

Terra Firma Capital Reports Q3 2019 Financial Results

**24% GROWTH IN REVENUE YEAR OVER YEAR
48% GROWTH IN ADJUSTED NET INCOME AND COMPREHENSIVE INCOME⁽¹⁾ YEAR OVER YEAR
COMPANY DECLARES Q4 DIVIDENDS**

All amounts are stated in United States dollars unless otherwise indicated.

TORONTO, Nov. 14, 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 nine months ended September 30, 2019, its intention to launch a new normal course issuer bid and the declaration of a cash dividend for the fourth quarter of 2019.

THIRD QUARTER AND YTD 2019 HIGHLIGHTS:

- Revenue for the nine months ended September 30, 2019 increased by 24.1% to \$12.0 million, from the same period in the prior year
- Adjusted net income and comprehensive income⁽¹⁾ increased by \$965,000, or 48.0% year over year Total Investments⁽²⁾ increased by 8.7% to \$141.5 million, since December 31, 2018
- Principal balance of loan and mortgage syndication increased by 9.2% to \$82.9 million, since December 31, 2018
- Revenue for Q3 increased by 13.8% to \$4.2 million from the same period in the prior year
- Net income and comprehensive income for Q3 2019 is \$1,029,000, or \$0.18 (CAD\$0.24) on a basic and diluted per share basis
- Share capital consolidated on the basis of one post-consolidation share for each ten pre-consolidation shares
- Paid initial quarterly dividend of CAD\$0.05 per share to shareholders of record on September 30, 2019 and yesterday declared quarterly dividend of CAD\$0.05 per share for shareholders of record on December 31, 2019
- Book value⁽³⁾ per share at September 30, 2019 was \$6.98 (CAD\$9.21)

"We are pleased to report solid overall results for the third quarter of 2019. The growth in revenue, total investments and loan and mortgage syndications contributed to a significant increase in net income both on a consecutive quarterly and year over year basis," commented Glenn Watchorn, President and Chief Executive Officer. "This past quarter we closed a \$25 million transaction, the largest to date, of which \$12 million was funded and the balance is expected to be funded in Q1 2020. Given our growing pool of syndicate investors and our bank facility, transactions this size or larger are expected to bolster the acceleration of the Company's growth."

Results of operations – three and nine months ended September 30, 2019

Net income and comprehensive income attributable to common shareholders in the third quarter ended September 30, 2019 was \$1,029,000 (or \$0.18 on a basic and diluted per share basis) compared to a net loss of \$1,450,000 (or \$0.24 on a basic and diluted per share basis), in the third quarter ended September 30, 2018. Net income and comprehensive income attributable to common shareholders for the nine months ended September 30, 2019 was \$2,193,000 (or \$0.38 on a basic and diluted per share basis) compared to \$292,000 (or \$0.05 on a basic and diluted per share basis) for the nine months ended September 30, 2018. The increase in net income was primarily due to an increase in interest in finance fees and the recording of recovery of allowance for loan and mortgage investment loss of \$152,000 and no foreign exchange loss, compared to an allowance for loan and mortgage investment loss of \$2,301,000 and foreign exchange loss of \$676,000, incurred in the comparable period in 2018.

Adjusted net income and comprehensive income⁽¹⁾ for the quarter ended September 30, 2019 amounted to \$965,000 (or \$0.17 on a basic and diluted per share basis) before recognizing a foreign exchange loss and allowance for loan and mortgage investment losses. Adjusted net income and comprehensive income⁽¹⁾ for the nine months ended September 30, 2019 amounted to \$647,000 (or \$0.10 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, 2019 aggregated to \$4.1 million, an increase of \$500,000 compared to \$3.6 million for the same period last year. Interest and fee income for the nine months ended September 30, 2019 aggregated to \$11.9 million, an increase of \$2.3 million from the \$9.6 million in the same period in the previous year. The increase in interest and fee revenue was primarily due to the growth in Total Investments⁽²⁾ subsequent to September 30, 2018.

Interest and financing costs for the third quarter ended September 30, 2019 were \$2.4 million, compared to \$2.1 million for the same period last year. Interest and financing costs for the nine months ended September 30, 2019 were \$6.7 million,

compared to \$5.6 million for the comparative period last year. The increase in interest and financing costs was primarily due to an increase in loan syndications and utilization of the Company's credit facilities.

The Company's Total Investments⁽²⁾ increased by 8.7% from \$130.2 million at December 31, 2018 to \$141.5 million at September 30, 2019. The average interest rate on the loan and mortgage investments at September 30, 2019 was 13.2%, compared to 13.7% at December 31, 2018 and 14.0% at September 30, 2018.

The Company's loan and mortgage syndications increased from \$75.9 million at December 31, 2018 to \$82.9 million at September 30, 2019, an increase of 9.2%. The average interest rate on the loan and mortgage syndications at September 30, 2019 was 9.6%, compared to 10.2% at December 31, 2018 and 10.4% at September 30, 2018.

General and administrative expenses for the quarter ended September 30, 2019 was \$671,000 compared to \$586,000 for the same period last year. General and administrative expenses for the nine months ended September 30, 2019 was \$2.2 million compared to \$1.8 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, 2019, have been filed and are available under the Company's profile on SEDAR (www.sedar.com).

Declaration of dividend

On November 13, 2019, the Board of Directors of the Company declared a quarterly dividend of CAD\$0.05 per common share, payable on January 15, 2020, to shareholders of record as of the close of business on December 31, 2019.

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, including adjusted net income and comprehensive income and Total Investments and book value per share, each as described below, 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-time items; and
 - the income tax impact of the items listed above. investment property held in joint operations
2. Total 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.
3. The Company defines book value per share as total shareholders' equity divided by outstanding common shares.

More information on the non-IFRS measures used by the Company can be found in the Company's MD&A.

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 intention to launch a new normal course issuer bid, the projected future our growth of the business and the payment of a Q4 dividend. 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, 2019 and 2018
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue				
Interest and fees	\$ 4,125,476	\$ 3,619,761	\$ 11,912,842	\$ 9,576,938
Rental	38,211	38,597	113,876	117,546
	4,163,687	3,658,358	12,026,718	9,694,484
Expenses (income)				
Property operating costs	13,156	13,253	39,192	40,319
General and administrative	670,802	585,571	2,246,161	1,824,729
Share based compensation	(61,292)	40,320	353,574	218,474
Interest and financing costs	2,384,399	2,083,914	6,738,648	5,617,560
Allowance for loan and mortgage investment loss	-	2,301,143	(151,900)	2,301,143
Allowance for uncollectible receivables	-	(123,767)	-	(123,767)
Realized and unrealized foreign exchange gain	(88,171)	675,783	(42,016)	(796,204)
Loss on sale of portfolio investment	-	-	-	173,646
	2,918,894	5,576,217	9,183,659	9,255,900

Income (loss) from operations before income taxes	1,244,793	(1,917,859)	2,843,059	438,584
Income tax expense (recovery)	215,934	(467,396)	649,581	195,499
Net income (loss) and comprehensive income (loss)	\$ 1,028,859	\$ (1,450,463)	\$ 2,193,478	\$ 243,085
Net income (loss) and comprehensive income (loss) attributable to:				
Common shareholders	1,028,859	(1,450,463)	2,193,478	292,414
Non-controlling interest	-	-	-	(49,329)
	\$ 1,028,859	\$ (1,450,463)	\$ 2,193,478	\$ 243,085

Earnings (loss) per share

Basic	\$ 0.18	\$ (0.24)	\$ 0.38	\$ 0.05
Diluted	0.18	(0.24)	0.38	0.05

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

	September 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$ 3,945,129	\$ 7,731,379
Funds held in trust	3,528,492	1,095,669
Amounts receivable and prepaid expenses	782,434	1,013,935
Loan and mortgage investments	113,156,857	121,675,979
Investment in finance leases	17,967,041	2,819,915
Portfolio investments	5,818,296	1,911,574
Investment in associates	2,146,984	2,146,984
Investment property held in joint operations	1,619,633	1,619,633
Convertible note receivable	786,366	-
Right-of-use asset	211,480	-
Income taxes recoverable	121,834	130,741
Total assets	\$ 150,084,546	\$ 140,145,809
Liabilities		
Accounts payable and accrued liabilities	\$ 5,883,628	\$ 3,618,067
Lease obligations	212,112	-
Unearned income	891,092	1,303,162
Deferred income tax payable	753,174	753,089
Unsecured note payable	3,000,000	-
Credit facilities	16,549,944	19,464,106
Loan and mortgage syndications	82,902,486	75,906,550
Mortgages payable	1,024,025	1,047,809
Total liabilities	111,216,461	102,092,783
Equity		
Share capital	\$ 25,283,343	\$ 26,533,950
Contributed surplus	3,414,824	3,264,388
Foreign currency translation reserve	(6,885,398)	(6,885,398)
Retained earnings	17,055,316	15,140,086

Total equity		38,868,085		38,053,026
Total liabilities and equity	\$	150,084,546	\$	140,145,809