

# 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 annual target yield is 9.25%, with distributions paid monthly. 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.



November 2018

## QUICK FACTS

Total Mortgage Portfolio	\$231MM
Year-Over-Year Increase	83%
Average Mortgage Value	\$321K
Average Term to Maturity	6 Months
Average Appraisal Value	\$805K

### Portfolio Composition:

Residential	99.9%
Commercial	0.1%

### Investors:

Participating in DRIP	336
Total Number of Investors	545
Management and Board Investment in Common Shares	~\$10.1MM

### DEALS FUNDED IN

#### NOVEMBER:

~\$17MM

### 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

**9.86%**<sup>1</sup>

2018 TTM Yield with DRIP<sup>3</sup>

**68.9%**

Average Loan-to-Value

**719**

Number of Mortgages

**\$562MM**

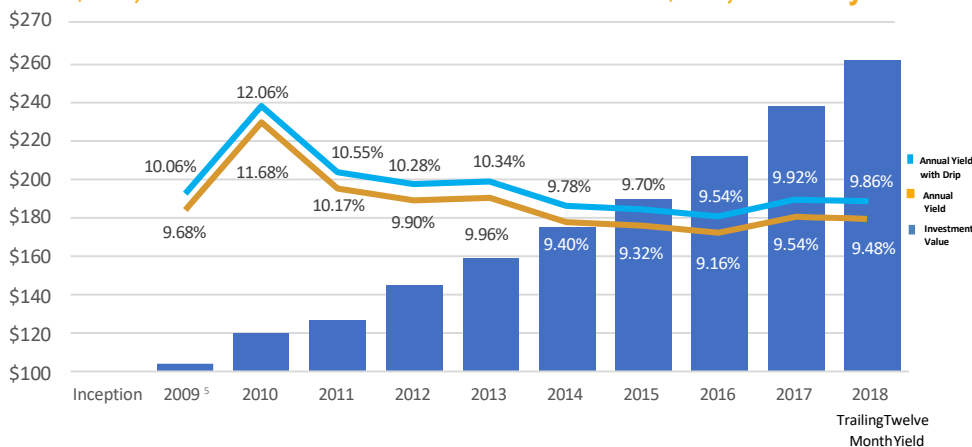
Total Deals Funded Since Inception

**2,654**<sup>2</sup>

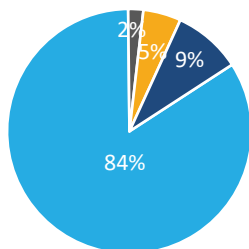
Number of Deals Funded Since Inception

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

A \$100,000 investment in 2009 would be worth \$260,783 today

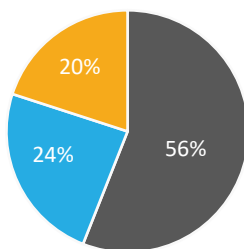


## PORTFOLIO SUMMARY<sup>6</sup>



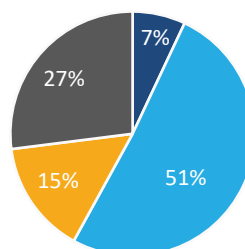
### MORTGAGES BY LOCATION

- GTA
- Ottawa
- Other
- Golden Horseshoe



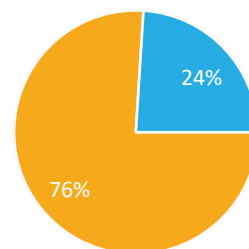
### REMAINING TERM-TO-MATURITY

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



### LOAN TO VALUE

- >75
- 70.1 - 75%
- 65.1 - 70%
- <65%



### SECURITY POSITION

- 1st Mortgage
- 2nd Mortgage
- 3rd Mortgage

1) Monthly distributions are targeted at 9.25%. Bonuses reflecting yields generated in excess of 9.25% (as at Sept. 30, 2017) are paid out quarterly as per the Mortgage Company of Canada's 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 alternative mortgage market in the GTA continues to grow, according to a report from Toronto real estate brokerage Realosophy and property data provider Teranet, with refinancing accounting for an increased share of the market. In the second quarter of 2018, 20% of mortgage refinancing, representing \$1.5 billion, was funded by private lenders, up from 12%, or \$920 million, in the first quarter of 2016. The increase was primarily driven by higher interest rates and tougher lending standards.

People in the 30s and 40s age cohort were the largest group of consumers accessing the alternative market, representing 42% of all transactions, and almost half of private lending activity during that period was for refinancing of detached houses. This reflects a growing number of homeowners choosing to do major renovations to their existing houses rather than moving to a larger one. For Mortgage Company of Canada, these are often highly attractive loans, falling under our strict credit guidelines.

The increase in volume for alternative funding providers like us represents more than just an opportunity to increase our share of market. The broadened universe of borrowers has also resulted in an improvement in our portfolio loan quality and increased flexibility to increase our lending rates, leading to both a reduction of risk in our portfolio and potentially enhanced returns.

## 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 25 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 20 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 MCAN Mortgage Corporation.

### BRIAN JOHNSTON

- Over 30 years of management experience in the real estate industry.
- Chief Operating Officer at Mattamy Homes.
- Former Director of the Canada Mortgage and Housing Corporation (CMHC).

## STRATEGIC ADVISOR

### DANIEL DRIMMER

- Over 21 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.

1) Refer to Offering Memorandum for additional terms.

## INVESTMENT TERMS

### Target Yield

- Annual yield of 9.25% plus discretionary quarterly bonus
- Distributions paid monthly

### Minimum Investment

- \$25,000

### Dividend Reinvestment Plan

- DRIP available

### Deferred Income Plans

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

### Redemptions

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

### 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 \$10.1 million invested in Mortgage Company of Canada on the same terms as our investors, ensuring that our interests are aligned.

### RAJ BABBER

- Founder and CEO

### FAHEEM TEJANI

- President

### GREG GOUTIS

- Chief Financial Officer

### SANJAY KAITH

- Chief Operating Officer