

PRESS RELEASE



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES YEAR ENDED AND Q4/2019 RESULTS

March 18, 2020, TORONTO, CANADA – Firm Capital Mortgage Investment Corporation (the “Corporation”) (TSX FC) released its financial statements for the three and twelve months ended December 31, 2019.

YEAR END HIGHLIGHTS

- Income for the year is up 8.7% to \$28.0 million.
- Fourth quarter income is up 9.5% to \$6.7 million.
- Income for the year represents an annual return on shareholders’ equity of 9.09%.
- Equity offering of \$23.0 million (including \$3.0 million over-allotment).
- Equity offering, non-brokered private placement, of \$2.8 million.

INCOME

For the three-month period ended December 31, 2019, income increased by 9.5% to \$6,678,983 as compared to \$6,097,699 reported for the three months ended December 31, 2018. For the year ended December 31, 2019, income increased by 8.7% to \$28,002,051 compared to \$25,750,696 reported for the year ended December 31, 2018.

Basic weighted average income per share for the three months ended December 31, 2019, was \$0.237 compared to the \$0.233 per share reported for the three months ended December 31, 2018. Basic weighted average income per share for the year ended December 31, 2019, was \$1.008, which is higher than the \$0.986 per share reported for the year ended December 31, 2018.

PORTFOLIO

The Corporation’s investment portfolio as at December 31, 2019, stood at \$475.4 million which is lower than the \$516.0 million as at December 31, 2018 (net of the principal impairment allowance of \$5.48 million and \$4.95 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. For the quarter ended December 31, 2019, the annualized return on shareholders’ equity (based on the average of the month end shareholders’ equity in the quarter) of 8.51%, representing a return on shareholders’ equity of 675 basis points per annum over the average one year Government of Canada Treasury bill yield of 1.76%.

For the year ended December 31, 2019, the annualized return on shareholders’ equity (based on the average of the month end shareholders’ equity in the quarter) of 9.09%, representing a return on shareholders’ equity of 733 basis points per annum over the average one year Government of Canada Treasury bill yield of 1.76%.

COMPLETION OF EQUITY OFFERINGS

On March 1, 2019, the Corporation completed an equity offering of 1,520,000 common shares at a price of \$13.20 per share for gross proceeds of \$20,064,000. The over-allotment option was exercised in full and the Corporation issued an additional 228,000 shares at a price of \$13.20 per share for gross proceeds of \$3,009,600. The total shares issued was 1,748,000.

On May 15, 2019, the Corporation completed a non-brokered private placement of 209,630 common shares at a price of \$13.20 per share for gross proceeds of \$2,767,116.

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, 2019 stood at \$5,480,000 and represents approximately 1% of the Corporation's investment portfolio.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation's investment portfolio as at December 31, 2019 are as follows:

- Total gross investment portfolio of \$480,925,143, which is lower than the \$520,944,509 reported at December 31, 2018.
- Conventional first mortgages, being those first mortgages with loan-to-values less than 75%, comprise 70.0% of the total portfolio, and total conventional mortgages with loan-to-values less than 75%, comprise 79.0 of the total portfolio.
- Approximately 76.0% of the portfolio matures by December 31, 2020.
- The average face interest rate on the portfolio, as at December 31, 2019, is 8.49%.
- Regionally, the mortgage investment portfolio is diversified approximately as follows: Ontario (93.0%), Quebec (2.7%), Western Canada (3.7%), and Other (0.6%).

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.

SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Corporation continues to monitor the investment portfolio and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Corporation is uncertain.

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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