

TERRA FIRMA CAPITAL CORPORATION REPORTS FOURTH QUARTER & FULL YEAR 2019 FINANCIAL RESULTS

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

Full Year 2019 Financial Highlights:

- Revenues increased by 23.9% to \$16.7 million
- Total Investments⁽¹⁾ increased by 9.0% to \$142.4 million
- Loan and mortgage syndication increased by 16.3%
- Adjusted net income and comprehensive income⁽²⁾ increased by 56.4% to \$3.0 million
- Adjusted basic and diluted earnings per share⁽²⁾ increased by 70.3% to \$0.53
- Book Value⁽³⁾ increased by 9.1% to \$7.12 (CAD \$9.50) per share
- CAD\$0.10 per share paid in dividends

Q4 2019 Financial Highlights:

- Revenues increased by 23.3% to \$4.6 million
- Total Investments⁽¹⁾ increased by 0.38% to \$142.4 million
- Loan and mortgage syndication increased by 6.4%
- Adjusted net income and comprehensive income⁽²⁾ increased by 77.9% to \$966,000
- Adjusted basic and diluted earnings per share⁽²⁾ increased by 88.9% to \$0.17
- CAD\$0.05 per share paid in dividends

TORONTO, April 02, 2020 -- 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 months and year ended December 31, 2019.

For the year-ended December 31, 2019, revenues increased 23.9% to \$16.7 million, compared to \$13.4 million for the prior year. The increase in revenues is primarily due to increase in interest and fees of \$1.7 million primarily due to interest and fees of \$1.7 million earned from loan and mortgage investments funded after December 31, 2018 and an increase in interest and fees of \$3.3 million, earned from loan and mortgage investments funded prior to December 31, 2018, the increase is partially offset by interest and fees of \$3.1 million earned on investments repaid after December 31, 2018 and an increase in finance income of \$1.3 million. Overall, interest and fee income increased by 14.2% to \$15.0 million compared to \$13.1 million in 2018. Finance income in 2019 was \$1.5 million, compared to \$153,000 in the prior year. Interest and financing expense in 2019 increased by 15.3% to \$9.2 million, compared to \$7.9 million in 2018, due to primarily due to the increase in loan and mortgage syndications from \$75.9 million at December 31, 2018 to \$88.2 million at December 31, 2019.

As a result of the foregoing, net income and comprehensive income attributable to common shareholders for the year ended December 31, 2019 was \$3.0 million or \$0.54 per basic and diluted share compared to \$2.2 million or \$0.36 per basic share and diluted share for the year ended December 31, 2018.

For the three-month period ended December 31, 2019, revenues increased 23.3% to \$4.6 million, compared to \$3.8 million during the same period in 2018, primarily due to interest and fees of \$1.6 million, earned from new loan and mortgage investments made funded after December 31, 2018, which is partially offset by loss of interest fees income of \$1,173,489 on investments repaid after December 31, 2018 and increase in finance income from finance leases of \$496,000. Interest and fee income increased by 10.1% to \$4.0 million compared to \$3.7 million in 2018. Finance income in 2019 was \$541,000, compared to \$44,000 in the prior year. Interest and financing expense during the same period remained relatively unchanged at \$2.4 million, compared to \$2.3 million in 2018. During the quarter, the Company provided an allowance for loan and mortgage investments of \$226,000 and \$102,000, respectively, relating to certain loan and mortgage investments in arrears.

The net income and comprehensive income attributable to common shareholders for the three months ended December 31, 2019 was \$884,000 or \$0.16 per basic and diluted share compared to \$1.9 million or \$0.32 per basic and diluted share for the same period last year.

"Terra Firma made significant strides in all facets during 2019. The Company increased its assets under management and funded its activities through additional syndicate capital and lower cost debt which ultimately resulted in a significant increase in net income. In addition to our improved financial performance, the Company added to its goodwill by improving its sales channels and technology," commented Glenn Watchorn, President and Chief Executive Officer. "Terra Firma now has an investor portal where our syndicate investors can deal with almost all loan syndication transactions and reporting virtually. While 2019 was a transformative year for the Company and positioned us for strong growth in 2020, the global landscape has changed dramatically with the COVID-19 pandemic. As such, the Company has been working diligently to protect the interests of our shareholders and all other stakeholders while being sensitive to adhere to our civic duty in these difficult and unprecedented times. Given the quality of our portfolio which is largely in first mortgages or wholly-owned assets and the strength and flexibility of our balance sheet with relatively low leverage, we believe that we are well-positioned to weather the storm."

As at December 31, 2019, the Company's Total Investments⁽¹⁾ increased by 8.9% to \$142.4 million versus \$130.7 million at the end of 2018. The weighted average effective interest rate of the loan and mortgage investments at December 31, 2019 was 13.2% compared to 13.7% at December 31, 2018.

The principal balance of the Company's loan and mortgage syndications increased from \$75.9 million at December 31, 2018 to \$88.2 million at December 31, 2019, an increase of \$12.3 million or 16.3%. The weighted average effective interest rate of the loan and mortgage syndications at December 31, 2019 was 9.6% compared to 10.2% at December 31, 2018.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the year ended December 31, 2019 have been filed and are available on SEDAR (www.sedar.com).

Subsequent Events

On January 14, 2020, the Company entered into a \$40,000,000 secured line of credit (the "LOC") with Texas Capital Bank. The LOC replaced the master facility agreement the Company had with Texas Capital for a \$35,000,000 master facility. The LOC provides for an increase in the borrowing limit to \$50,000,000 over time subject to approval by Texas Capital.

On March 11, 2020, the Board declared a quarterly dividend of CAD\$0.05 per common share, payable on April 15, 2020, to shareholders of record as of the close of business on March 31, 2020.

Subsequent to year-end, the evolving pandemic of the novel coronavirus, or COVID-19 is causing significant financial market and social disruption. While the Company engages in emergency preparedness, including business continuity planning, to mitigate risks, and continues to monitor its investments and assess the impact of the pandemic on its business activities, the rapid development and fluidity of this situation limits the Company's ability to predict the ultimate impact on the Company at this time.

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. Total Investments (excluding cash) consists of principal balance 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.
2. 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 which in the current periods are equal to adjusted net income and comprehensive income and adjusted earnings per share 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
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.

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 expectations about the impact of the Coronavirus pandemic on the Company's business. 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 and those risks discussed in the Company's MD&A under the heading "Risks and Uncertainties" and elsewhere in the Company's MD&A and other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time, including, without limitation, risks related to the Coronavirus. 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, 2019 and 2018

(Unaudited)

	Three months ended		Years ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue				
Interest and fees	\$ 4,046,909	\$ 3,671,489	\$15,003,292	\$ 13,139,718
Finance income	540,835	44,024	1,497,294	152,733
Rental	41,844	38,174	155,720	155,720
	4,629,588	3,753,687	16,656,306	13,448,171
Expenses				
Interest and financing costs	2,422,611	2,329,722	9,161,259	7,947,282
General and administrative	1,129,828	950,701	3,375,989	2,775,430
Property operating costs	14,235	13,108	53,427	53,427
Share based compensation	120,594	(234,302)	474,168	(15,828)
Provision for loan and mortgage investment loss	226,108	102,039	74,208	2,403,182
Provision for uncollectible receivables	-	258,707	-	134,940

Realized and unrealized foreign exchange gain	(114,885)	(2,238,783)	(156,901)	(3,034,987)
Fair value adjustment - portfolio investments	(56,124)	(57,413)	(56,124)	(57,413)
Loss on redemption of portfolio investment	-	-	-	173,646
Share of income from investment in associates	(356,435)	-	(356,435)	-
	3,385,932	1,123,779	12,569,591	10,379,679
Income from operations before income taxes	1,243,656	2,629,908	4,086,715	3,068,492
Income taxes	359,377	706,539	1,008,958	902,038
Net income and comprehensive income	\$ 884,279	\$ 1,923,369	\$ 3,077,757	\$ 2,166,454
Net income and comprehensive income attributable to:				
Common shareholders	884,279	1,923,369	3,077,757	2,215,783
Non-controlling interest	-	-	-	(49,329)
	\$ 884,279	\$ 1,923,369	\$ 3,077,757	\$ 2,166,454
Earnings per share				
Basic	\$ 0.16	\$ 0.32	\$ 0.54	\$ 0.36
Diluted	0.16	0.32	0.54	0.36

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

	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$ 1,931,451	\$ 7,731,379
Funds held in trust	1,805,229	1,095,669
Amounts receivable and prepaid expenses	1,520,698	1,013,935
Loan and mortgage investments	116,212,642	121,675,979
Investment in finance leases	17,959,374	2,819,915
Portfolio investments	2,042,937	1,911,574
Investment in associates	3,097,947	2,146,984
Investment property held in joint operations	1,700,303	1,619,633
Convertible note receivable	912,436	-
Right-of-use asset	800,531	-
Income taxes recoverable	247,719	130,741
Total assets	\$148,231,267	\$140,145,809
Liabilities		
Accounts payable and accrued liabilities	\$ 5,344,792	\$ 3,618,067
Lease obligations	913,129	-
Unearned income	692,264	1,303,162
Deferred income taxes payable	450,017	753,089
Unsecured note payable	3,000,000	-
Credit facilities	8,878,839	19,464,106
Loan and mortgage syndications	88,249,414	75,906,550
Mortgages payable	1,067,440	1,047,809
Total liabilities	108,595,895	102,092,783

Equity

Share capital	\$ 25,283,343	\$ 26,533,950
Contributed surplus	3,440,695	3,264,388
Foreign currency translation reserve	(6,885,398)	(6,885,398)
Retained earnings	17,796,732	15,140,086
Total equity	39,635,372	38,053,026
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Total liabilities and equity	\$148,231,267	\$140,145,809