

PRESS RELEASE



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

TSX Symbol FC

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION ANNOUNCES YEAR ENDED AND Q4/2020 RESULTS

March 10, 2021, 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 twelve months ended December 31, 2020.

INCOME

For the three-month period ended December 31, 2020, income increased to \$7,318,366, as compared to \$6,678,983 reported for the three months ended December 31, 2019.

For the year ended December 31, 2020, income decreased to \$26,353,473, as compared to \$28,002,051 for the year ended December 31, 2019. Excluding the non-recurring, non-cash share-based compensation expense of \$906,131 recorded during 2020, adjusted income for the year ended December 31, 2020 was \$27,259,604.

EARNINGS PER SHARE

Basic weighted average profit per share for the three months ended December 31, 2020 was \$0.249, as compared to the \$0.237 per share reported for the three months ended December 31, 2019.

Basic weighted average profit per share for the twelve months ended December 31, 2020 was \$0.913 (excluding share-based compensation expense it was \$0.945) as compared to \$1.008 for the year ended December 31, 2019.

PORTFOLIO

The Corporation’s investment portfolio increased by \$78.1 million to \$559.0 million as at December 31, 2020, in comparison to \$480.9 million as at December 31, 2019 (in each case, gross of impairment provision). Most of the portfolio growth took place late in the year. The impairment provision as at December 31, 2020 was \$5.61 million (December 2019 - \$5.48 million). There was a strong level of new investment funding during 2020 in the amount of \$399.4 million (2019 – \$260.2 million), and repayments during the year were \$321.5 million (2019 – \$300.3 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. For the quarter ended December 31, 2020, the annualized return on shareholders’ equity (based on the average of the month end shareholders’ equity in the quarter) of 8.77%, representing a return on shareholders’ equity of 857 basis points per annum over the average one-year Government of Canada Treasury bill yield of 0.20%.

For the year ended December 31, 2020, the return on shareholders’ equity (based on the month end average shareholders’ equity in the year) of 8.18%, representing a return on shareholders’ equity of 798 basis points per annum over the per annum over the average one-year Government of Canada Treasury bill yield of 0.20%.

PRUDENT IMPAIRMENT ALLOWANCE

Management has always taken a proactive approach to the Corporation's loan impairment allowance. This is a prudent approach that provides stability of dividends to our shareholders in the event there are any future issues with any of the loans within the Corporation's investment portfolio. The impairment allowance as at December 31, 2020 stood at \$5,609,000, which represents approximately 1% of Corporation's investment portfolio at that date.

INVESTMENT PORTFOLIO DETAILS

Details on the Corporation's investment portfolio as at December 31, 2020 are as follows:

- Total gross investment portfolio of \$559,007,922, 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 70.9% of the total portfolio, and total conventional mortgages with loan-to-values less than 75%, comprise 78.0% of the total portfolio.
- Approximately 73.3% of the portfolio matures by December 31, 2021.
- The average face interest rate on the portfolio is 8.20% per annum, as compared to 8.49% at December 31, 2019.
- Regionally, the investment portfolio is diversified approximately as follows: Ontario (82.2%), Western Canada (14.1%), Quebec (3.3%), and USA (0.4%).

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 months and year ended December 31, 2020, the Corporation declared dividends on the common shares totaled \$7,297,147 and \$27,430,809, respectively, or \$0.249 and \$0.944 per share, versus \$8,587,699 and \$28,002,051, respectively, or \$0.304 and \$1.006 per share for the three months and year ended December 31, 2019. The number of common shares outstanding at December 31, 2020 was 30,843,166, as compared to 28,334,972 at December 31, 2019.

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 consolidated 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 Corporation'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 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), 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.

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