



For Immediate Release

TERRA FIRMA CAPITAL CORPORATION ANNOUNCES SECOND QUARTER 2019 FINANCIAL RESULTS

30% GROWTH IN REVENUE YEAR OVER YEAR
111% GROWTH IN ADJUSTED NET INCOME⁽¹⁾ YEAR OVER YEAR

All amounts are stated in United States dollars

TORONTO, ONTARIO, August 23, 2019-- 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 six-month periods ended June 30, 2019.

Financial Highlights:

- Principal balance of loan and mortgage syndication increased by 2.8% to \$69.2 million, year over year
- Aggregate Investments⁽²⁾ increased by 4.3% to \$125.8 million, year over year
- Revenue for the second quarter increased by 22.4% to \$4.0 million, from the same period in the prior year
- Net income and comprehensive income for Q2 2019 is \$867,000, or \$0.01 per basic and diluted share
- Adjusted net income⁽¹⁾ and comprehensive income increased by \$393,000, or 110.7% year over year
- Earnings per share for Q2 2019 amounted to \$0.01 (basic and diluted)
- Quarterly dividend of \$0.005 per share declared

"I am extremely pleased with our revenue and earnings growths in the second quarter which is a net result of the capital we have deployed across a number of very high quality projects during the past number of quarters. As expected, we had strong originations during the first half of the year, which will further the trend of income growth in the future," commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation. "In addition to a loan investment of \$9.0 million which was funded subsequent to quarter-end, we had over \$40.0 million of unfunded commitments at the end of the quarter, a substantial portion of which we expect to fund during the second half of the year. These commitments will be funded partially by our previously announced credit facility with a US Bank as well as from our pool of syndicated investors. Further, our loan pipeline has strengthened over the past couple of months, and this together with the unfunded commitments supports our expectation of significant growth in our investment portfolio by year end. Given our level of confidence in the business and our ability to steadily grow earnings (now at CDN\$0.02 for the quarter), we recently declared a cash dividend for the third quarter of 2019."

Results of operations – three and six months ended June 30, 2019

Net income attributable to common shareholders in the second quarter ended June 30, 2019 was \$867,000 or \$0.01 per basic and diluted share compared to \$1,492,000 or \$0.02 per basic and diluted share, in the second quarter ended June 30, 2018. The decrease in net income attributable to common shareholders was primarily due to, decrease in realized and unrealized foreign exchange gain, an increase in interest and financing costs and an increase in general and administrative expenses, which aggregate amount was partially offset by an increase in interest and fee income, decrease in share based compensation.

Net income attributable to common shareholders for the six months ended June 30, 2019 was \$1,165,000 or \$0.02 per basic and diluted share compared to \$1,694,000 or \$0.03 per basic and diluted share for the six months ended June 30, 2018. The decrease in net income was primarily due to a realized and unrealized foreign exchange loss compared to a realized and unrealized foreign exchange gain for the six months ended June 30, 2018, an increase in share based compensation, an increase in interest and financing costs, and an increase in general and administrative expenses which aggregate amount was partially offset by an increase in interest and fee income and decrease in realized and not incurring a loss on redemption of portfolio investment.

Adjusted net income⁽¹⁾ attributable to common shareholders for the quarter ended June 30, 2019 of \$748,000 (\$0.01 on a basic and diluted per share basis), increased by \$393,000 compared to adjusted net income of \$355,000 (\$0.01 on a basic and diluted per share basis) for the quarter ended June 30, 2018. Adjusted net income⁽¹⁾ attributable to common shareholders for the six months ended June 30, 2019 of \$1,087,000 (\$0.02 on a basic and diluted per share basis), increased by \$348,000 compared to \$739,000 (\$0.02 on a basic and diluted per share basis) in six months ended June 30, 2018.

Interest and fee income for the second quarter ended June 30, 2019 aggregated \$3,919,000, an increase of 22.7% from the \$3,193,000 for the same period in the previous year. Interest and fee income for the six months ended June 30, 2019 aggregated \$7,787,000, an increase of 30.7% from the \$5,957,000 for the same period in the previous year. The average interest rate on the loan and mortgage investments at June 30, 2019 was 13.4%, compared to 13.7% at December 31, 2018 and 14.0% at June 30, 2018.

Interest and financing costs for the second quarter ended June 30, 2019 were \$2,047,000, compared to \$1,919,000 for the comparative period last year. Interest and financing costs for the six months ended June 30, 2019 were \$4,354,000 compared to \$3,534,000 for the comparative period last year. The increase in interest and financing costs was primarily due to an increase in loan and mortgage syndications and the Company's credit facilities which are being used to fund loan and mortgage investments. The weighted average interest rate in the loan and mortgage syndications at June 30, 2019 was 9.9% compared to 10.2% at December 31, 2018 and 10.4% at June 30, 2018.

General and administrative expenses for the second quarter ended June 30, 2019 was \$794,000 compared to \$673,000 for the same period last year. The increase in general and administrative expenses was primarily due to increase in legal fees. General and administrative expenses for the six months ended June 30, 2019 was \$1,575,000 compared to \$1,239,000 for the same period last year.

The Company's Aggregate Investments⁽²⁾ increased from \$120.5 million at June 30, 2018 to \$125.7 million at June 30, 2019, an increase of 4.3% or \$5.2 million, primarily due to funding of investment in finance leases and equity investments in the real estate projects, which was partially offset by net repayments in loan and mortgage investments.

The principal balance of the Company's loan and mortgage syndications from \$67.3 million at June 30, 2018 to \$69.2 million at June 30, 2019, an increase of \$1.9 million or 2.8%.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2019 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 Investment Portfolio, 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. 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.

- (1) Adjusted net income and comprehensive income, (as well as adjusted net income and comprehensive income attributable to common shareholders, adjusted net diluted income and comprehensive income attributable to common shareholders are calculated by adjusting the following (as applicable), irrespective of materiality:
 - foreign exchange gains/losses related to the Company's net U.S. dollar denominated net assets;
 - impairment losses/reversals;
 - net gains/losses on the disposal of equity accounted investments;
 - other unusual one one-time items; and
 - the income tax impact of the items listed above.
- (2) Aggregate Investments (excluding cash) consists of loan and mortgage investments, investment in finance leases, portfolio investments, investments in associates, convertible note receivables and an investment property held in joint operations.

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, successful implementation of effective currency exchange hedging strategies, the repayment in full of a restructured loan and realization of matters covered by current letters of intent. 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, 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 and six months ended June 30, 2019 and 2018
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue				
Interest and fees	\$ 3,918,877	\$ 3,192,823	\$ 7,787,366	\$ 5,957,177
Rental	37,715	39,067	75,665	78,949
	3,956,592	3,231,890	7,863,031	6,036,126
Expenses				
Property operating costs	12,983	13,415	26,036	27,066
General and administrative	794,121	673,490	1,575,359	1,239,158
Share based compensation	87,034	156,825	414,866	178,154
Interest and financing costs	2,047,496	1,918,639	4,354,249	3,533,646
Provision for loan and mortgage investment loss	(151,900)	-	(151,900)	-
Realized and unrealized foreign exchange gain	(10,379)	(1,720,468)	46,155	(1,471,987)
Loss on redemption of portfolio investment	-	173,646	-	173,646
	2,779,355	1,215,547	6,264,765	3,679,683
Income from operations before income taxes	1,177,237	2,016,343	1,598,266	2,356,443
Income taxes	309,784	524,560	433,647	662,895
Net income and comprehensive income	\$ 867,453	\$ 1,491,783	\$ 1,164,619	\$ 1,693,548
Net income and comprehensive income attributable to:				
Common shareholders	867,453	1,541,112	1,164,619	1,742,877
Non-controlling interest	-	(49,329)	-	(49,329)
	\$ 867,453	\$ 1,491,783	\$ 1,164,619	\$ 1,693,548
Earnings per share				
Basic	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.03
Diluted	0.01	0.02	0.02	0.03

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at June 30, 2019 and December 31, 2018

	June 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$ 3,999,233	\$ 7,731,379
Funds held in trust	4,600,394	1,095,669
Amounts receivable and prepaid expenses	900,721	1,013,935
Loan and mortgage investments	101,425,751	121,675,979
Investment in finance lease	15,640,964	2,819,915
Portfolio investments	4,054,230	1,911,574
Investment in associates	2,235,762	2,146,984
Investment property held in joint operations	1,686,670	1,619,633
Convertible note receivable	763,621	-
Right of use asset	259,508	-
Income taxes recoverable	-	130,741
Total assets	\$ 135,566,854	\$ 140,145,809
Liabilities		
Accounts payable and accrued liabilities	\$ 7,033,284	\$ 3,618,067
Lease obligations	258,391	-
Unearned income	825,195	1,303,162
Income taxes payable	20,132	-
Deferred income tax liabilities	780,016	753,089
Credit facilities	18,126,660	19,464,106
Loan and mortgage syndications	69,222,905	75,906,550
Mortgages payable	1,075,160	1,047,809
Total liabilities	97,341,743	102,092,783
Equity		
Share capital	\$ 25,435,184	\$ 26,533,950
Contributed surplus	3,370,620	3,264,388
Cumulative translation adjustment	(6,885,398)	(6,885,398)
Retained earnings	16,304,705	15,140,086
Total equity	38,225,111	38,053,026
Total liabilities and equity	\$ 135,566,854	\$ 140,145,809