



**FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION**

TSX Symbol FC

**FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES YEAR END AND Q4/2017 RESULTS**

March 20, 2018, 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, 2017.

**2017 HIGHLIGHTS**

- Portfolio growth of 25% to \$561.5 million
- Revenue growth of 21.7% to \$43.9 million
- Profit growth of 17% to \$24.8 million
- Weighted average portfolio interest increased by 26 bps to 8.09%
- Declared dividend increase to \$1.006 per share versus \$0.996 for the prior year
- Public offering of 1,633,000 common shares for gross proceeds of \$23 million, including over-allotment
- Public offering of convertible unsecured subordinated debentures for gross proceeds of \$26.5 million
- Majority of the holders of the \$31 million 5.75% debentures have elected to receive \$21 million in shares in connection with the early redemption

**PROFIT**

Income and profit (referred to herein as “Profit”) for the three months ended December 31, 2017 of \$6,122,600 represents approximately a 14% increase compared to \$5,368,851 for the same period in the prior year. Profit for the year ended December 31, 2017 of \$24,821,438 represents approximately a 17% increase compared to \$21,190,613 reported for the year ended December 31, 2016.

Basic weighted average profit per share for the three months ended December 31, 2017 was \$0.235, which is 1.7% lower than the \$0.239 per share reported for the three months ended December 31, 2016. Basic weighted average profit per share for the year ended December 31, 2017 was \$1.019, which is 4.8% higher compared to the \$0.972 per share reported for the year ended December 31, 2016.

**DIVIDENDS**

For the fourth quarter and year ended December 31, 2017, the Corporation declared dividends totaling \$0.304 and \$1.006 per share respectively, versus \$0.264 and \$0.966 per share for the fourth quarter and year ended December 31, 2016. The December, 2017 special dividend was 7 cents per share.

**SIGNIFICANT PORTFOLIO GROWTH**

The Corporation’s investment portfolio (the “Investment Portfolio”), as at December 31, 2017 increased by \$111.5 million to approximately \$555.8 million as compared to \$444.3 million as at December 31, 2016 (net of the impairment provision of \$5.70 and \$4.46 million respectively).

**SHORT TERM PORTFOLIO WITH SIGNIFICANT ANNUAL TURNOVER**

In 2017, the Investment Portfolio repayments totaled \$262.1 million with new investments during the year totaling \$374.8 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, 2017 represents an annualized return on shareholders' equity (based on the average of the month end shareholders' equity in the quarter) of 8.58%, representing a return on shareholders' equity of 705 basis points per annum over the average one year Government of Canada Treasury bill yield of 1.53%.

## **PRUDENT IMPAIRMENT PROVISION**

Management has always taken a proactive approach to loan impairment provision. 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 \$1,240,000 during 2017 to \$5,700,000 as at December 31, 2017, and represents 1% of Corporation's assets.

## **INVESTMENT PORTFOLIO DETAILS**

Details on the Corporation's investment portfolio as at December 31, 2017 are as follows:

- Total gross investment portfolio of \$561,501,977, which is an 25% increase over December 31, 2016.
- Conventional first mortgages, being those first mortgages with loan to values less than 75%, comprise 76.1% of our total portfolio, and total conventional mortgages with loan to values under 75% comprise 86.3% of our total portfolio.
- Approximately 74% of the portfolio matures by December 31, 2018.
- The average face interest rate on the portfolio is 8.09% per annum.
- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (87%), Alberta (4%), 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 \$14.10) 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](http://www.sedar.com). In addition, supplemental information is available on Firm Capital's website at [www.firmcapital.com](http://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](http://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.

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