we limit the amount of land mortgage investments we make, and when possible, structure transactions with interest payment reserve accounts.

Reliance on Borrowers

After the funding of an investment, we rely on borrowers to maintain adequate insurance, remit municipal taxes and comply with environmental regulations during the ongoing management of their properties. We mitigate the insurance risk by monitoring the policies in place and attempting to have borrowers rectify any deficiencies.

Litigation Risks

We may, from time to time, become involved in legal proceedings in the course of our business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, we might not receive payments of interest or principal on a mortgage that is the subject of litigation, which would affect our cash flows. An unfavourable resolution of any legal proceedings could have a material adverse effect on us, our financial position and results of operations.

Ability to Manage Growth

We intend to grow our Investment Portfolio. In order to effectively deploy our capital and monitor our loans and investments in the future, we, the Corporation Manager and/or the Mortgage Banker will need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that we would be able to effectively manage our growth and, if unable to do so, our Investment Portfolio, and the market price of our securities, may be materially adversely affected.

Change in Legislation

There can be no assurance that certain laws applicable to us, including Canadian federal and provincial income tax legislation, commodity and sales tax legislation, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect us or fundamentally alter the tax consequences to holders acquiring, holding or disposing of our securities.

Cyber Risk

We collect and store confidential and personal information. Unauthorized access to our computer systems could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. In addition, despite implementation of security measures, our systems are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any such system failure, accident or security breach could disrupt our business and make our applications unavailable. If a person penetrates our network security or otherwise misappropriates sensitive data, we could be subject to liability or our business could be interrupted, and any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Convertible Debentures

Risks relating to the ownership of our outstanding Convertible Debentures are set out in the section entitled “Risk Factors” contained in each of our (final) prospectuses or prospectus supplements qualifying the distribution of such outstanding Convertible Debentures, which sections are incorporated herein by reference and available on SEDAR+ at www.sedarplus.ca.

Qualification as a Mortgage Investment Corporation

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard. If for any reason the Corporation does not maintain its qualification as a MIC under the Tax Act, taxable dividends and capital gains dividends paid by the Corporation on the Common Shares will cease to be fully or partly deductible by the Corporation in computing its income for tax purposes, and such dividends will no longer be deemed by the rules in the Tax Act that apply to MICs to have been received by Shareholders as bond interest or a capital gain, as the case may be. As a consequence, the rules in the Tax Act regarding the taxation of public corporations and their Shareholders would apply, with the result that the combined rate of corporate and Shareholder tax could, in certain circumstances, be significantly greater.

ITEM 8 – MARKET FOR SECURITIES

Our Common Shares, 2017 5.30% Convertible Debentures, 5.40% Convertible Debentures, 2018 5.50% Convertible Debentures, 2022 5.00% Convertible Debentures and 5.00% Convertible Debentures are posted and listed for trading on the TSX under the symbols “FC”, “FC.DB.H”, “FC.DB.I”, “FC.DB.J”, “FC.DB.K” and “FC.DB.L”, respectively. The 2017 5.30% Convertible Debentures (“FC.DB.H”) matured and were paid out on August 31, 2024.

The monthly price ranges and total monthly trading volumes for the Common Shares and the Convertible Debentures which were listed for trading on the TSX during 2024 were as follows (source: Bloomberg Finance L.P.):

Common Shares (“FC”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|-------------------|
| 2024..... | \$12.24 | \$10.40 | 11,056,505 |
| January | \$11.68 | \$10.60 | 553,100 |
| February | \$11.67 | \$11.05 | 445,542 |
| March | \$11.52 | \$11.21 | 417,559 |
| April | \$11.51 | \$10.77 | 518,836 |
| May | \$11.01 | \$10.40 | 575,841 |
| June | \$10.95 | \$10.46 | 609,231 |
| July | \$11.95 | \$10.91 | 656,757 |
| August | \$11.63 | \$10.97 | 1,541,879 |
| September..... | \$11.72 | \$11.15 | 1,370,623 |
| October..... | \$11.68 | \$11.30 | 1,544,410 |
| November | \$11.87 | \$11.25 | 1,282,724 |
| December | \$12.24 | \$11.42 | 1,540,003 |

2017 5.30% Convertible Debentures (“FC.DB.H”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|------------------|
| 2024..... | \$100.00 | \$98.50 | 1,808,000 |
| January | \$99.25 | \$98.50 | 387,000 |
| February | \$99.00 | \$98.61 | 244,000 |
| March | \$99.20 | \$98.85 | 90,000 |
| April | \$99.99 | \$99.13 | 204,000 |
| May | \$99.50 | \$99.16 | 238,000 |
| June | \$100.00 | \$99.32 | 248,000 |
| July | \$100.00 | \$99.56 | 176,000 |
| August | \$99.75 | \$99.75 | 221,000 |

5.40% Convertible Debentures (“FC.DB.I”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|------------------|
| 2024..... | \$101.00 | \$96.00 | 2,482,000 |
| January | \$100.00 | \$96.00 | 243,000 |
| February | \$98.44 | \$97.35 | 86,000 |
| March | \$99.00 | \$96.45 | 158,000 |
| April | \$97.00 | \$96.50 | 111,000 |
| May | \$98.50 | \$96.00 | 287,000 |
| June | \$98.00 | \$97.25 | 109,000 |
| July | \$101.00 | \$97.27 | 147,000 |
| August | \$98.91 | \$98.91 | 330,000 |
| September..... | \$100.00 | \$99.02 | 221,000 |
| October..... | \$100.00 | \$99.08 | 239,000 |
| November | \$100.00 | \$99.54 | 203,000 |
| December | \$100.49 | \$99.50 | 348,000 |

2018 5.50% Convertible Debentures (“FC.DB.J”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|------------------|
| 2024..... | \$100.80 | \$91.70 | 5,331,000 |
| January | \$97.70 | \$91.70 | 216,000 |
| February | \$99.10 | \$94.76 | 457,000 |
| March | \$98.20 | \$96.20 | 87,000 |
| April | \$97.00 | \$96.00 | 60,000 |
| May | \$97.00 | \$95.65 | 242,000 |
| June | \$98.74 | \$97.30 | 112,000 |
| July | \$100.00 | \$97.11 | 338,000 |
| August | \$98.00 | \$98.00 | 227,000 |
| September..... | \$100.00 | \$98.43 | 2,223,000 |
| October..... | \$100.00 | \$98.60 | 625,000 |
| November | \$100.80 | \$98.80 | 461,000 |
| December | \$100.77 | \$99.26 | 283,000 |

5.00% Convertible Debentures (“FC.DB.K”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|------------------|
| 2024..... | \$100.00 | \$84.00 | 5,974,500 |
| January | \$92.00 | \$84.00 | 483,000 |
| February | \$92.99 | \$90.00 | 309,000 |
| March | \$93.00 | \$90.00 | 65,500 |
| April | \$93.00 | \$88.00 | 224,000 |
| May | \$92.00 | \$86.80 | 460,000 |
| June | \$92.50 | \$89.00 | 261,000 |
| July | \$97.00 | \$91.10 | 511,000 |
| August | \$94.00 | \$94.00 | 306,000 |
| September..... | \$100.00 | \$97.00 | 806,000 |
| October..... | \$99.99 | \$96.50 | 547,000 |
| November | \$98.00 | \$96.02 | 1,324,000 |
| December | \$97.45 | \$95.74 | 678,000 |

5.00% Convertible Debentures (“FC.DB.L”)

| Period | High (\$) | Low (\$) | Volume |
|------------------|------------------|-----------------|------------------|
| 2024..... | \$100.00 | \$85.80 | 3,741,000 |
| January | \$91.00 | \$85.80 | 435,000 |
| February | \$93.37 | \$86.45 | 111,000 |
| March | \$94.00 | \$90.31 | 208,000 |
| April | \$91.60 | \$87.67 | 356,000 |
| May | \$92.50 | \$88.50 | 375,000 |
| June | \$91.50 | \$89.00 | 264,000 |
| July | \$100.00 | \$92.01 | 566,000 |
| August | \$92.00 | \$92.00 | 200,000 |
| September..... | \$97.95 | \$94.65 | 357,000 |
| October..... | \$99.97 | \$95.00 | 304,000 |
| November | \$97.34 | \$96.00 | 417,000 |
| December | \$97.00 | \$95.81 | 148,000 |

ITEM 9 – MATERIAL CONTRACTS

The material contracts entered into or assumed by the Corporation during the recently most completed financial year or prior to the most recently completed financial year (but after January 1, 2002) that are still in effect are as follows:

- The Mortgage Banking Agreement (see “Management of the Corporation – The Mortgage Banker” above);
- The Corporation JV Agreement (see “Management of the Corporation – The Corporation Manager” above);
- The Indenture, Second Supplemental Indenture, Tenth Supplemental Indenture, Eleventh Supplemental Indenture, Twelfth Supplemental Indenture and Thirteenth Supplemental Indenture (see “Description of Capital Structure – Convertible Debentures” above);
- The Operating Facility (see “Narrative Description of the Activities of the Corporation – Investment Strategy – Bank Operating Line” above); and
- The Stock Option Plan (see “Directors and Officers – Stock Option Plan” above); and
- The Dividend Reinvestment Plan (See “Narrative Description of the Activities of the Corporation – Dividends and Distributions – Dividend Reinvestment Plan”).

ITEM 10 – EXPERTS

MNP LLP, the Corporation’s auditor, has been named as having prepared a certified statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Corporation during, or relating to the Corporation’s fiscal year ended December 31, 2024. MNP LLP is independent of the Corporation in accordance with the auditor’s rules of professional conduct in a jurisdiction of Canada. MNP LLP became the Corporation’s auditor in August 2024.

ITEM 11 – TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our Common Shares and outstanding Convertible Debentures is Computershare Trust Company of Canada at its principal office in the City of Toronto.

ITEM 12 – LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of our knowledge, there were no legal proceedings to which the Corporation is or was a party, or to which any of the Corporation’s property is subject, during the Corporation’s fiscal year ended December 31, 2024, nor are any such proceedings currently contemplated, in each case, that involve an amount that is 10% or more of the Corporation’s current assets.

During 2024, there were no penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Corporation and, during 2024, the Corporation did not enter into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

ITEM 13 – ADDITIONAL INFORMATION

Additional information, including Directors’ and officers’ remuneration and indebtedness, the executive compensation for named executive officers of the Corporation, the principal holders of the Corporation’s securities, and securities of the Corporation authorized under equity compensation plans, as applicable, is contained in the Corporation’s management information circular for its most recent annual meeting of Shareholders. Additional financial information is provided in the annual financial statements and management’s discussion and analysis of the Corporation for the year ended December 31, 2024. A copy of the management information circular, annual financial statements and management’s discussion and analysis may be obtained upon request from the Corporation, and those documents and other information in respect of the Corporation are also available on SEDAR+ at www.sedarplus.ca.

SCHEDULE “A”

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE OF FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION (the “Corporation”)

PURPOSE

The purpose of the Audit Committee (the “**Committee**”) is to assist the board of directors of the Corporation (the “**Board**”) in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to shareholders of the Corporation and others, the systems of corporate financial controls which management and the Board have established, and the audit process.

More specifically the purpose of the Committee is to satisfy itself that:

- (a) The Corporation’s annual financial statements are fairly presented in accordance International Financial Reporting Standards and to recommend to the Board whether the annual financial statements should be approved.
- (b) The information contained in the Corporation’s quarterly financial statements, annual report to shareholders and other financial publications, such as management’s discussion and analysis, is complete and accurate in all material respects, and to recommend to the Board whether these materials should be approved.
- (c) The Corporation has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements.
- (d) The external audit functions have been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration and will be responsible for overseeing the work of the auditors, including the resolution of disagreements between management and the auditors regarding financial reporting.

COMPOSITION AND TERMS OF OFFICE

- (a) Following each annual meeting of shareholders of the Corporation, the Board shall appoint not less than three directors to serve on the Committee, all three of whom shall be Independent Directors and Financially Literate (as such terms are defined by applicable legislation and stock exchange requirements).
- (b) The chair of the Committee shall be appointed by the Board and shall not be an officer or employee of the Corporation or its affiliates.
- (c) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Corporation. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the member resigns or is replaced, whichever first occurs.
- (d) The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee or by the internal or external auditors. At least 48 hours’ notice shall be given in advance of any meeting of the Committee.
- (e) If all members consent, and proper notice has been given or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

- (f) A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the Chair of the Committee shall have a second casting vote.
- (g) The Committee may invite such directors, officers and employees of the Corporation as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- (h) The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- (i) Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary of the Committee.
- (j) The Committee shall choose as its secretary such person as it deems appropriate.
- (k) The external auditors shall be given notice of, and shall have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

(a) Financial Reporting Control Systems

The Committee shall:

- (i) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;
- (ii) accept reports directly from the external auditors;
- (iii) review the management letter of the external auditors and the Corporation's responses to suggestions made;
- (iv) annually review the terms of reference of the Committee;
- (v) review any new appointments to senior positions of the Corporation with financial reporting responsibilities;
- (vi) establish and periodically assess adequate procedures for the review of disclosures of financial information extracted or derived from the Corporation's financial statements; and
- (vii) obtain assurance from the external auditors regarding the overall control environment and the adequacy of accounting system controls.

(b) Interim Financial Statements

The Committee shall:

- (i) review interim financial statements with officers of the Corporation prior to their release and recommend their approval to the Board; this will include a detailed review of quarterly and year-to-date results;
- (ii) review narrative comments accompanying interim financial statements; and
- (iii) review earnings press releases.

(c) Annual Financial Statements and Other Financial Information

The Committee shall:

- (i) review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- (ii) obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- (iii) obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Corporation;
- (iv) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- (v) discuss the annual financial statements and the auditors' report thereon in detail with officers of the Corporation and the auditors;
- (vi) review the annual report and other annual financial reporting documents including management's discussion and analysis and press releases;
- (vii) provide to the Board a recommendation as to whether the annual financial statements should be approved;
- (viii) review insurance coverage including directors' and officers' liability coverage;
- (ix) review payments to the Corporation Manager pursuant to the amended and restated spread interest agreement dated as of June 14, 2016 (or any successor agreement) and report thereon to the Board; and
- (x) approve and implement procedures for reviewing financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

(d) External Audit Terms of Reference, Reports, Planning and Appointment

The Committee shall:

- (i) review the audit plan with the external auditors;
- (ii) discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;
- (iii) obtain confirmation from the external auditor that it ultimately is accountable, and will report directly, to the Audit Committee and the Board;
- (iv) oversee the work of the external auditor, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
- (v) establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- (vi) pre-approve all non-audit services provided by the independent auditors;
- (vii) review and approve the hiring policies regarding the Corporation;
- (viii) recommend to the Board each year the retention or replacement of the external auditors, and if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;

- (ix) annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
- (x) review the qualification, performance and independence of the external auditors;
- (xi) request and review any correspondence from the Ontario Securities Commission; and
- (xii) have the authority to set and pay the compensation for any advisors employed by the Committee.

ACCOUNTABILITY

- (a) The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- (b) The Committee is empowered to investigate any activity of the Corporation and all employees are to co-operate as requested by the Committee. The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- (c) The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including directors, officers and employees of the Corporation.