



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION PROVIDES PORTFOLIO AND ENTITY UPDATE REGARDING COVID-19 AND ITS FINANCIAL STABILITY

TORONTO, ONTARIO - March 26, 2020 - Firm Capital Mortgage Investment Corporation (the "**Corporation**"), (TSX: FC) is issuing this press release regarding the impact of COVID-19 and information on the financial stability of the Corporation.

Over the past several weeks, the COVID-19 pandemic has driven business, market and economic turmoil to unprecedented levels. The Corporation has a solid 21 year track record of delivering consistently attractive returns to shareholders and a strong financial position in the marketplace since its IPO in 1999. Nevertheless, the negative impact on global markets, as well as policies and regulations implemented by various national authorities have had a negative effect on the Corporation's stock price, alongside many other similar companies in the market place. Like other publicly traded stocks, the Corporation has been impacted by the general downturn in stock market prices.

We would like to assure shareholders that the Corporation has been taking proactive action to mitigate the impact of COVID-19 on our business. As stated in our prior correspondence to our shareholders, we have been proactive in recycling our capital into new investments and have maintained over the past 24 months significant liquidity.

The Corporation remains confident in our financial position to mitigate the short and long-term challenges of COVID-19. From a portfolio perspective, as at March 26, 2020, we provide to you the following update:

- **Portfolio:** The investment portfolio is approximately \$521.6 million, which is an +8% increase over the \$480.9 million reported as at December 31, 2019. Further:
 - The investment portfolio is comprised of a diverse group of 184 investments for an average gross investment size of approximately \$2.8 million, thus preventing any one investment from materially negatively impacting the Corporation;
 - 8.1% weighted average face interest rate on all investments;
 - 88% of the investments have floating interest rates with a floor rate. This captures the upside in a rising interest rate environment, while preventing downside in a declining interest rate environment;
 - Approximately 69% of the portfolio matures by March 2021 thus allowing the Corporation the opportunity to be repaid and or re-underwrite into new investments;
 - Approximately 13% of the Corporation's investment portfolio is in commercial mortgage assets at a conservative 52% weighted loan-to-value (based on

appraisals obtained at the time of underwriting). Further, there is no hospitality or business-related real estate exposure; and

- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (88%), Quebec (3%), Alberta (1%), British Columbia (1%), Saskatchewan (2%) and Other (5%);
- **Conservative Investment Portfolio:** The investment portfolio is conservative, with 71% of the portfolio invested in conventional first mortgages, and 7% in conventional non-first mortgages, with a weighted average loan-to-value of approximately 60% (based on appraisals obtained at the time of underwriting). Further, the Corporation has only 3% in three non-conventional mortgages secured by multi-residential and residential properties;
- **Loan Loss Reserves:** The Corporation has in excess of 1% or \$5.5 million of its investment portfolio set up as a loan loss reserve thus protecting shareholders in the event of loan losses;
- **Strong Balance Sheet:** The balance sheet remains strong with a Debt/Equity ratio of only 0.22 : 1 (without convertible debentures) or 0.66 : 1 (with convertible debentures);
- **No Near-Term Debt Maturities:** The Corporation's next debt maturity is its FC.DB.E 5.3%, \$24.0 million convertible debenture due May 31, 2022. As such, the Corporation has no near-term debt maturities. Further, the Corporation has the current option to repay the convertible debenture early at Par with no penalty, thus providing the Corporation the flexibility to repay early with any cash on its balance sheet;
- **Cash Availability:** The Corporation is currently sitting on approximately \$68 million of availability on its credit facility plus capital from its syndicate funding partners. It should be noted that the Corporation does not have a syndicated bank credit facility and does not have multiple banks involved in its credit facility. The Corporation has worked with the same bank since the 1999 IPO;
- **NAV Per Share:** As at December 31, 2019; the Corporation's NAV was \$11.08 per share; and
- **Highly Experienced Senior Management and Board of Directors:** The Corporation has a highly experienced senior management team and board of directors with a combined 100+ years industry experience in managing debt and real estate throughout various real estate cycles. Further, the senior management team and board of directors have a strong alignment of interests through the direct investment in assets along-side investors.

Please feel free to contact any member of senior management with questions or comments.

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.

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