



Morrison Laurier Mortgage Corporation

Corporate Overview

- ❖ All mortgages are initiated by Morrison Financial Management Corporation (Morrison Financial). Morrison Financial has an exclusive contract with Morrison Laurier Mortgage Corporation (Morrison Laurier or the MIC) to provide Mortgage origination and management to the MIC.
- ❖ The MIC, by contractual agreement, participates in the Mortgage Portfolio of Morrison Financial subject to the conditions of Section 130.1 of the *Tax Act*.
- ❖ The current size of Morrison Financial's portfolio is about \$340 Million.
- ❖ The current size of the MIC is about \$82 Million
- ❖ The MIC typically participates in the mortgage pool along with David Morrison's own monies (about \$20 million) and select intuitional partners, such as banks and trust companies.
- ❖ Morrison Financial, headed by David Morrison, has been in continuous operation for 29 years and in that time has not suffered any losses.
- ❖ The Morrison Laurier has been in operation for 6 years and has suffered no losses and has had no interruption in the monthly dividend payment.

Mortgage Origination and Initial and Ongoing Risk Management

- ❖ The typical borrower is a mid size developer of very high quality and credit that is too small for the big banks.
- ❖ Mortgages are sourced via Morrison Financial's in house Business Development Team
- ❖ Once a client is identified the initial due diligence is carried out by Morrison Financial's 6 person Credit Committee.
- ❖ At a minimum the following is required before a loan offer is made to the borrower:
 - A strong business plan showing detailed costs and scheduling. This is verified both in house and by independent specialists.
 - Proof that on average 70% of the units have been sold to buyers who have the ability to close on the completed dwelling.
 - Proof that the builder has, typically, 40% of the required capital to complete the project.
- ❖ Area absorption rates for both sales and rentals are carefully researched.
- ❖ At each draw request Morrison Financial uses both independent site auditors and in house staff to verify work completed before a tranche of money is advanced.
- ❖ Loan agreements allow for partial discharges. The builder's profit is earned only after the construction mortgage loan is fully repaid.

Project Characteristics and Exclusions

- ❖ Construction projects financed are typically:
 - Subdivisions of single family homes.
 - Townhouse Developments.
 - Low rise condominiums.
 - Commercial projects with proof of lease by a major tenant.
 - Small parcels of land adjacent to a given development that the municipality has required the builder to make into green space.
- ❖ Projects are, with very rare exceptions, within a 2 hour drive of the GTA.
- ❖ Projects excluded:
 - Raw land.
 - Environmentally unsafe land.
 - Specialty projects such as nursing homes, ski resorts, schools, and other single use buildings.
 - Projects without significant bona fide pre sales.
 - One off luxury homes.
 - High rise buildings.

Important Points

- ❖ Morrison Financial and its officers, directors and employees have no interest in the common shares, senior management, or seats on the board of directors of Morrison Laurier.
- ❖ Morrison Laurier and its officers, directors and employees have no interest in the common shares, senior management, or seats on the board of directors of Morrison Financial.
- ❖ The officers, directors and employees of both Morrison Laurier and Morrison Financial collectively have about \$ 4 million invested in the Preferred Shares of Morrison Laurier.
- ❖ The current yield of the Series F Preferred Shares is currently 6.47%. This is expected to rise throughout the course of 2016 as new mortgages written at higher rates come on stream.
- ❖ Dividends are paid monthly.
- ❖ Trailer fees are paid monthly.
- ❖ The demand for construction financing remains high even as the big banks lessen their exposure to the space.
- ❖ Morrison Laurier is well insulated from real estate market downturns as only projects with bona fide presales are funded. Experience has shown that buyers very rarely abandon the home they have purchased and forfeit their deposit by failing to close when the dwelling is complete.
- ❖ Current Weighted Average Loan to Value of the Portfolio: 64%.
- ❖ All MIC's are eligible for any registered plan as stated in the Tax Act.
- ❖ Dividend Reinvestment (DRIP) is available.

Preferred Shares are available to qualified investors on a private placement basis only via Offering Memorandum dated November 2nd, 2015 (the "Offering Memorandum"). The statements contained herein are qualified in their entirety by the Offering Memorandum. The foregoing does not constitute an offer to sell or a solicitation of interest to purchase any securities in any jurisdiction in which such offer or solicitation is not authorized. For more information, please contact Adam Rose at 416-391-3535 X 112.