TERRA FIRMA

Terra Firma Capital Corporation Reports Financial Results for the Third Quarter Ended September 30, 2018 and Intention to Launch New Normal Course Issuer Bid

74% Growth in Loans and Mortgage Investments Year Over Year
95% Growth in Loan and Mortgage Syndications Year Over Year
33% Growth in Quarterly Revenue Year Over Year

All amounts are stated in Canadian dollars.

TORONTO, Nov. 16, 2018 -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, today released its financial results for the three and nine months ended September 30, 2018 and its intention to launch a new normal course issuer bid.

THIRD QUARTER 2018 HIGHLIGHTS:

- Principal balance of loan and mortgage investments increased by 74.1% or $71.1 million from $96.0 million at September 30, 2017 to $167.1 million at September 30, 2018.
- Principal balance of loan and mortgage syndications increased by 94.9% or $49.9 million from $52.5 million at September 30, 2017 to $102.4 million at September 30, 2018.
- Total revenue for the third quarter ended September 30, 2018 amounted to $4.8 million, as compared to $3.6 million the same period last year, an increase of 32.6%. Total revenue for the nine months ended September 30, 2018 amounted to $12.5 million, an increase of $800,000 or 7.0%, from the same period in the prior year.
- Allowance of loan and mortgage investment loss for the quarter ended September 30, 2018 amounted to $3,000,000, compared to $nil for the same period last year.
- Net loss and comprehensive loss for the quarter ended September 30, 2018 amounted to $1,878,000, ($(0.03) on a basic and diluted per share basis) as compared to a net income and comprehensive income of $36,000 ($0.00 on a basic and diluted per share basis) for the quarter ended September 30, 2017. Adjusted net income and comprehensive income (a non-IFRS financial measure, see "Non-IFRS Financial Measures" below) for the quarter ended September 30, 2018 amounted to $837,000 ($0.01 on a basic and diluted per share basis) before recognizing a foreign exchange loss and allowance for loan and mortgage investment and uncollectible receivable losses, an increase of $319,000, compared to adjusted net income and comprehensive income of $518,000 ($0.01 on a basic and diluted per share basis) for the quarter ended September 30, 2018.
- Net income and comprehensive income for the nine months ended September 30, 2018 amounted to $281,000, ($0.01 on a basic and diluted per share basis) as compared to $635,000, ($0.01 on a basic and diluted per share basis) for the same period ended September 30, 2017. Adjusted net income and comprehensive income (a non-IFRS financial measure) for the nine months ended September 30, 2018 amounted to $1,668,000 ($0.03 on a basic and diluted per share basis) before recognizing a foreign exchange loss and allowance for loan and mortgage investment and uncollectible receivable losses, an increase of $86,000, compared to adjusted net income and comprehensive income of $1,582,000 ($0.03 on a basic and diluted per share basis) for the nine months ended September 30, 2018.

"We made significant progress towards our strategic objectives this quarter, increasing loan investments and syndication activities and securing up to $40 million in additional liquidity by closing on a new US loan facility. Despite continued improvement of our core results, the allowance for loan and investment loss and foreign exchange loss have led to a loss this quarter," commented Glenn Watchorn, President and Chief Executive Officer. "The credit quality of our loan portfolio continued to improve during the first nine months of 2018 with only one remaining loan in default which is expected to be substantially repaid in Q4. We continue to identify and invest in new attractive opportunities consistent with our investment strategy and expect to further grow our origination volume in the fourth quarter," he further said.

Results of operations – three and nine months ended September 30, 2018

Net loss and comprehensive loss in the third quarter ended September 30, 2018 was $1,878,000 or $0.03 loss per basic and diluted share compared to a net income of $36,000 or $0.00 per basic and diluted share, in the third quarter ended September 30, 2017. Net income and comprehensive income for the nine months ended September 30, 2018 was $280,627 or $0.01 per basic and diluted share compared to $635,000 or $0.01 per basic and diluted share, for the nine months ended September 30, 2017. The decrease in net income was primarily due to an allowance for loan and mortgage investment loss due to the uncertainty and timing related to a recovery of a loan mortgage investments in arrears, an increase in interest expense from the Company's revolving operating facility, loan and mortgage syndications and higher share based compensation. Adjusted net income and comprehensive income (a non-IFRS financial measure) for the quarter ended September 30, 2018 amounted to $837,000 ($0.01 on a basic and diluted per share basis) before recognizing a foreign exchange loss and allowance for loan and mortgage investment and uncollectible receivable losses. Adjusted net income and comprehensive income (a non-IFRS financial measure) for the nine months ended September 30, 2018 amounted to $1,668,000 ($0.03 on a basic and diluted per share basis) before recognizing a foreign exchange loss and allowance for loan and mortgage investment and uncollectible receivable losses.

Interest and fee income for the third quarter ended September 30, 2018 aggregated $4.7 million, approximately the same compared to $3.6 million for the same period last year. Interest and fee income for the nine months ended September 30, 2018 aggregated $12.4 million, an increase of 7.1% from the $11.5 million in the same period in the previous year. The increase in interest and fee revenue was primarily due to the additional loan investments funded subsequent to September 30, 2017.

Interest and financing costs for the third quarter ended September 30, 2018 were $2.7 million, compared to $1.9 million for the same period last year. Interest and financing costs for the nine months ended September 30, 2018 were $7.2 million, compared to $6.6 million for the comparative period last year. The increase in interest and financing costs was primarily due to an increase in loan syndications and full utilization of the Company's revolving operating facility.

The company's principal balance of loan and mortgage investments increased by 40.4% from $119.0 million at December 31, 2017 to $167.1 million at September 30, 2018. The average interest rate on the loan and mortgage investments at September 30, 2018 was 14.0%, compared to 14.1% at December 31, 2017 and September 30, 2017.

The company's loan and mortgage syndications increased from $63.3 million at December 31, 2017 to $102.4 million at September 30, 2018, an increase of 61.8%. The average interest rate on the loan and mortgage syndications at September 30, 2018 was 10.4%, compared to 10.2% at December 31, 2017 and 10.4% at September 30, 2017.

General and administrative expenses for the quarter ended September 30, 2018 was $765,000 compared to $697,000 for the same period last year. General and administrative expenses for the nine months ended September 30, 2018 was $2.4 million compared to $2.3 million for the same period last year. The increase in general and administrative expenses was primarily due to increase in professional fees relating to legal and accounting.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and nine months ended September 30, 2018 have been filed and are available under the Company's profile on SEDAR (www.sedar.com).

Intention to Launch New Normal Course Issuer Bid (NCIB)

The Company intends to file with the TSX Venture Exchange (the "TSX-V") a notice of intention to commence a new NCIB during the fourth quarter of 2018. If this notice is accepted by the TSX-V, the Company expects to be permitted to repurchase for cancellation, at its discretion during the 12 months following such acceptance, up to 10% of the "public float" (calculated in accordance with the rules of the TSX-V) of the Company's issued and outstanding shares. Purchases under the NCIB, if accepted, will be conducted in the open market or as otherwise permitted, subject to the terms and limitations to be applicable to such NCIB, and will be made through the facilities of the TSX-V. The Company believes that an NCIB is in the interest of the Company and constitutes a desirable use of its funds.

Non-IFRS Measures

This press release refers to certain financial measures, such as adjusted net income and comprehensive income and adjusted net income per share, which are not measures defined under International Financial Reporting Standards ("**IFRS**") as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income or other measures of financial performance calculated in accordance with IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company's financial statements and disclosed herein because the Company believes they are of assistance in the understanding of the operational and financial performance of the Company. Adjusted net income and comprehensive income is calculated as net income and comprehensive income plus tax adjusted foreign exchange losses and allowance for loan and mortgage investment and uncollectible receivable losses, while adjusted net income per share and adjusted diluted net income per share are calculated as adjusted net income and comprehensive income divided by the weighted average number of outstanding common shares of the Company and weighted average diluted number of outstanding common shares of the Company, respectively. For further details of these non-IFRS measures, including a reconciliation to the most directly comparable IFRS financial measures, refer to the Company's Management's Discussion & Analysis as at and for the three and nine months ended September 30, 2018, at "Non-IFRS Measures".

About Terra Firma

Terra Firma is a full service, publicly traded real estate finance company that provides real estate financings secured by investment properties and real estate developments throughout Canada and the United States. The Company focuses on arranging and providing financing with flexible terms to real estate developers and owners who require shorter-term loans to bridge a transitional period of one to five years where they require capital at various stages of development or redevelopment of a property. These loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the redevelopment is complete, or from proceeds generated from the sale of the real estate assets. Terra Firma offers a full spectrum of real estate financing under the guidance of strict corporate governance, clarity and transparency. For further information please visit Terra Firma's website at www.tfcc.ca.

The TSX-V has neither approved nor disapproved the contents of this press release. The TSX-V does not accept responsibility for the adequacy or accuracy of this press release.

This Press Release contains forward-looking statements with respect matters concerning the business, operations, strategy and financial performance of Terra Firma, including the funding of outstanding originated loans (and expected performance and timing thereof), future profit growth, and realization of matters covered by current letters of intent (and timing thereof). These statements generally can be identified by use of forward-looking word such as "may", "will", "expects", "estimates", "anticipates", "intends", "believe" or "could" or the negative thereof or similar variations. The future business, operations and *performance of Terra Firma could differ materially from those expressed or implied by such statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including the matters covered by the non-binding letter of intent are not completed or that originated loans are not realized, as well as risks relating to market factors, competition, and dependence on tenants' financial conditions, environmental and tax related matters, and reliance on key personnel, as well other risks discussed in Terra Firma's materials filed with Canadian securities regulatory authorities from time to time under Terra Firma's profile at www.sedar.com, including the risks discussed in its Management's Discussion & Analysis as at and for the three and nine months ended September 30, 2018, at "Risks and Uncertainties" and risks discussed in Terra Firma's Annual Information Form dated March 28, 2018. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including that the originated loans are funded, remain in good standing and are repaid in full at maturity, the general economy, local real estate conditions and interest rates are stable, the absence of significant changes in government regulation, and the continued availability of equity and debt financing. There can be no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The cautionary statements qualify all forward-looking statements attributable to Terra Firma and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this Press Release and Terra Firma does not assume any obligation to update such statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.*

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Terra Firma Capital Corporation
Consolidated Statements of Income and Comprehensive Income
For the three and nine months ended September 30, 2018 and 2017
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue				
Interest and fees	$ 4,730,797	$ 3,554,940	$ 12,352,493	$ 11,537,889
Rental	50,441	50,444	151,329	151,332
	4,781,238	3,605,384	12,503,822	11,689,221
Expenses				
Property operating costs	17,321	17,157	51,908	51,645
General and administrative	765,453	697,048	2,354,534	2,260,822
Share based compensation	52,694	352,813	282,163	560,701
Interest and financing costs	2,723,596	1,868,118	7,245,260	6,643,052
Loss on sale of portfolio investment	-	-	224,212	-
Allowance for loan and mortgage investment loss	3,000,000	-	3,000,000	-
Allowance for uncollectible receivables	(161,355)	-	(161,355)	-
Realized and unrealized foreign exchange gain	855,929	655,851	(1,025,271)	1,289,347
	7,253,638	3,590,987	11,971,451	10,805,567
Income (loss) from operations before income taxes	(2,472,400)	14,397	532,371	883,654
Income taxes	(594,193)	(21,941)	251,744	248,820

Net income (loss) and comprehensive income (loss)	$ (1,878,207)	$ 36,338	$ 280,627	$ 634,834
Net income (loss) and comprehensive income (loss) attributable to:				
Common shareholders	(1,878,207)	36,338	335,268	634,834
Non-controlling interest	-	-	(54,641)	-
	$ (1,878,207)	$ 36,338	$ 280,627	$ 634,834
Earnings (loss) per share				
Basic	$ (0.03)	$ 0.00	$ 0.01	$ 0.01
Diluted	$ (0.03)	0.00	0.01	0.01

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at September 30, 2018 and December 31, 2017

	September 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 4,719,526	$ 2,691,049
Funds held in trust	5,903,298	3,014,606
Amounts receivable and prepaid expenses	1,880,471	1,463,310
Loan and mortgage investments	162,272,100	117,166,221
Investment in finance lease	2,525,800	-
Investment property held in joint operations	2,208,694	2,208,694
Portfolio investments	2,515,720	13,575,623
Investment in associates	2,927,842	2,927,842
Income taxes recoverable	297,823	300,667
Deferred income tax asset	-	126,283
Total assets	$ 185,251,274	$ 143,474,295
Liabilities		
Accounts payable and accrued liabilities	$ 8,917,772	$ 6,236,233
Unearned income	1,880,029	1,505,576
Deferred income tax liability	229,131	-
Credit facilities	19,618,274	18,965,205
Loan and mortgage syndications	102,366,418	63,299,522
Mortgages payable	1,439,275	1,469,844
Total liabilities	134,450,899	91,476,380
Equity		
Share capital	$ 31,316,570	$ 32,864,287
Contributed surplus	3,842,956	3,573,406
Retained earnings	15,640,849	15,305,581
Shareholders' equity	50,800,375	51,743,274
Non-controlling interest	-	254,641
Total equity	50,800,375	51,997,915
Total liabilities and equity	$ 185,251,274	$ 143,474,295