



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES Q2/2017 RESULTS

August 8, 2017, TORONTO, CANADA – Firm Capital Mortgage Investment Corporation (the “Corporation”) (TSX FC) today released its financial statements for the three and six months ended June 30, 2017.

HIGHLIGHTS

INCREASE IN PROFIT

Income and profit (referred to herein as “Profit”) for the three months ended June 30, 2017 increased by approximately 7% to \$5,768,234 as compared to \$5,400,573 for the same period in the prior year. Profit for the six months ended June 30, 2017 increased by approximately 23% to \$12,794,950 compared to \$10,415,330 for the six months ended June 30, 2016.

Basic weighted average profit per share for the three months ended June 30, 2017 was \$0.238, compared to \$0.246 per share reported for the same period in 2016. Basic weighted average profit for the six months ended June 30, 2017 was \$0.546, compared to \$0.492 per share reported for the same period in 2016.

REALIZED GAIN ON DISPOSAL OF MARKETABLE SECURITIES AND DEBENTURE PORTFOLIO INVESTMENTS

During the three months ended June 30, 2017, the Corporation sold its debenture portfolio investments for proceeds of \$2,055,161. The Corporation realized a total gain on disposal of debenture portfolio investments of \$239,278 and this amount was reclassified from accumulated other comprehensive income to statements of income.

During the three months ended June 30, 2017, the Corporation sold part of its marketable securities investments for proceeds of \$454,896. The Corporation realized a total gain on disposal of marketable security investments of \$74,796 and this amount was reclassified from accumulated other comprehensive income to the statements of income.

PORTFOLIO GROWTH

The Corporation’s investment portfolio (the “Investment Portfolio”) as at June 30, 2017 increased by \$40.7 million to approximately \$489.5 million compared to \$448.8 million as at December 31, 2016 (before the impairment provision of \$5.09 million and \$4.46 million respectively).

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 June 30, 2017 represents an annualized return on shareholders’ equity (based on the month end average shareholders’ equity in the quarter) of 8.74%, which is 780 basis points per annum over the average one year Government of Canada Treasury bill yield of 0.94%.

COMPLETION OF A CONVERTIBLE DEBENTURE OFFERING

On June 27, 2017, the Corporation completed a public offering of 26,500 5.30% convertible unsecured subordinated debentures at a price of \$1,000 per debenture for gross proceeds of \$26,500,000. The debentures mature on August 31, 2024 and interest is paid semi-annually. The debentures are convertible at the option of the holder at any time prior to the maturity date at a conversion price of \$15.25.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation’s investment portfolio as at June 30, 2017 are as follows:

- Total gross investment portfolio of \$489,486,704, which is a 9% increase over December 31, 2016.

- Conventional first mortgages, being those first mortgages with loan to values less than 75%, comprise 71% of our total portfolio, and total conventional mortgages, with loan to values under 75%, comprise 83% of our total portfolio.
- Approximately 64% of the portfolio matures by June 30, 2018.
- The average face interest rate on the portfolio is 7.92% per annum.
- Regionally, the portfolio is diversified approximately as follows: Ontario (86%), Quebec (4%), Alberta (5%), and Other (5%).
- 244 of the 259 investments are individually less than \$7.5 million with 209 investments being less than \$2.5 million:

Amount	Number of Investments	Total Amount (before provision)		
\$0 - \$2,500,000	209	80.7%	\$ 175,521,674	35.9%
\$2,500,001 - \$5,000,000	30	11.6%	103,580,876	21.2%
\$5,000,001 - \$7,500,000	5	1.9%	33,374,273	6.8%
\$7,500,001 +	15	5.8%	177,009,881	36.1%
	259	100%	\$ 489,486,704	100%

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 of the Corporation. A 3% discount will apply if the weighted average trading share price, calculated five trading days immediately preceding each dividend date, is higher than \$14.10 with no commission cost. Once registered under the Share Purchase Plan, participants have the right to purchase additional shares, totaling no greater than \$12,000 per year with a minimum of \$250 per month. Participating shareholders pay no commission for shares issued from treasury.

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. The Corporation is a Mortgage Investment Corporation (MIC) as defined in the Income Tax Act (Canada). Accordingly, the Corporation is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder. 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 Corporation, available on the SEDAR website at www.sedar.com. In addition, supplemental information is available on Corporation’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 the Corporation’s 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 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.

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