

Terra Firma Capital Corporation Reports First Quarter 2019 Financial Results

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39% GROWTH IN QUARTERLY REVENUE YEAR-OVER-YEAR

24% GROWTH IN LOAN AND MORTGAGE INVESTMENTS YEAR-OVER-YEAR

49% GROWTH IN LOAN AND MORTGAGE SYNDICATIONS YEAR-OVER-YEAR

All amounts are stated in United States dollars

TORONTO, May 15, 2019 -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, today announced its financial results for the three month period ended March 31, 2019.

Effective January 1, 2019, the Company changed its presentation currency from the Canadian dollar to the United States dollar, as significant percentage of the Company's investments, revenues, expenses and cash flows are denominated in the United States dollars. The change in presentation currency reduces the impact of fluctuations in exchange rates on reported results and provides shareholders with a more accurate reflection of the Company's underlying performance. As such, unless otherwise noted, all dollar amounts are stated in United States dollars.

FIRST QUARTER 2019 HIGHLIGHTS:

- Revenues for the three months ended March 31, 2019 were \$3,906,439, an increase of \$1,102,203, or 39%, compared to \$2,804,236 for the same period in 2018.
- Loan and mortgage investments at March 31, 2019 amounted to \$121.3 million, representing an increase of \$23.5 million or 23.9% when compared to March 31, 2018.
- Loan and mortgage syndications at March 31, 2019 totaled \$79.0 million, representing an increase of \$24.8 million or 48.5% when compared to March 31, 2018.
- Net income and comprehensive income attributable to common shareholders for the three months ended March 31, 2019 was \$297,166 (\$0.01 on a basic and diluted per share basis), an increase of \$95,401, compared to \$201,765 (\$0.00 on a basic and diluted per share basis) for the same period last year.

"Terra Firma made substantial strides over the 12 months ended March 31, 2019 as well as more recently. Our revenue has increased significantly, our originations have accelerated since the beginning of the year and Urbancorp is now firmly in our rear view mirror. With the recent expansion of a lower cost credit facility, we are now well positioned to not only fund our growing pipeline but also lower our related costs and increase earnings," commented Glenn Watchorn, President and Chief Executive Officer of Terra Firma Capital Corporation. "The Company remains focused on its expansion into the United States and now has 90% of its portfolio invested in ten U.S. markets. Terra Firma has firmly established its track record of success in the U.S. and continues to build on its large network of developers and intermediaries to grow future originations," added Mr. Watchorn.

Results of operations – three months ended March 31, 2019

Net income and comprehensive income for the three months ended March 31, 2019 was \$297,166 or \$0.01 per basic and diluted share, compared to \$201,765 or \$0.00 per basic and diluted share, in the same period last year.

Interest and fee income for the three months ended March 31, 2019 totaled \$3,868,489, compared to \$2,764,354 in the same period in 2018, representing an increase of \$1,104,135 on a year-over-year basis. The weighted average interest rate of loan and mortgage investments at March 31, 2019 and December 31, 2018 was 13.7%, compared to 14.1% at March 31, 2018. The Company's principal balance of loan and mortgage investments was \$121.3 million as at March 31, 2019, compared to \$122.2 million at December 31, 2018 and \$98.2 million at March 31, 2018.

Interest and financing expense for the first quarter ended March 31, 2019 was \$2,306,753, compared to \$1,615,007 for the same period in 2018. The principal balance of the Company's loan and mortgage syndications increased from \$75.9 million at December 31, 2018 to \$79.0 million at March 31, 2019. The weighted average interest rate in the loan and mortgage syndications at March 31, 2019 and December 31, 2018 was 10.2%, compared to 10.5% at March 31, 2018.

General and administrative expenses for the three months ended March 31, 2019 was \$781,238 compared to \$565,668 for the same period last year. General and administrative expenses for the three months ended March 31, 2018 includes \$180,000 of legal fees relating to loans in arrears.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three month period ended March 31, 2019 (the "**MD&A**") have been filed and are available under the Company's profile on SEDAR (www.sedar.com).

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 in Canada and throughout 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.

Non-IFRS Financial Measures

This press release refers to certain financial measures, such as adjusted net income and comprehensive income and adjusted earnings 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 profit/loss 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.

Adjusted net income

Adjusted net income is calculated as net income excluding net foreign exchange gain or loss, net of tax. Adjusted earnings per share, basic or diluted, is calculated as adjusted net income divided by the weighted average number of common shares, basic or diluted. The Company uses adjusted net income and adjusted earnings per share to measure its performance from one period to the next, without the variation caused by the impact net foreign exchange gain or loss. The Company excludes this item because it affects the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding this item does not imply it is necessarily non-recurring.

In calculating adjusted net income and comprehensive income, the following items are adjusted (as applicable), irrespective of materiality:

- I. foreign exchange gains/losses related to the Company's net U.S. dollar denominated net assets;
- II. impairment losses/reversals;
- III. net gains/losses on the disposal of equity accounted investments;
- IV. other unusual one one-time items; and
- V. the income tax impact of the items listed above.

These items are excluded from adjusted net income and comprehensive income because the Company believes that inclusion of such items affects the comparability of the Company's financial results, period-over-period, and could potentially distort the analysis of trends in the operational and financial performance of the Company.

For a reconciliation of adjusted net income and comprehensive income to net income and comprehensive income, see "Financial Performance" in the Company's Management Discussion & Analysis.

Adjusted earnings per share for the period is a non-IFRS financial measure used by the Company to describe adjusted net income and comprehensive income, divided by the basic and fully diluted number of shares outstanding

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.

Forward-Looking Information

This Press Release contains forward-looking statements with respect matters concerning the business, operations, strategy and financial performance of Terra Firma, and Terra Firma's ability to continue to attract capital for future growth. These statements generally can be identified by use of forward looking word such as "may", "will", "expects", "estimates", "indicates" "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 any non-binding letters of intent that are not completed, 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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Terra Firma Capital Corporation
Consolidated Statements of Income and Comprehensive Income

For the three months period ended March 31, 2019 and 2018
 (Unaudited)

	Three months ended	
	March 31, 2019	March 31, 2018
Revenue		
Interest and fees	\$ 3,868,489	\$ 2,764,354
Rental	37,950	39,882
	3,906,439	2,804,236
Expenses		
Property operating costs	13,053	13,651
General and administrative	781,238	565,668
Share based compensation	327,832	21,329
Interest and financing costs	2,306,753	1,615,007
Realized and unrealized foreign exchange gain	56,534	248,481
	3,485,410	2,464,136
Income from operations before income taxes	421,029	340,100
Income taxes	123,863	138,335
Net income and comprehensive income	\$ 297,166	\$ 201,765
Earnings per share		
Basic	\$ 0.01	\$ 0.00
Diluted	0.01	0.00

Terra Firma Capital Corporation
Consolidated Statements of Financial Position

As at March 31, 2019 and December 31, 2018
 (Unaudited)

	March 31, 2019	December 31, 2018

Assets

Cash and cash equivalents	\$	10,079,078	\$	7,731,379
Funds held in trust		1,261,205		1,095,669
Amounts receivable and prepaid expenses		1,148,326		1,013,935
Loan and mortgage investments		120,796,089		121,675,979
Investment in finance lease		3,293,665		2,819,915
Right-of-use asset		295,142		-
Investment property held in joint operations		1,654,576		1,619,633
Portfolio investments		1,935,042		1,911,574
Investment in associates		2,193,304		2,146,984
Convertible note receivable		749,120		-
Income taxes recoverable		236,936		195,225
Deferred income tax assets		60,960		-
Total assets	\$	143,703,443	\$	140,210,293

Liabilities

Accounts payable and accrued liabilities	\$	4,163,035	\$	3,618,067
Lease obligations		295,436		-
Unearned income		985,870		1,303,162
Deferred income tax liabilities		-		33,376
Credit facilities		19,320,653		19,464,106
Loan and mortgage syndications		78,979,830		75,906,550
Mortgages payable		1,062,057		1,047,809
Total liabilities		104,806,881		101,373,070

Equity

Share capital	\$	26,238,648	\$	26,533,950
Contributed surplus		3,321,863		3,264,388
Cumulative translation adjustment		(3,663,314)		(3,663,314)
Retained earnings		12,999,365		12,702,199
Total equity		38,896,562		38,837,223
Total liabilities and equity	\$	143,703,443	\$	140,210,293