

PRESS RELEASE



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES Q3/2019 RESULTS

November 5, 2019, TORONTO, CANADA – Firm Capital Mortgage Investment Corporation (the “Corporation”) (TSX FC) released its financial statements for the three and nine months ended September 30, 2019.

THIRD QUARTER AND YEAR-TO-DATE (YTD) HIGHLIGHTS

- Profit up 10.9% to \$7.7 million; YTD up 8.5% to \$21.3 million.
- Revenues down 1.3% to \$12.2 million; YTD up 1.4% to \$36.3 million.
- The investment portfolio decreased by \$53.5 million to \$467.4 million as at September 30, 2019, in comparison to \$520.9 million as at December 31, 2018 (gross of the impairment allowance).
- Profit for the quarter represents an annualized return on shareholders’ equity of 9.82%.

PROFIT

For the three-month period ended September 30, 2019, income and profit (referred to herein as “Profit”) increased to \$7,687,174 as compared to \$6,930,678 reported for the three months ended September 30, 2018. For the nine month period ended September 30, 2019, Profit increased to \$21,323,068 as compared to \$19,652,997 reported for the nine months ended September 30, 2018.

Basic weighted average profit per share for the three months ended September 30, 2019 was \$0.273, which is greater than the \$0.265 per share reported for the three months ended September 30, 2018. Basic weighted average profit per share for the nine months ended September 30, 2019 was \$0.771, which is greater than the \$0.753 per share reported for the nine months ended September 30, 2018.

PORTFOLIO

The Corporation’s investment portfolio (the “Investment Portfolio”) decreased to \$461.9 million as at September 30, 2019 in comparison to \$515.9 million as at December 31, 2018 (net of the impairment allowance of \$5.48 and \$4.95 million respectively). While there was a strong level of new investments funding in the third quarter of 2019 of \$78.5 million (third quarter of 2018 – \$48.0 million), repayments were very large at \$150.5 million (third quarter of 2018 – \$73.2 million). This repayment level was higher than usual and has resulted in the decrease in the investment portfolio size.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation’s investment portfolio as at September 30, 2019 are as follows:

- Total gross investment portfolio of \$467,355,815, is lower than the \$520,944,509 reported at December 31, 2018 (gross of the impairment allowance of \$5,480,000 and \$4,950,000 respectively).
- The weighted average face interest rate on the Corporation’s Investment Portfolio decreased marginally to 8.53% per annum as at September 30, 2019 compared to 8.58% per annum as at December 31, 2018.
- Conventional first mortgages, being those first mortgages with loan-to-values less than 75%, comprise 70.5% of the total portfolio, and total conventional mortgages with loan-to-values less than 75%, comprise 79.1% of the total portfolio.
- Approximately 78.4% of the portfolio matures by September 30, 2020 and 90.1% matures on or before December 31, 2020.

- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (91.1%), Quebec (2.1%), Western Canada (3.9%), and Other (2.9%).

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 three months ended September 30, 2019 represents an annualized return on shareholders' equity (based on the average of the month end shareholders' equity in the quarter) of 9.82%, representing a return on shareholders' equity of 808 basis points per annum over the average one year Government of Canada Treasury bill yield of 1.74%.

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 September 30, 2019, stands at \$5,480,000 (December 31, 2018 - \$4,950,000) and represents approximately 1% of the Corporation's investment portfolio.

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 in the Share Purchase Plan pay no commission. Regular monthly cash dividends for 2018 equaled \$0.078 per month, for a total \$0.936 per share, which, together with the year-end Special Dividend of \$0.05, represents total cash dividends for 2018 of \$0.986 per share.

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 previous year are outlined in the audited financial statements and the related management discussion and analysis of the Corporation, available on the SEDAR website at www.sedar.com. In addition, supplemental information is available on the Company'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 release. 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 contained in this 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 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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