



PRESS RELEASE

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION (TSX Symbol FC)

FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION PROVIDES UPDATE ON ITS INVESTMENT PORTFOLIO, BALANCE SHEET POSITION, AND TRADING METRICS

TORONTO, September 19, 2023 (GLOBE NEWSWIRE) -- Firm Capital Mortgage Investment Corporation (the "Corporation") (TSX FC, FC.DB.G, FC.DB.H, FC.DB.I, FC.DB.J, FC.DB.K and FC.DB.L) is issuing this press release to update shareholders on the Investment Portfolio (the "Portfolio"), corporate balance sheet position and trading metrics:

INVESTMENT PORTFOLIO HIGHLIGHTS

The Corporation specializes in providing bridge mortgage financing that entails seeing the Portfolio revolve and re-deployed into new investments based on new valuations:

- The Portfolio as of today stands at approximately \$587 million spread over 237 separate investments;
- 95% of the Portfolio have variable interest rates and are priced to be the greater of: (i) Bank Prime plus a spread ("**Base Rate**"), and (ii) a fixed rate that in most cases equals to the Base Rate. As such, the Corporation captures the upside in interest rates increases, while never going below the Base Rate in a recessionary environment when interest rates decline. As proof of this strategy, the average face interest rate on the Portfolio has increased to 11.16% per annum;
- The Portfolio has been reduced from a peak of approximately \$681 million (June 30, 2022) to \$587 million. This has been accomplished entirely through net repayments of approximately \$94 million. Senior management of the Corporation welcomes this Portfolio reduction as it confirms the ability to be repaid upon maturity and the ability to re-invest this incoming cash in the current environment amidst reset valuations;
- Approximately 85% of the Portfolio matures by December 31, 2024, of which 36% matures by December 31, 2023. This will allow the Corporation to further roll the cash into new investments;
- In the past 12 months, we had \$291 million in new transactions, signifying a fresh cash outflow into investments. Additionally, around \$110 million of existing investments were re-underwritten, while \$361 million was returned in repayments. This once again confirms the ability to be repaid upon maturity and re-invest this incoming cash in the current inflationary environment; and
- Of the \$587 million making up of the current Portfolio, approximately 87% was either re-underwritten or newly funded during 2022 and 2023. Only approximately 13% of the Portfolio is associated with investments that were underwritten or newly funded in 2021 or prior, which is a mitigating risk factor regarding valuations (see chart below).

163 Cartwright Avenue, Toronto, Ontario M6A 1V5 Tel: 416-635-0221

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(in \$ millions)

| 2020 or Prior | 2021 | 2022 | 2023 YTD | Total |
|------------------|--------|---------|-------------|---------|
| \$16.0 | \$59.8 | \$219.7 | \$291.1 | \$586.6 |
| 2.7% | 10.2% | 37.5% | 49.6% | 100% |

The portfolio's revolving nature demonstrates the successful implementation of our bridge financing strategy.

CORPORATE BALANCE SHEET POSITION / LIQUIDITY

The Corporation is well positioned to take advantage of new lending opportunities in a market whereby credit at major financial institutions and other alternative lenders has pulled back. We tend to flourish in these markets – dictating loan security, credit quality and sponsorship:

1. The Corporation has approximately \$15.5 million of cash on deposit;
2. The Corporation has an undrawn credit facility of \$180 million;
3. Debt as a percentage of the Portfolio stands at a conservative 34%;
4. The Corporation has a 5.2%, \$22.5 million convertible unsecured debentures (TSX : FC.FB.G) expiring on December 31, 2023 that it intends to redeem from cash on its balance sheet prior to or on maturity; and
5. The Corporation has a prudent impairment allowance 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 Portfolio. The allowance for impairment and fair value adjustment as of June 30, 2023 was \$16.5 million which represents approximately 2.8% of the current Portfolio.

SHARES TRADING AT A 11% DISCOUNT OR 0.9X TO NET ASSET VALUE ("NAV")

The Corporation has an adjusted NAV of \$11.33/share. This represents an 11% discount to the current trading price of \$10.00/share. Alternatively, the Corporation's common shares are trading at 0.9x of NAV.

9.5% DIVIDEND YIELD

Based on the current trading price, the Corporation has a 9.5% dividend yield. Further, the Corporation has paid consistent monthly cash dividends plus a year-end Special Dividend since inception in 1999.

It will be the intention of the Corporation to provide this reporting on a regular basis.

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

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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. 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 Corporation 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 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 mortgage lending, dependence on the Corporation's manager and mortgage banker, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters, and shareholder liability. 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 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

Boutique Mortgage Lenders®



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