

For Immediate Release**TERRA FIRMA CAPITAL CORPORATION REPORTS
THIRD QUARTER 2020 FINANCIAL RESULTS**

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

TORONTO, ONTARIO, November 18, 2020-- 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-month periods ended September 30, 2020.

Q3 2020 Financial Highlights:

- Total Investments⁽¹⁾ of \$123.7 million
- Book Value⁽²⁾ per share of \$7.28 (CDN\$9.70⁽⁴⁾)
- Paid CDN\$0.05 in quarterly dividend
- Revenues decreased by 1.3% to \$4.1 million
- Adjusted net income and comprehensive income⁽³⁾ decreased 2.6% to \$884,000
- Adjusted basic and diluted earnings per share⁽³⁾ remained the same at \$0.16 (CDN\$0.21⁽⁴⁾)

Update on COVID-19 Response:

- Started to open its office on a limited-scale and voluntary basis
- Commenced origination activities beginning of Q3 2020
- Conducts the current origination activities through virtual meetings, limited employee travel to the U.S., adhering to the quarantining protocols
- Preserved strong balance sheet and ample liquidity with \$3.8 million of cash and \$18.0 million of the available line of credit

"While the U.S. housing sector continues to be one of the few shining stars during the COVID-19 crisis, the benefit to the Company will have a delayed effect given the faster repayments from borrowers experiencing higher sales volumes and the halt in new originations in the first half of the year for precautionary measures. These higher sales volumes are, however, leading to a significant increase in the demand for new housing lots and in turn, financing for new land developments. Consequently, the Company's pipeline of new transactions has increased significantly since the end of Q2 2020, as evidenced by the \$36 million of new originations closed in Q3 2020, of which \$28 million has been funded. However, the total investments is lower due to the net repayments of loan investments and finance leases," commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation. "We continue to follow strong protocols to safeguard our employees and capital during this pandemic and are proceeding with originations using a defensive approach given the inherent economic uncertainty in short to medium term in both the U.S. and Canada. Overall, however, I am very pleased with our Q3 2020 adjusted net income result and am very optimistic that we will be able to grow our assets under management and net income significantly over the next year."

For the three-month period ended September 30, 2020, revenues decreased 1.3% to \$4.1 million, compared to \$4.2 million during the same period in 2019. Interest and fee income decreased by 4.3% to \$3.4 million compared to \$3.6 million in 2019, primarily due to \$1.5 million of loss of interest and fees revenue from loan and mortgage investments repaid after September 30, 2019. The decrease was partially offset by an increase in interest and fees of \$1.2 million from new loans funded subsequent to September 30, 2019, and \$103,000 of additional interest earned from loans existed at September 30, 2019. Finance income increased by 18.2% to \$635,000 from \$537,000, due to an increase in investment in finance leases.

For the nine-month period ended September 30, 2020, revenues decreased 1.3% to \$11.9 million, compared to \$12.0 million during the same period in 2019. Interest and fee income decreased by 10.9% to \$9.8 million compared to \$11.0 million in 2019, primarily due to \$4.8 million of loss of interest and fees revenue from loan and mortgage investments repaid after September 30, 2019. The decrease was partially offset by an increase in interest and fees of \$3.1 million from new loans funded subsequent to June 30, 2019, and \$481,000 of additional interest earned from loans existed at September 30, 2019. Finance income increased by 109.6% to \$2.0 million from \$956,000, due to an increase in investment in finance leases.

Interest and financing expense for the three-month period ended September 30, 2020, decreased by 16.5% to \$2.0 million compared to \$2.4 million in the same period last year.

Interest and financing expense for the nine-month period ended September 30, 2020, decreased by 5.7% to \$6.4 million compared to \$6.7 million in the same period last year.

General and administrative expenses for the three-month period ended September 30, 2020, was \$618,000 compared to \$671,000 for the same period last year. General and administrative expenses for the nine-month period ended September 30, 2020, was \$2.1 million compared to \$2.2 million for the same period last year. The decrease in general and administrative expenses was primarily due to the Company not incurring legal fees relating to a loan that was in arrears.

During the three-month period ended September 30, 2020, the Company provided a recovery of loan and mortgage investment loss of \$18,000 compared to an allowance of nil in the same period last year.

During the nine-month period ended September 30, 2020, the Company provided an allowance for uncollectible receivable of \$161,000 compared to nil in the same period last year and an allowance for loan and mortgage investment loss of \$899,000 compared to a recovery of \$152,000 in the same period last year.

The net income and comprehensive income for the three-month period ended September 30, 2020, was \$1.1 million or \$0.20 per basic and diluted share compared to net income and comprehensive income of \$1.0 million or \$0.18 per basic and diluted share for the same period last year. The net income and comprehensive income for the nine-month period ended September 30, 2020, was \$1.3 million or \$0.24 per basic and diluted share compared to net income and comprehensive income of \$2.2 million or \$0.38 per basic and diluted share for the same period last year. The net income for the three and nine months period was impacted primarily by an additional provision for loan investment and other receivable losses, the share of loss from investment in associates, along with the unrealized foreign exchange losses from the devaluation of the Canadian dollar and resulting increase in provision for income for the purposes of Canadian taxes.

The Company's Total Investments⁽²⁾ at September 30, 2020, was \$123.7 million, compared to \$141.5 million at September 30, 2019, a decrease of 12.6% or \$17.8 million, primarily due to net repayments in loan and mortgage investments, which was partially offset by net fundings in investment in finance leases. The Company ceased all origination activities during the first half of the year due to the COVID-19 pandemic. The Company commenced origination activities beginning of Q3 2020. During the three-month period ended September 30, 2020, the Company's Total Investments⁽²⁾ increased by \$6.8 million, primarily due to fundings of loan and mortgage investments and investment in finance leases of \$35.0 million, which was partially offset by repayments of loan and mortgage investments and investment in finance leases of \$28.3 million.

The principal balance of the Company's loan and mortgage syndications from \$82.9 million at September 30, 2019 to \$69.5 million at September 30, 2020, decreased by \$13.4 million or 16.2%.

With the presence of COVID-19, the Company foresees an opportunity to finance distressed assets. The Company intends to create a debt fund to take advantage of this opportunity. The Company expects the debt fund to be operational in Q4 2020.

The Company's Management's Discussion & Analysis and Financial Statements as at, and for the three and nine months ended September 30, 2020 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) Total Investments (excluding cash) consists of the 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) The Company defines book value per share as total shareholders' equity divided by outstanding common shares.
- (3) 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;
 - share based compensation;
 - other unusual one one-time items; and
 - the income tax impact of the items listed above.
- (4) Adjusted basic and diluted earnings per share was translated to CDN using the exchange rate of \$1.3316 and Book value per share was translated to CDN using the exchange rate \$1.3319.

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, the foreseen opportunity to finance distressed assets, the intention to create a debt fund and timing thereof, 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, Any material assumption underlying the debt fund statement 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, 2020 and 2019
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue				
Interest and fees	\$ 3,435,583	\$ 3,588,715	\$ 9,758,997	\$ 10,956,383
Finance income	635,267	536,761	2,003,692	956,459
Rental	38,384	38,211	111,678	113,876
	4,109,234	4,163,687	11,874,367	12,026,718
Expenses				
Property operating costs	13,538	13,156	40,014	39,192
General and administrative	617,904	670,802	2,088,758	2,246,161
Share based compensation (recovery)	69,541	(61,292)	(26,048)	353,574
Interest and financing costs	1,990,122	2,384,399	6,355,180	6,738,648
Provision for uncollectible receivables	-	-	161,428	-
Provision for (recovery of) loan and mortgage investment lo	(17,767)	-	899,204	(151,900)
Realized and unrealized foreign exchange loss (gain)	(189,833)	(88,171)	246,419	(42,016)
Gain on conversion of interest in joint operation	-	-	-	-
Fair value adjustment - portfolio investments	-	-	-	-
Share of loss from investment in associates	257,929	-	172,592	-
Share of income from investment in associates	-	-	-	-
	2,741,434	2,918,894	9,937,547	9,183,659
Income from operations before income taxes	1,367,800	1,244,793	1,936,820	2,843,059
Income tax expense	242,203	215,934	613,625	649,581
Net income and comprehensive income	\$ 1,125,597	\$ 1,028,859	\$ 1,323,195	\$ 2,193,478
Earnings per share				
Basic	\$ 0.20	\$ 0.18	\$ 0.24	\$ 0.38
Diluted	0.20	0.18	0.24	0.38

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at September 30, 2020 and December 31, 2019

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 3,827,770	\$ 1,931,451
Funds held in trust	8,784,056	1,805,229
Amounts receivable and prepaid expenses	554,868	1,520,698
Loan and mortgage investments	98,346,037	116,212,642
Investment in finance lease	16,967,029	17,959,374
Portfolio investments	2,052,729	2,042,937
Investment in associates	2,980,175	3,097,947
Investment property held in joint operations	1,658,303	1,700,303
Convertible note receivable	938,496	800,531
Right of use asset	1,066,297	912,436
Income taxes recoverable	-	247,719
Total assets	\$ 137,175,760	\$ 148,231,267
Liabilities		
Accounts payable and accrued liabilities	\$ 10,478,362	\$ 5,344,792
Lease obligations	1,079,271	913,129
Unearned income	657,327	692,264
Income taxes payable	603,947	-
Deferred income tax liabilities	448,773	450,017
Unsecured notes payable	2,733,173	3,000,000
Credit facilities	10,128,881	8,878,839
Loan and mortgage syndications	69,502,067	88,249,414
Mortgages payable	1,016,794	1,067,440
Total liabilities	96,648,595	108,595,895
Shareholders' equity		
Share capital	\$ 25,283,343	\$ 25,283,343
Contributed surplus	3,618,440	3,440,695
Foreign currency translation reserve	(6,885,398)	(6,885,398)
Retained earnings	18,510,780	17,796,732
Total equity	40,527,165	39,635,372
Total liabilities and shareholders' equity	\$ 137,175,760	\$ 148,231,267