

PRESS RELEASE



**FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION**

**TSX Symbol FC**

**FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES Q3/2020 RESULTS AND BOARD OF DIRECTORS CHANGES**

November 5, 2020, TORONTO, CANADA – Firm Capital Mortgage Investment Corporation (the “Corporation”) (TSX FC, FC.DB.E, FC.DB.F, FC.DB.G, FC.DB.H, FC.DB.I and FC.DB.J) released its financial statements for the three and nine months ended September 30, 2020.

**INCOME**

For the three-month period ended September 30, 2020, income decreased to \$5,931,168 as compared to \$7,687,174 reported for the three months ended September 30, 2019. Excluding the non-recurring, non-cash share-based compensation expense of \$901,497 recorded in the current quarter, adjusted income for the three months ended September 30, 2020 was \$6,832,665, which is in line with the reported income for the three months ended June 30, 2020, of \$6,867,497.

For the nine months ended September 30, 2020, income decreased to \$19,035,107 (excluding the share-based compensation expense \$19,936,601) as compared to \$21,323,068 for the nine months ended September 30, 2019.

**EARNINGS PER SHARE**

Basic weighted average profit per share for the three months ended September 30, 2020, was \$0.207 compared to the \$0.273 per share reported for the three months ended September 30, 2019. Excluding share-based compensation expense, as outlined above, the basic weighted average earnings per share for the three months ended September 30, 2020 was \$0.238, which is in line with the reported basic weighted average earnings per share for the three months ended June 30, 2020, of \$0.239.

Basic weighted average profit per share for the nine months ended September 30, 2020 was \$0.664. Excluding share-based compensation expense, as outlined above, the basic weighted average profit per share was \$0.696 compared to the \$0.771 per share reported for the nine months ended September 30, 2019.

**PORTFOLIO**

The Corporation’s investment portfolio increased by \$25.7 million to \$506.6 million as at September 30, 2020, in comparison to \$480.9 million as at December 31, 2019 (in each case, gross of impairment provision). The impairment provision as at September 30, 2020 was \$5.58 million (December 2019 - \$5.48 million). There was a strong level of new investment funding during the first nine months of 2020 in the amount of \$269.8 million (2019 - \$167.4 million), and repayments were at \$244.1 million (2019 - \$221.0 million), resulting in an increase to the investment portfolio size.

## **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. Income for the three months ended September 30, 2020, represents an annual return on shareholders' equity (based on the average of the month end shareholders' equity in the quarter) of 7.44%, representing a return on shareholders' equity of 722 basis points per annum over the average one year Government of Canada Treasury bill yield of 0.22%.

## **PRUDENT IMPAIRMENT ALLOWANCE**

Management has always taken a proactive approach to the Corporation's 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 September 30, 2020 stood at \$5,579,000, which represents approximately 1% of Corporation's investment portfolio at that date.

## **INVESTMENT PORTFOLIO DETAILS**

Details on the Corporation's investment portfolio as at September 30, 2020 are as follows:

- Total gross investment portfolio of \$506,620,438 which is higher than the \$480,925,143 reported at December 31, 2019.
- Conventional first mortgages, being those first mortgages with loan-to-values less than 75%, comprise 71.4% of the total portfolio, and total conventional mortgages with loan-to-values less than 75%, comprise 78.0% of the total portfolio.
- Approximately 26% of the portfolio matures by December 31, 2020, with 83% maturing on or before December 31, 2021.
- The average face interest rate on the portfolio is 8.31% per annum, as compared to 8.49% at December 31, 2019.
- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (86.3%), Quebec (3.5%), Western Canada (9.8%), and USA (0.4%).

There have been no material signs of deterioration in the Investment Portfolio to date. Borrower repayment performance has remained consistent with pre-COVID-19 performance and no payment deferral arrangements have been implemented.

## **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.

For the three and nine months ended September 30, 2020, the Corporation declared dividends on the Shares totaling \$6,716,397 and \$20,133,662, respectively, or \$0.234 and \$0.702 per Share versus \$6,586,683 and \$19,414,352, respectively, or \$0.234 and \$0.702 per Share for the three and nine months ended September 30, 2019. The number of Shares outstanding at September 30, 2020 was 28,702,970, compared to 28,148,534 at September 30, 2019.

## **BOARD OF DIRECTORS CHANGES**

The Corporation is announcing the appointment of Michael Warner to the Board of Directors. Michael first joined Firm Capital Corporation in 1995 and is its Senior Vice President of Mortgage Lending. Michael's vast experience in all aspects of real estate and real estate credit will be an added benefit to the Corporation. Michael is replacing Edward Gilbert, who has resigned as a Director. Edward has been an integral part of the Corporation since it went public in 1999. First as its Chief Operating Officer for a number of years, along with being a Director. Edward has also been integral in the development of the mortgage business through the mortgage banker and will continue to participate in that capacity going forward.

## 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-serviced 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 unaudited interim condensed consolidated financial statements and the related management discussion and analysis of the Corporation, available on the SEDAR website at [www.sedar.com](http://www.sedar.com). In addition, supplemental information is available on the Corporation'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 investment 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 current 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 news release.

Those risks and uncertainties include, among others, risks associated with the impact of existing or future waves of the COVID-19 pandemic, 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; adequate bank indebtedness and bank loans are available to the Corporation; and a non-material impact resulting from the COVID-19 pandemic. Although the forward-looking information contained in this news 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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