

**For Immediate Release**

## **TERRA FIRMA CAPITAL CORPORATION UPDATE ON URBANCORP MATTERS**

TORONTO, ONTARIO, October 29, 2018 -- Terra Firma Capital Corporation (TSX-V: TII) ("Terra Firma" or the "Company"), a real estate finance company, provides the following update on various matters related to its loans in default with entities controlled or related to Urbancorp Inc. and its principals (the "Borrower"):

### **Potential Litigation**

A Trustee appointed by the Court in Israel is pursuing an action against the Borrower and certain professional advisors in connection with a bond offering in Israel in 2015 (the "Proceeding"). The Trustee recently filed a motion to add the Company and Mr. Dov Meyer, former CEO and the current Executive Vice Chairman of the Company, as additional defendants in the Proceeding. The Company believes the proposed claims are without merit and will oppose any action should the motion be accepted by the Court.

### **Status of Defaulted Loans**

At June 30, 2018, the Company had a balance of defaulted loans net of allowances previously taken of \$12.1 million.

Of this amount, the Company wishes to announce that it is in the process of collecting \$8.3 million, \$7.3 million of which is expected to be received over the next 45 days and the remainder to be collected over the next 30 months. This is in addition to \$800,000 that was already received on September 27, 2018 from another project for a total recovery of \$9.1 million. The balance of the Company's exposure (totaling \$3.0 million receivable from other security) is being pursued through the claims process, however, the Company has decided to set up an allowance for the entire remaining amount due to the uncertainty and timing related to a resolution.

### **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](http://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.

*Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. 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, 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. Forward- looking statements are based on a number of assumptions which may prove to be incorrect, including that 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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