

Investment Highlights

Overview

Magenta III Mortgage Investment Corporation (MIC) Class "A" shares represent ownership in a large, diversified, professionally managed, residential mortgage portfolio. Lending is confined to strong, stable, recession resistant, urban real estate markets like Ottawa. 100% of net income, comprised of interest and fee revenue less expenses, is flowed through to shareholders as prescribed by *The Income Tax Act*. The shares offer a unique combination of high, consistent returns, minimal risk, liquidity and the ability to pay regular monthly income that compares extremely favourably with other fixed income investments and indeed with the full spectrum of investment options available today.

Investment Highlights

- Shares do not fluctuate in price; share price is fixed at issue price, \$10.00
- Target shareholder ROI equivalent to Government of Canada 2 year bond yield, plus 5.50%; **6.09%** in fiscal 2017
- Target ROI typically exceeded; average annual compounded return since inception **6.97%** vs. **6.50%** if only Target ROI achieved
- Original Magenta MIC has produced an average annual compounded return of **10.60%** over its first 22 years of operation by way of consistently strong annual returns
- Income paid monthly in stock or in cash at shareholder's discretion
- Shares may be redeemed at any time with three months' notice
- Shares are RSP, RRIF, RESP and TFSA eligible

Fund Facts*

FundSERV Code	MMI301
Fiscal 2017 Target ROI	6.09%
Fiscal 2016 ROI	6.53%
Fiscal 2016 Target ROI	6.06%
Highest Annual ROI (2012)	7.57%
Lowest Annual ROI (2016)	6.53%
Value of \$1,000**	\$1,400
Distributions	Monthly
Minimum Investment	\$25,000
Retraction Fee (1st year only)	4.00%
Inception Date:	June 6, 2011
Outstanding Class "A" Shares	\$58,524,941

Portfolio Composition

Assets Under Management	\$80,193,036
Mortgages Outstanding	327
Average Term to Maturity (days)	181
Average Loan-to-Value Ratio	72.8%
1st Mortgages Portfolio Weighting	83.6%
Ottawa Mortgages	77.8%

Magenta Group of Funds

Total Assets under Management	\$252,994,885
Total Mortgages Outstanding	1,135
Inception Date	June 1, 1994

* All data as at February 28, 2017 unless otherwise noted

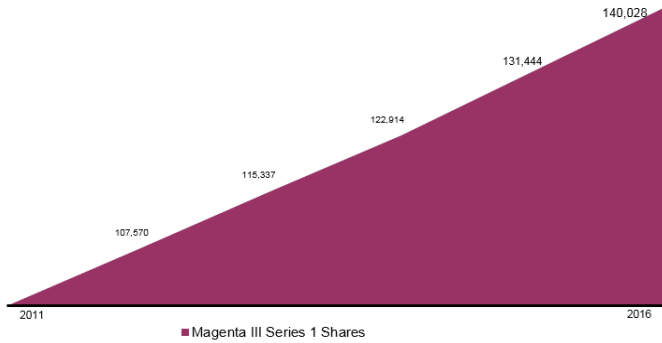
** Invested at inception, June 6, 2011; 5 years ended May 31, 2016

We mitigate risk through a combination of:

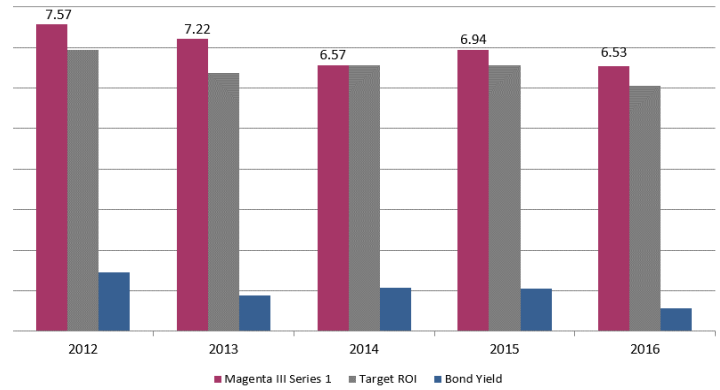
- Concentrating on low risk, residential mortgages falling just outside recently elevated chartered bank lending criteria
- Heavily overweighting 1st mortgages secured primarily by owner occupied homes — currently **83.6%** of the portfolio
- Originating our own mortgages applying a strict proprietary underwriting methodology
- Maintaining a large, diversified pool of mortgages
- Confirming real estate values by using only a small, select group of professional appraisers, plus supplementary estimates of value provided by trusted local realtors and other state of the art valuation tools
- Lending only in stable, recession resistant urban real estate markets such as Ottawa
- Limiting loan-to-value (LTV) ratios to facilitate full principal recovery in the event of default - consolidated portfolio LTV ratio currently **72.8%**

Historic Performance

Growth of \$100,000 Invested at start date - 5 years ended May 31, 2016



Shareholder Return on Investment - Annual %

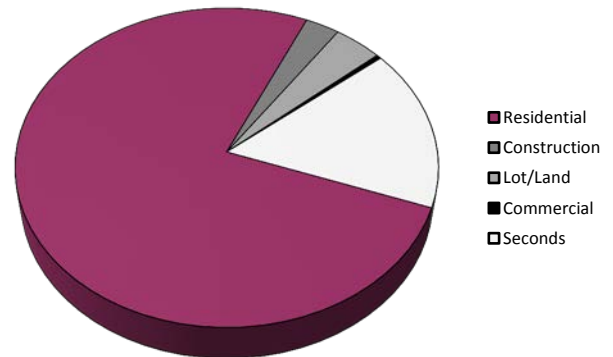


Average Annual Compounded Return

	Magenta III Series 1	Target ROI
1 year	6.53%	6.06%
2 years	6.73%	6.31%
3 years	6.68%	6.40%
Since Inception ⁽¹⁾	6.97%	6.50%

⁽¹⁾ 5 years ended May 31, 2016

Portfolio Allocation by Mortgage Type February 28, 2017



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