

PRESS RELEASE



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES YEAR ENDED AND Q4/2018 RESULTS

March 13, 2019, TORONTO, CANADA - Firm Capital Mortgage Investment Corporation (the "Corporation") (TSX FC) released its financial statements for the three and twelve months ended December 31, 2018.

YEAR END HIGHLIGHTS

- Profit for the year up 3.7% to \$25.8 million.
- Interest and fees income up 2.1% to \$11.5 million; YTD up 16.4% to \$47.0 million.
- Weighted average portfolio interest rate increased by 49 basis points to 8.58% from December 31, 2017.
- Fourth quarter profit represents an annual return on shareholders' equity of 9.01%.
- Issuance of \$25.0 million of 5.40% convertible debentures maturing June 30, 2025.
- Issuance of \$25.0 million of 5.50% convertible debentures maturing January 31, 2026.

PROFIT

For the three month period ended December 31, 2018, income and profit (referred to herein as "Profit") was \$6,097,699 largely in line to the \$6,122,660 reported for the three months ended December 31, 2017. For the year ended December 31, 2018, income and profit increased to \$25,750,696 compared to \$24,821,438 reported for the year ended December 31, 2017.

Basic weighted average profit per share for the three months ended December 31, 2018, was \$0.233 compared to the \$0.235 per share reported for the three months ended December 31, 2017. Basic weighted average profit per share for the year ended December 31, 2018, was \$0.986, which is lower than the \$1.019 per share reported for the year ended December 31, 2017.

The first quarter of 2017 included the recognition of special income in the amount of \$2,737,500 in fees related to non-conventional investments.

PORTFOLIO

The Corporation's investment portfolio (the "Investment Portfolio"), as at December 31, 2018, stood at \$516.0 million which is lower than the \$555.8 million as at December 31, 2017 (net of the principal impairment allowance of \$4.95 million and \$5.70 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 December 31, 2018 represents an annual return on shareholders' equity (based on the average of the month end shareholders' equity in the quarter) of 9.01%, representing a return on shareholders' equity of 770 basis points per annum over the average one year Government of Canada Treasury bill yield of 1.94%.

COMPLETION OF A CONVERTIBLE DEBENTURE OFFERINGS

On November 23, 2018, the Corporation completed a public offering of 25,000 5.50% convertible unsecured subordinated debentures at a price of \$1,000 per debenture for gross proceeds of \$25,000,000. The debentures

mature on January 31, 2026 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 \$14.60.

On June 21, 2018, the Corporation completed a public offering of 25,000 5.40% convertible unsecured subordinated debentures at a price of \$1,000 per debenture for gross proceeds of \$25,000,000. The debentures mature on June 30, 2025 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 \$15.00.

PRUDENT IMPAIRMENT ALLOWANCE

Management has always taken a proactive approach to loan impairment allowance. 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 allowance as at December 31, 2018 stood at \$4,950,000 and represents approximately 1% of Corporation's investment portfolio.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation's investment portfolio as at December 31, 2018 are as follows:

- Total gross investment portfolio of \$520,944,509, which is lower than the \$561,501,977 reported at December 31, 2017.
- Conventional first mortgages, being those first mortgages with loan-to-values less than 75%, comprise 77% of the total portfolio, and total conventional mortgages with loan-to-values less than 75%, comprise 85% of the total portfolio.
- Approximately 74% of the portfolio matures by December 31, 2019.
- The average face interest rate on the portfolio increased to 8.58% per annum, as compared to 8.09% at December 31, 2017
- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (92%), Quebec (2%), Western Canada (3%), and Other (3%).

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. 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.

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