



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES Q4/2016 RESULTS

March 21, 2017, TORONTO, CANADA – Firm Capital Mortgage Investment Corporation (the “Corporation”) (TSX FC) today released its financial statements for the three and twelve months ended December 31, 2016.

HIGHLIGHTS

PROFIT

Income and profit (referred to herein as “Profit”) for the quarter ended December 31, 2016 remained relatively consistent at \$5,368,851 as compared to \$5,376,207 for the same period in the prior year. Profit for the year ended December 31, 2016 of \$21,190,613 represents approximately a 6% increase compared to \$20,081,258 reported for the year ended December 31, 2015.

Basic weighted average profit per share for the quarter ended December 31, 2016 was \$0.239, which is 10% lower than the \$0.265 per share reported for the quarter ended December 31, 2015. Basic weighted average profit per share for the year ended December 31, 2016 was \$0.972, which is 2% lower compared to the \$0.991 per share reported for the year ended December 31, 2015. The Corporation distributed 100% of its profits for 2016.

DIVIDENDS

For the fourth quarter and year ended December 31, 2016, the Corporation declared dividends totaling \$0.264 and \$0.966 per share versus \$0.289 and \$0.991 per share for the fourth quarter and year ended December 31, 2015. The December, 2016 special dividend was 3 cents per share.

YEAR OVER YEAR PORTFOLIO GROWTH

The Corporation’s investment portfolio (the “Investment Portfolio”), as at December 31, 2016 increased by \$45.6 million to approximately \$444.3 million as compared to \$398.7 million as at December 31, 2015 (net of the impairment provision of \$4.46 and \$4.23 million respectively). During the year, Management was content to invest in lower yielding mortgage investments that met its’ adjusted risk tolerance.

SHORT TERM PORTFOLIO WITH SIGNIFICANT ANNUAL TURNOVER

In 2016, the Investment Portfolio repayments totaled \$245.1 million with new investments during the year totaling \$290.4 million. This turn is the key to our investment approach and the measure of its success.

RETURN ON EQUITY

The Corporation continues to exceed its yield objective of producing a return on shareholders’ equity in excess of 400 basis points over the average one year Government of Canada Treasury bill yield. Profit for the quarter ended December 31, 2016 represents an annualized return on shareholders’ equity (based on the month end average shareholders’ equity in the quarter) of 8.87%, representing return on shareholders’ equity of 824 basis points per annum over the average one year Government of Canada Treasury bill yield of 0.63%.

PRUDENT IMPAIRMENT PROVISION

Management has always taken a proactive approach to allowance provision reserves. This is a prudent approach to protecting the stability of dividends to shareholders in the event there are any future issues with any of the investments

within the Corporation's investment portfolio. The impairment provision was increased by \$230,000 during 2016 to \$4,460,000 as at December 31, 2016, and represents 1% of the investment portfolio balance.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation's investment portfolio as at December 31, 2016 are as follows:

- Total gross investment portfolio of \$448,754,633, which is an 11% increase over December 31, 2015.
- Conventional first mortgages, being those first mortgages with loan to values less than 75%, comprise 75.1% of our total portfolio, and total conventional mortgages with loan to values under 75% comprise 85.4% of our total portfolio.
- Approximately 67% of the portfolio matures by December 31, 2017.
- The average face interest rate on the portfolio is 7.83% per annum.
- Regionally, the mortgage portfolio is diversified approximately as follows: Ontario (83%), Alberta (8%), Quebec (5%), and Other (4%).

DIVIDEND AND SHARE PURCHASE PLAN

The Corporation has in place a Dividend Reinvestment Plan (DRIP) and Share Purchase Plan that is available to its Shareholders. The DRIP allows participants to have their monthly cash dividends reinvested in additional shares. The Price paid per share is 97% (if the share price is higher than \$12.95) of the weighted average trading price calculated five trading days immediately preceding each dividend date with no commission cost. Once registered with the Share Purchase Plan, participants have the right to purchase additional shares, totaling no greater than \$12,000 per year and no less than \$250 per month. Shareholders participating pay no commission.

ABOUT THE CORPORATION

Where Mortgage Deals Get Done®

The Corporation, through its mortgage banker, Firm Capital Corporation, is a non-bank lender providing residential and commercial short-term bridge and conventional real estate financing, including construction, mezzanine and equity investments. The Corporation's investment objective is the preservation of Shareholders' equity, while providing Shareholders with a stable stream of monthly dividends from investments. The Corporation achieves its investment objectives through investments in selected niche markets that are under-served by large lending institutions. Lending activities to date continue to develop a diversified mortgage portfolio, producing a stable return to Shareholders. Full reports of the financial results of the Corporation for the year are outlined in the audited financial statements and the related management discussion and analysis of Firm Capital, available on the SEDAR website at www.sedar.com. In addition, supplemental information is available on Firm Capital's website at www.firmcapital.com.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our objectives, our strategies to achieve those objectives, our performance, our mortgage portfolio and our dividends, as well as statements with respect to management's beliefs, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described in our Annual Information Form under "Risk Factors" (a copy of which can be obtained at www.sedar.com), which could cause our actual results and performance to differ materially from the forward-looking statements contained in this circular. Those risks and

uncertainties include, among others, risks associated with mortgage lending, dependence on the Corporation's mic manager and mortgage banker, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters, Shareholder liability and the introduction of new tax rules. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include, among others, that the Corporation is able to invest in mortgages at rates consistent with rates historically achieved; adequate mortgage investment opportunities are presented to the Corporation; and adequate bank indebtedness and bank loans are available to the Corporation. Although the forward-looking information continued in this new release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results and performance will be consistent with these forward-looking statements.

All forward-looking statements in this news release are qualified by these cautionary statements. Except as required by applicable law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For further information, please contact:
Firm Capital Mortgage Investment Corporation
Eli Dadouch
President & Chief Executive Officer
(416) 635-0221

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