

Mortgage Investment Corporations

Introduction

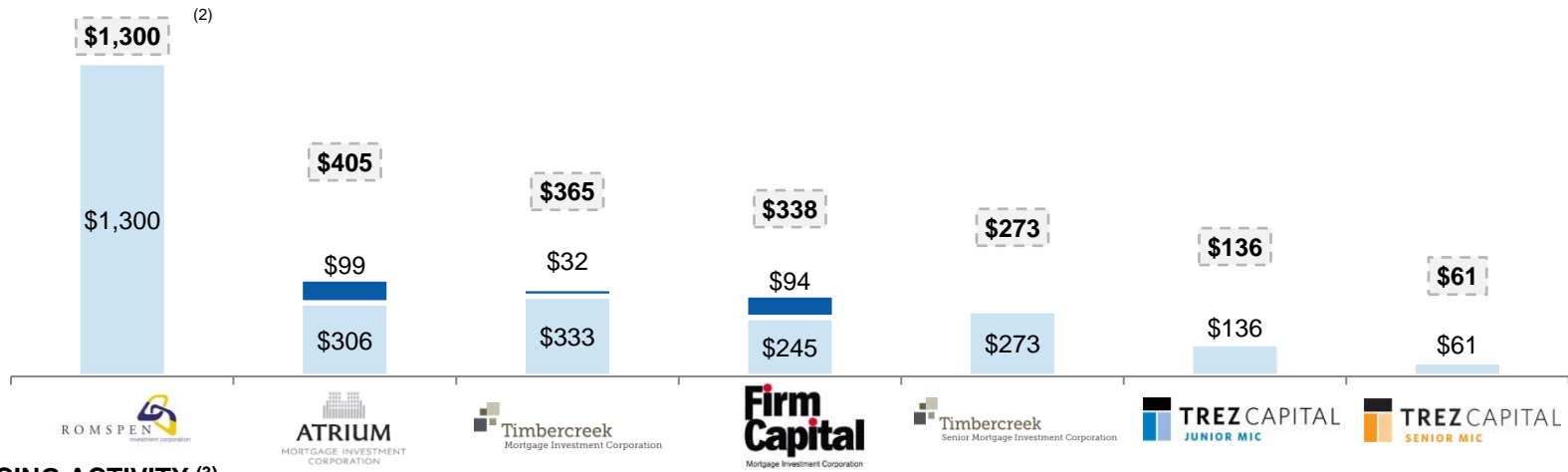
- Excluding credit unions and pension funds, non-bank lenders are generally structured as investment funds or mortgage investment corporations (“MICs”)
- There are hundreds of MICs operating in Canada but only a few that are publicly listed
 - Large publicly listed MICs include Atrium, Firm Capital, TREZ Capital & Timbercreek
 - Romspen is one of the largest private non-bank lenders in Canada
- MICs pay no corporate income tax and act as a flow-through entity, provided 100% of its taxable income gets paid out as dividends
 - MIC dividends received by investors are largely treated as interest income for tax purposes
- In order to maintain one’s status as a MIC, some key rules need to be complied with including:
 - 1 Minimum 50% of assets invested in residential mortgages and/or cash
 - 2 All MIC investments must be in Canada (or structured using SPVs if investments abroad)
 - 3 Minimum of 20 shareholders with no shareholder owning greater than 25% of the share capital

Canadian MICs Overview

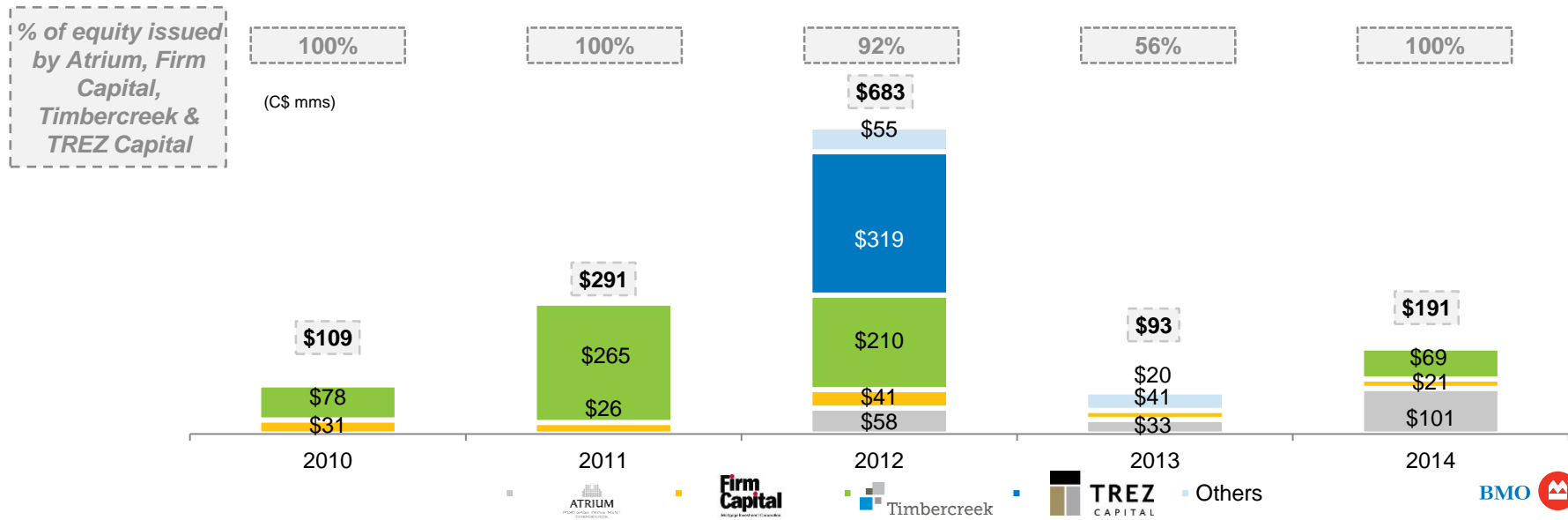
CAPITALIZATION OVERVIEW ⁽¹⁾

(C\$ mms)

■ Equity Market Capitalization ■ Convertible Debentures



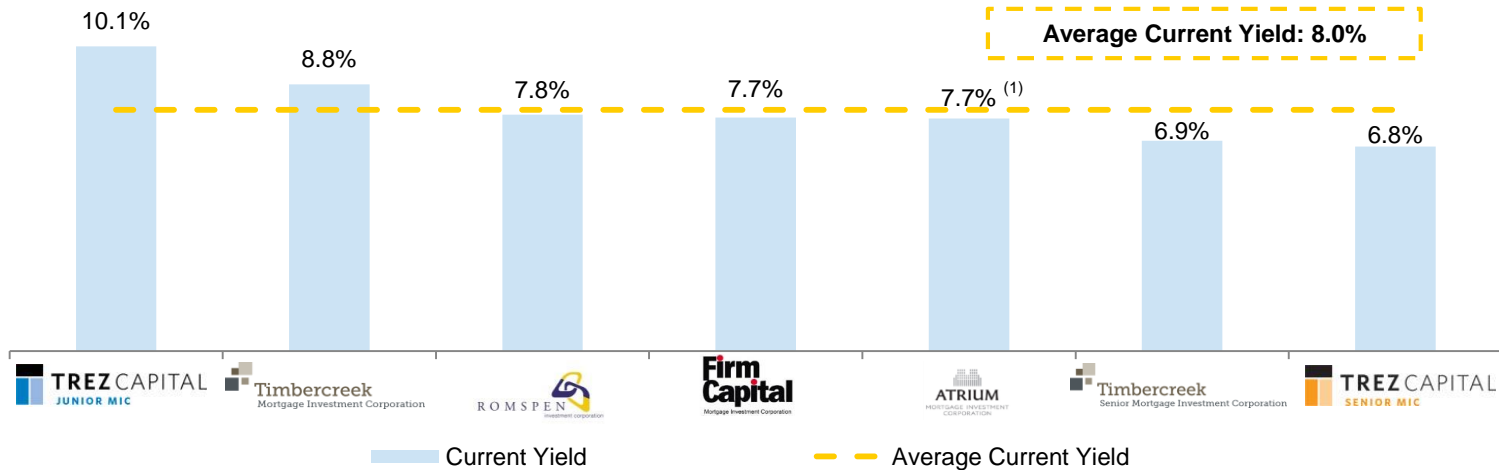
PUBLIC FINANCING ACTIVITY ⁽³⁾



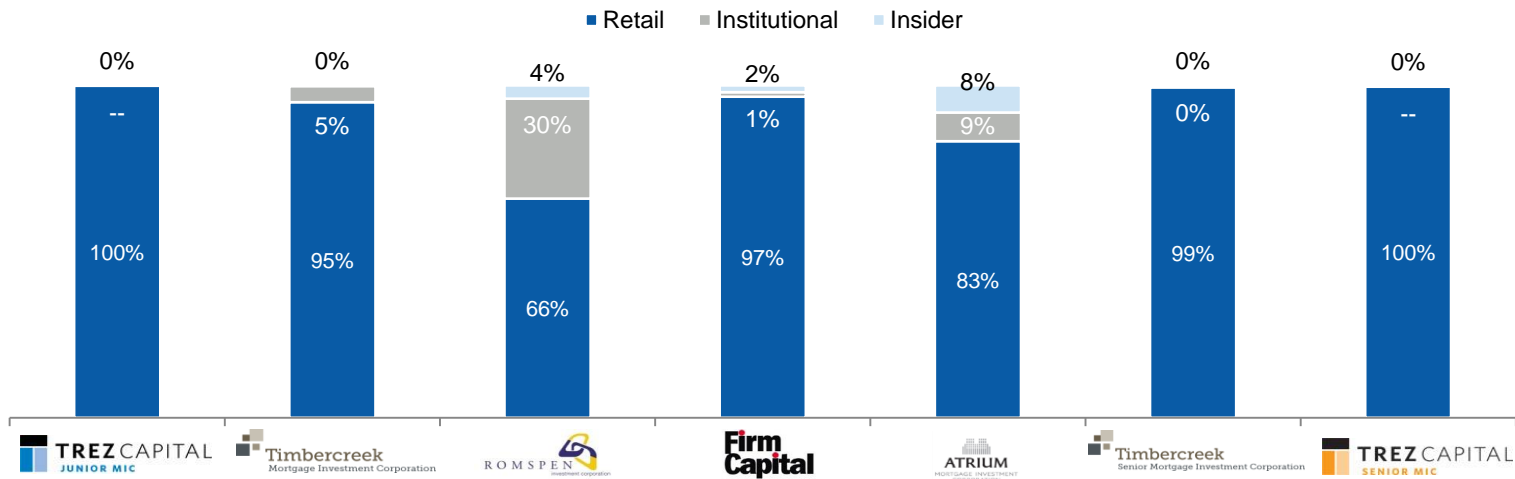
2 Source: Company filings, FactSet
 Note: Timbercreek includes both Timbercreek MIC and Timbercreek Senior MIC; TREZ Capital includes both TREZ Capital MIC and TREZ Capital Senior MIC.
 1. Includes convertible debentures.
 2. Reflects investment portfolio size.
 3. Includes common equity and convertible debenture offerings.

Canadian MICs Overview (cont'd)

INVESTOR YIELDS



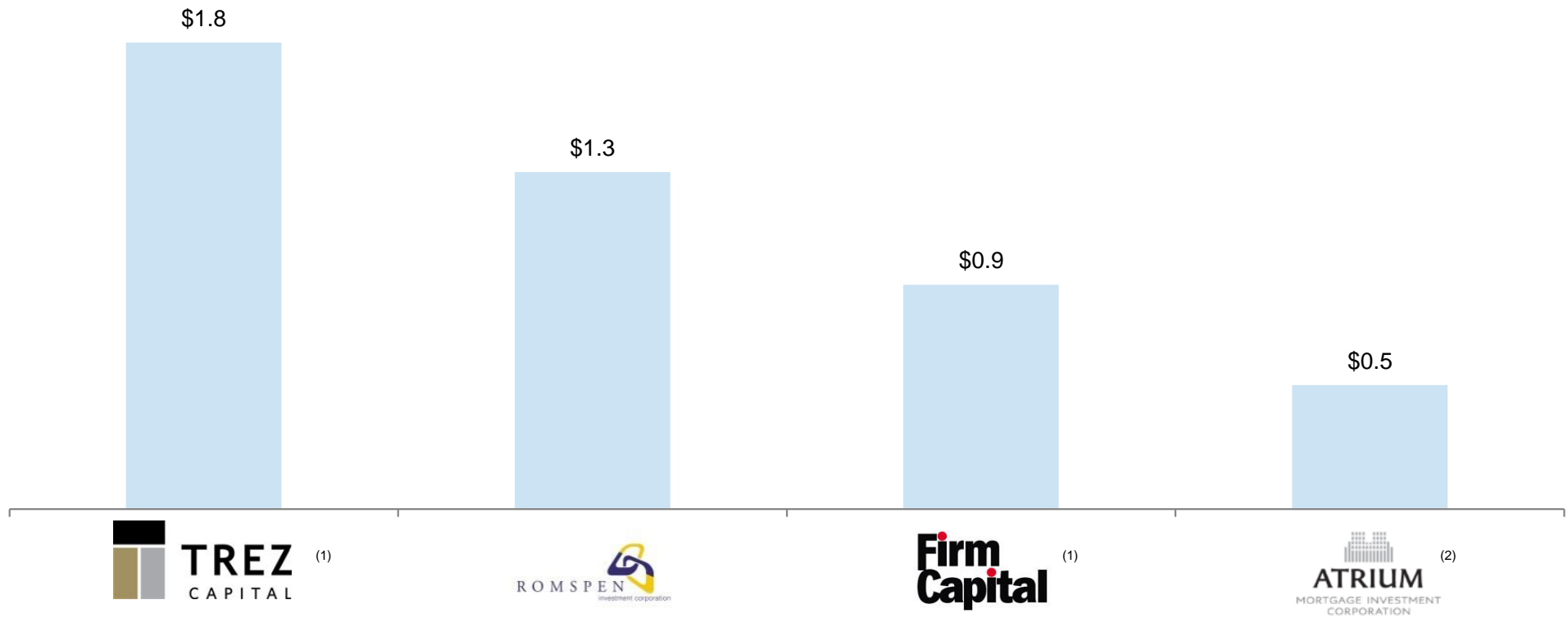
OWNERSHIP OVERVIEW



Canadian public MICs have an average yield of ~8.0% and are largely owned by retail investors

Assets Under Management

(C\$ billions)



Source: Company filings

1. Metrics reflect asset managers' AUM figures, including mortgage investment allocations.

2. Includes investments managed by Canadian Mortgage Capital Corporation under Atrium and Dream CMCC Capital Fund.