

# INVESTMENT OBJECTIVE

Mortgage Company of Canada is a mortgage investment corporation whose objective is to provide investors with an attractive risk-adjusted return by primarily investing in mortgages secured by single family homes in the Greater Toronto Area. Our experienced management team employs an independent Board approved credit policy, follows rigorous underwriting analysis and leverages its third-party mortgage brokerage relationships as well as its affiliated mortgage brokerage for quality mortgage originations. Mortgage Company of Canada's Board of Directors ("Board of Directors") comprises a majority of independent members who provide a framework around best practices.



## August 2017

**9.68%**<sup>1</sup> **\$332M** **68.9%** **565** **2009**<sup>2</sup>  
 2017 TTM Yield with DRIP<sup>3</sup>    Total Deals Funded since inception    Average Loan-to-Value    Mortgages Outstanding    Number of Deals Funded since Inception

### QUICK FACTS

Total Mortgage Portfolio	\$118M
Year-Over-Year Increase	104%
Average Mortgage Value	\$208K
Average Term to Maturity	5.8 Months
Average Appraisal Value	\$785K

#### Portfolio Composition:

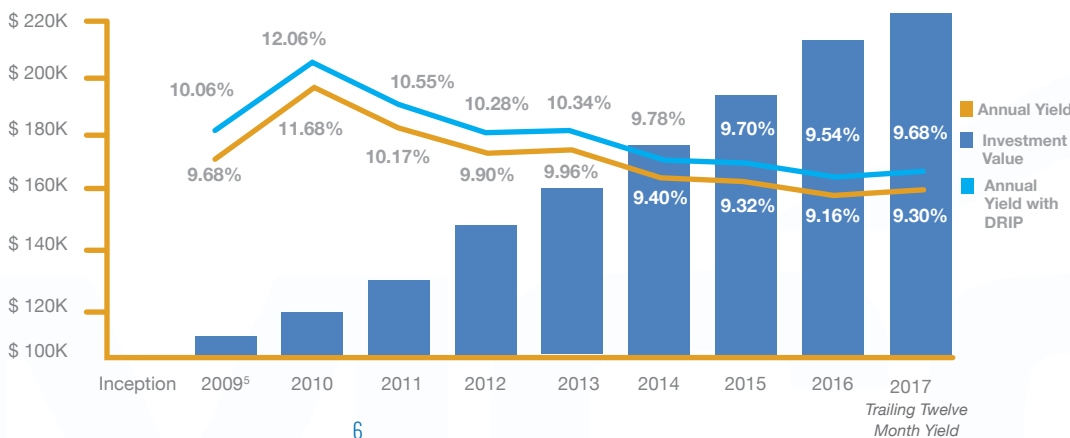
Residential	99.9%
Commercial	0.1%

#### Investors:

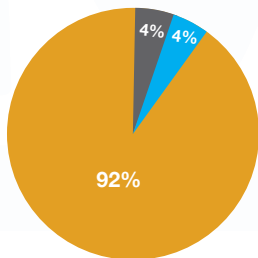
Participating in DRIP	199
Total number of investors	326
Management and Board	~\$6.9M
Investment in common shares	

### HISTORICAL RETURNS<sup>4</sup>

A \$100,000 investment in 2009 would be worth \$230,029 today

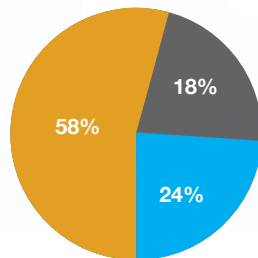


### PORTFOLIO SUMMARY<sup>6</sup>



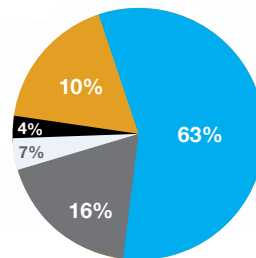
#### MORTGAGES BY LOCATION

- GTA
- Other
- Golden Horseshoe



#### REMAINING TERM TO MATURITY

- ≤ 6 months
- ≤ 9 months
- ≤ 12 months



#### LOAN TO VALUE

- > 75.1%
- 65.1 - 75%
- 55.1 - 65%
- 45.1 - 55%
- < 45%

**DEALS FUNDED IN AUGUST**  
**\$8.9M**

### MORE INFORMATION

To learn more about Mortgage Company of Canada, please email or call:

**Raj Babber**

✉ [raj.babber@mcoci.com](mailto:raj.babber@mcoci.com)  
 ☎ 905-886-5352 ext. 222

1) Monthly distributions are targeted at 9%. Bonuses reflecting yields generated in excess of 9% are paid out quarterly as per the Mortgage Company of Canada Offering Memorandum.  
 2) Reflects deals funded by the predecessor company prior to the incorporation of Mortgage Company of Canada on August 8, 2013 and those funded by Mortgage Company of Canada thereafter.  
 3) DRIP - Dividend Re-Investment Plan  
 4) Reflects yields earned by the predecessor company prior to the incorporation of Mortgage Company of Canada on August 8, 2013 and those earned by Mortgage Company of Canada thereafter.  
 5) Actual return for the 10 months ended December 31, 2009.  
 6) Weighted by book value of loan.

## CEO's COMMENTARY

The Canadian economy is booming. Gross domestic product grew at a 4.5% annualized rate in the second quarter of 2017, according to Statistics Canada, which is the fastest pace since 2011. In addition, the unemployment rate dropped to a nine-year-low of 6.2% in August.

Growth has been so strong that the Bank of Canada raised its benchmark interest rate twice in less than two months, boosting it by a quarter point in July and again in September. There is also talk that further rate hikes could be on the horizon in 2017. However, it should be noted that the current benchmark rate of 1% is still well below historic norms, and mortgage rates remain attractive for homebuyers. And given that inflation is rising well below the Bank of Canada's 2% target, economists say that any potential rate hikes in the near future are likely to remain measured.

A strong economy is a major positive for housing markets. The supply-demand fundamentals in our target market of single-family GTA homes are very compelling, and continued growth in jobs and disposable income will only make them stronger. We are very pleased to see this continued economic strength in the GTA and the Canadian economy as a whole.

Our business continues to perform very strongly. Our mortgage portfolio was \$118 million at the end of August, up approximately 104% year over year, and we anticipate more strong growth through the rest of the year. Our trailing 12-month yield has increased to 9.68%, demonstrating the underlying strength of our assets and the fact that the GTA market continues to provide outstanding investment opportunities.

## MAJORITY INDEPENDENT BOARD OF DIRECTORS

Mortgage Company of Canada is committed to best practices and the preservation of shareholder capital. Accordingly, we have appointed four well respected business and finance professionals with public company experience as independent members and strategic advisor to our Board of Directors.

### JAMES GARCELON

- Over 20 years of experience in the financial sector
- Portfolio Manager at Shaunessy Investment Counsel Inc.
- Former Co-Founder and Principal of Grove Capital Group

### TAMMY OLDENBURG

- Over 19 years of experience within the finance and real estate sectors
- Chief Financial Officer at Credit Suisse Canada
- Former Vice President and Chief Financial Officer of MGAN Mortgage Corporation

### RICHARD SENECHAL

- Former President and Chief Executive Officer of DUCA Financial Services Credit Union
- DUCA Director for over 30 years, served as Board Chair, Vice Chair, Chair Executive Committee, Chair Investment Committee, Chair Budget Committee and member of the Audit Committee.

## STRATEGIC ADVISOR

### DANIEL DRIMMER

- Over 20 years of experience in the multi-family residential and commercial real estate sectors in Canada and the United States
- President and Chief Executive Officer of Starlight Investments Ltd., Chairman of the Board, President and Chief Executive Officer of True North Commercial Real Estate Investment Trust and Chief Executive Officer of Starlight U.S. Multi-Family Core Funds.
- Former Board Member of Mortgage Company of Canada

1) Refer to Offering Memorandum for additional terms.

## INVESTMENT TERMS

### Target Yield

- Annual yield of 9% (paid since inception) plus discretionary quarterly bonus
- Distributions paid monthly

### Minimum Investment

- \$25,000

### Dividend Reinvestment Plan

- DRIP available

### Deferred Income Plans

- Eligible for RRSP, RRIF, TFSA, RESP and deferred profit sharing plans

### Redemptions

- Locked in for 1 year, 30 day notice, up to 60 days for redemption thereafter<sup>1</sup>

### Management Fees

- 0.5% annual base fee
- Performance fee above minimum threshold return of 9.5%

### Auditor

Ernst & Young LLP

### Legal Counsel

Stikeman Elliott LLP  
Gowling WLG

### FundSERV Code

MCO100

## MANAGEMENT TEAM

Our management team has demonstrated an excellent track record over a combined 45 years of lending experience. Management and the Board of Directors have approximately \$6.9 million invested in Mortgage Company of Canada on the same terms as our investors, insuring that our interests are aligned.

### RAJ BABBER

Founder, CEO and President

### GREG GOUTIS

Chief Financial Officer

### SANJAY KAITH

Chief Operating Officer