Terra Firma Capital Corporation Reports Fourth Quarter & Full Year 2018 Financial Results

42% GROWTH IN LOANS AND MORTGAGE INVESTMENTS YEAR OVER YEAR
64% GROWTH IN LOAN AND MORTGAGE SYNDICATIONS YEAR OVER YEAR
63% GROWTH IN QUARTERLY REVENUE YEAR OVER YEAR

All amounts are stated in Canadian dollars

TORONTO, March 28, 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 and twelve month periods ended December 31, 2018.

FY 2018 Highlights:

- Loan and mortgage investments at December 31, 2018 amounted to $165.9 million, representing an increase of $48.8 million or 42.0% when compared to December 31, 2017.

- Revenues increased by $2.8 million or 18.5% to $17.5 million, compared to $14.7 million last year.

- Loan and mortgage syndications at December 31, 2018 totaled $103.5 million, representing an increase of $40.2 million or 64% when compared to December 31, 2017.

- Net income and comprehensive income attributable to common shareholders increased by 85.4% to $2.8 million, compared to $1.5 million last year. Basic and diluted earnings per share for the year is $0.05, compared to basic and diluted earnings per share of $0.02 last year. Adjusted net income and comprehensive income (a non-IFRS financial measure see "Non-IFRS Financial Measures" below) for the year ended December 31, 2018 amounted to $2.5 million ($0.04 on a basic and diluted per share basis), compared to adjusted net income and comprehensive income of $2.4 million ($0.04 on a basic and diluted per share basis) for the year ended December 31, 2017.

- During the year, the Company repurchased and cancelled 5,236,014 shares for a total cash consideration of $3.1 million (average price of $0.59 per share), compared to 2,391,400 shares repurchased and cancelled for a total cash consideration of $1.6 million (average price of $0.67 per share) during the same period in 2017.

- During the year ended December 31, 2018, the Company provided an allowance for loan and mortgage investments of $3.0 million and an allowance for uncollectible receivables of $186,000, relating to certain loan and mortgage investments that are in arrears, compared to an allowance for loan and mortgage investments of $931,000 and an allowance for uncollectible receivables of $1.6 million for the quarter ended December 31, 2017.

- Book value per share was $0.88 as at December 31, 2018, compared to $0.81 as at December 31, 2017.

Q4 2018 Highlights:

- Revenue for the three months ended December 31, 2018 was $5.0 million, compared to $3.0 million for the same period last year, representing an increase of $1.9 million or 63.0%.

- Interest and financing costs for the three months ended December 31, 2018 was $3.1 million, compared to $1.9 million for the same period last year, representing an increase of $1.2 million or 59.7%.

- Net income and comprehensive income attributable to common shareholders for the three months ended December 31, 2018 was $2.5 million, an increase of $1.6 million, compared to $889,000 for the same period last year. Adjusted net income and comprehensive income (a non-IFRS financial measure, see "Non-IFRS Financial Measures" below) for the three months ended December 31, 2018 amounted to $709,000 ($0.01 on a basic and diluted per share basis), a decrease of $128,000, compared to adjusted net income and comprehensive income of $837,000 ($0.01 on a basic and diluted per share basis) for the same period last year.

- During the three months ended December 31, 2018, the Company provided an allowance for uncollectible receivables of $347,000, relating to certain loan and mortgage investments that are in arrears, compared to an allowance for loan and mortgage investments of $931,000 and an allowance for uncollectible receivables of $1.6 million for the three months ended December 31, 2017.

"We are very pleased with the progress that the Company has made over the course of 2018. Our loan investments and syndications grew by 40% over the year to a new record high, and our syndications grew by 64% over the year also reaching new record highs. The resulting yields and related spreads will have a continued inherent positive effect on our earnings per share. We were also able to secure a new US line of credit with Texas Capital Bank which will help to fund future asset growth at rates that will further enhance our yields. The Company continued its expansion into the U.S. with 86% of its investment portfolio in projects located in the U.S. as at year end and continued to improve the quality of its investment portfolio with 86%

in 1st mortgages as at year end," commented Glenn Watchorn, President and Chief Executive Officer of Terra Firma Capital Corporation. "Given the quality of our portfolio and the Company's potential for continued growth both in assets and earnings, the Company has been buying back its shares at steep discounts to the book value which was at $0.88 per share at year end. We expect to continue to repurchase our shares pursuant to the normal course issuer bid so long as they remain such a bargain."

Results of operations

Revenue for the three months ended December 31, 2018 totaled $5.0 million, compared to revenue for the three months ended December 31, 2017 of $3.0 million, representing an increase of $1.9 million on a year-over-year basis. Revenue for the year ended December 31, 2018 totaled $17.5 million, compared to revenue for the year ended December 31, 2017 of $14.7 million, representing an increase of $2.8 million on a year-over-year basis.

Interest and fee income for the three months ended December 31, 2018 aggregated to $4.9 million, an increase of $1.9 million compared to the $3.0 million in the same period in the previous year. Interest and fee income for the year ended December 31, 2018 aggregated to $17.3 million compared to interest and fee income for the year ended December 31, 2017 of $14.5 million, representing an increase of $3.0 million over last year.

Interest and financing expense for the three months ended December 31, 2018 and 2017 were $3.1 million and $1.9 million, respectively. Interest expense for the year ended December 31, 2018 was $10.3 million, compared to $8.6 million for the year ended December 31, 2017.

During the quarter ended December 31, 2018, the Company provided an allowance for uncollectible receivables of $347,000, relating to certain loan and mortgage investments in arrears.

Net income and comprehensive income attributable to common shareholders for the three months ended December 31, 2018 was $2.5 million or $0.04 per basic and diluted share compared to $889,000 or $0.01 per basic and diluted share for the same period last year. Net income and comprehensive income attributable to common shareholders for the year ended December 31, 2018 was $2.8 million or $0.05 per basic and diluted share compared to $1.5 million or $0.02 per basic share and diluted share for the year ended December 31, 2017.

General and administrative expenses for the year ended December 31, 2018 was $3.6 million compared to $3.3 million for the year ended December 31, 2017.

The principal balance of the Company's loan and mortgage investments (net of allowance for credit losses) increased from $117.1 million at December 31, 2017 to $165.9 million at December 31, 2018, an increase of 42.0%, primarily due to funding of loan and mortgage investments of $79.7 million, which increase was partially offset by repayments of $38.0 million. The weighted average effective interest rate of the mortgage investment portfolio at December 31, 2018 was 13.7% compared to 14.1% at December 31, 2017.

The principal balance of the Company's loan and mortgage syndications increased from $63.3 million at December 31, 2017 to $103.5 million at December 31, 2018, an increase of $40.2 million or 63.5%. The weighted average effective interest rate of the loan and mortgage syndications at December 31, 2018 and 2017 was 10.2%.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the year ended December 31, 2018 have been filed and are available 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.

Additionally, in 2018 the Company changed the composition of certain of its non-IFRS financial measures to include certain additional adjustments not previously captured, because the Company believes that such newly revised non-IFRS measures are of greater assistance than its previously used measures in helping investors to understand the operational and financial performance of the Company. Accordingly, the non-IFRS measures used in this press release (including in respect of any comparative period, which have been restated using the updated methodology) will not be comparable to such measures as previously reported by the Company in prior periods

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-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 and years ended December 31, 2018 and 2017
(Unaudited)

	Three months ended		Years ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenue				
Interest and fees	$ 4,906,065	$ 2,990,889	$ 17,258,558	$ 14,528,778
Rental	50,443	50,443	201,772	201,775
	4,956,508	3,041,332	17,460,330	14,730,553
Expenses				
Property operating costs	17,320	17,157	69,228	68,802
General and administrative	1,263,082	1,067,353	3,617,616	3,328,175
Share based compensation	(309,607)	(103,952)	(27,444)	456,749
Interest and financing costs	3,077,709	1,927,763	10,322,969	8,570,815
Provision for loan and mortgage investment loss	137,059	1,591,883	3,137,059	1,591,883
Provision for uncollectible receivables	347,495	931,478	186,140	931,478
Realized and unrealized foreign exchange gain	(2,908,375)	(191,422)	(3,933,646)	1,097,925
Gain on conversion of interest in joint operation	-	(2,402,996)	-	(2,402,996)
Fair value adjustment - portfolio investments	(75,866)	(412,616)	(75,866)	(412,616)
Loss on redemption of portfolio investment	-	-	224,212	-
Share of income from investment in associates	-	(612,428)	-	(612,428)
	1,548,817	1,812,220	13,520,268	12,617,787
Income from operations before income taxes	3,407,691	1,229,112	3,940,062	2,112,766
Income taxes	917,387	340,141	1,169,131	588,961
Net income and comprehensive income	$ 2,490,304	$ 888,971	$ 2,770,931	$ 1,523,805
Net income and comprehensive income attributable to:				
Common shareholders	2,490,304	888,971	2,825,572	1,523,805
Non-controlling interest	-	-	(54,641)	-
	$ 2,490,304	$ 888,971	$ 2,770,931	$ 1,523,805
Earnings per share				
Basic	$ 0.04	$ 0.01	$ 0.05	$ 0.02
Diluted	0.04	0.01	0.05	0.02

Terra Firma Capital Corporation

Consolidated Statements of Financial Position

As at December 31, 2018 and 2017

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 10,543,289	$ 2,691,049
Funds held in trust	1,494,940	3,014,606
Amounts receivable and prepaid expenses	1,347,626	1,463,310
Loan and mortgage investments	165,929,535	117,166,221
Investment in finance lease	3,845,519	-
Investment property held in joint operations	2,208,694	2,208,694
Portfolio investments	2,591,586	13,575,623
Investment in associates	2,927,842	2,927,842
Income taxes recoverable	178,292	300,667
Deferred income tax assets	-	126,283

Total assets	$	191,067,323	$	143,474,295
Liabilities				
Accounts payable and accrued liabilities	$	4,933,963	$	6,236,233
Unearned income		1,777,129		1,505,576
Deferred income tax liabilities		1,026,987		-
Credit facilities		26,560,237		18,965,205
Loan and mortgage syndications		103,513,760		63,299,522
Mortgages payable		1,428,897		1,469,844
Total liabilities		139,240,973		91,476,380
Equity				
Share capital	$	29,801,466	$	32,864,287
Contributed surplus		3,893,731		3,573,406
Retained earnings		18,131,153		15,305,581
Shareholders' equity		51,826,350		51,743,274
Non-controlling interest		-		254,641
Total equity		51,826,350		51,997,915
Total liabilities and equity	$	191,067,323	$	143,474,295