

## TERRA FIRMA CAPITAL CORPORATION REPORTS FIRST QUARTER 2021 FINANCIAL RESULTS

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

TORONTO, ONTARIO, May 20, 2021 -- 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 ended March 31, 2021.

### Q1 2021 Financial Highlights:

- Total Assets of \$139.0 million
- Total Investments (a non-IFRS financial measure)<sup>(1)</sup> of \$133.1 million
- Total Assets under management ("AUM," a non-IFRS financial measure)<sup>(4)</sup> of \$155.9 million
- Book Value per share increased by 1.4% to \$7.50 (CA\$9.42<sup>(3)</sup>) per share
- CA\$0.05 per share paid in dividends
- Revenues decreased by 10.0% to \$3.6 million
- Net income and comprehensive income increased by 748.2% to \$819,000
- Adjusted net income and comprehensive income (a non-IFRS financial measure)<sup>(2)</sup> decreased by 8.2% to \$697,000
- Basic and diluted earnings per share increased by 850.0% to \$0.15 (CA\$0.19<sup>(3)</sup>)
- Adjusted basic and diluted earnings per share (a non-IFRS financial measure)<sup>(2)</sup> decreased by 14.3% to \$0.13 (CA\$0.15<sup>(3)</sup>)

"Terra Firma is now back on the path of growth with its assets under management increasing over Q1 2021. The originations from Q3 2020 are now starting to support the beginning of what should be a substantial expansion for the Company after a few quarters of a pause due to the COVID pandemic," commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation. "After successfully closing our first fund of \$37.5MM in Q1 2021, we are now looking to raise a larger second fund to accommodate our capital needs for what is a growing pipeline of new transactions."

For the three months ended March 31, 2021, revenues decreased 10.0% to \$3.6 million, compared to \$4.0 million during the same period in 2020, primarily due to a decrease of interest and fee income by 16.7% to \$2.8 million compared to \$3.4 million in 2020. The decrease in interest fees earned of \$1.5 million is attributable to loan and mortgage investments repaid after March 31, 2020. This was partially offset by interest and fees earned of \$646,830 on new loan and mortgage investments funded subsequent to March 31, 2020, and an increase in interest and fees earned of \$320,627 on loan and mortgage investments and convertible note receivable existed at March 31, 2020. Finance income in 2021 was \$786,000, compared to \$631,000 in the previous year, due to an increase in investment in finance leases.

Interest and financing expense for the three months ended March 31, 2021, decreased by 12.8% to \$2.0 million, compared to \$2.3 million in the same period last year.

General and administrative expenses for the three months ended March 31, 2021, was \$738,000 compared to \$739,000 for the same period last year.

For the three months ended March 31, 2021, the Company recognized a foreign exchange gain of \$78,000 compared to a foreign exchange loss of 796,000 for the same period last year.

The net income (loss) and comprehensive income (loss) attributable to common shareholders for the three months ended March 31, 2021, was \$819,000 or \$0.15 per basic and diluted share compared to \$(126,000) or \$(0.02) per basic and diluted share for the same period last year.

The Company's Total Investments<sup>(1)</sup> at March 31, 2021, was \$133.1 million, compared to \$122.6 million at December 31, 2020, an increase of 8.6% or \$10.6 million, resulting primarily from the increase in the investment in finance leases totaling \$10.7 million.

The principal balance of the Company's loan and mortgage syndications decreased to \$70.7 million at March 31, 2021, as compared to \$71.4 million at December 31, 2020, representing a decrease of 1.0%.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three months ended March 31, 2021 have been filed and are available on SEDAR ([www.sedar.com](http://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](http://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, 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 or financial position 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 performance of the Company. Non-IFRS financial measures are commonly used by the financial community to analyze and compare the performance of companies engaged in the same industries and to help evaluate the trends more readily.

- (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) Adjusted net income and comprehensive income (as well as adjusted net income and comprehensive income attributable to common shareholders, adjusted diluted net 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.
- (3) Adjusted basic and diluted earnings per share for Q1 2021 were translated to CA\$ using the exchange rate of \$1.2660, respectively. Book Value per share was translated to CA\$ using the exchange rate \$1.2562.

- (4) AUM are the assets managed by the Company on behalf of the Company's syndicate investors, as well as the Company's assets, and do not include capital commitments that have not yet been funded.

Note that further information concerning such non-IFRS financial measures, including reconciliations of such non-IFRS financial measures to the most directly comparable measure specified, defined or determined under IFRS for the periods indicated, can be found in the Company's Management's Discussion & Analysis for the three months ended March 31, 2021.

*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 include statements concerning Terra Firma's loan originations expected in 2021 and their impact on AUM, and the potential to raise a much larger second fund. These statements generally can be identified by use of forward-looking word such as "may", "will", "expects", "estimates", "indicates" "anticipates", "intends", "believe", "should" 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, as well as the risks discussed in Terra Firma's most recently filed annual Management's Discussion and Analysis, any subsequently filed interim Management's Discussion and Analysis or Terra Firma's most recently filed Annual Information Form. 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.*

### **For further information, please contact:**

Terra Firma Capital Corporation  
Glenn Watchorn  
Chief Executive Officer  
Phone: 416.792.4702  
[gwatchorn@tfcc.ca](mailto:gwatchorn@tfcc.ca)

or

Terra Firma Capital Corporation  
Y. Dov Meyer  
Executive Chairman  
Phone: 416.792.4709  
[ydmeyer@tfcc.ca](mailto:ydmeyer@tfcc.ca)

or

Ali Mahdavi  
Managing Director  
Spinnaker Capital Markets Inc.  
Phone: 416.962.3300  
[am@spinnakercmi.com](mailto:am@spinnakercmi.com)

**Terra Firma Capital Corporation**  
**Consolidated Statements of Income (loss) and Comprehensive Income (loss)**  
For the three months ended March 31, 2021 and 2020  
(Unaudited)

	Three months ended	
	March 31 2021	March 31 2020
<b>Revenue</b>		
Interest and fees	\$ 2,796,724	\$ 3,356,405
Finance income	785,963	631,207
Rental	40,559	37,526
	3,623,246	4,025,138
<b>Expenses</b>		
Property operating costs	14,837	13,425
General and administrative	737,684	739,059
Share based compensation	60,071	(209,554)
Interest and financing costs	1,985,778	2,278,430
Provision for (recovery of) loan and mortgage investment loss	(46,135)	105,737
Provision for investment in finance lease loss	103,783	-
Realized and unrealized foreign exchange gain	(77,698)	795,890
Share of income from investment in associates	(79,627)	(45,461)
	2,698,693	3,677,526
<b>Income from operations before income taxes</b>	924,553	347,612
Income taxes	105,797	473,923
<b>Net income and comprehensive income (loss)</b>	\$ 818,756	\$ (126,311)
<b>Earnings (loss) per share</b>		
Basic	\$ 0.15	\$ (0.02)
Diluted	0.15	(0.02)

**Terra Firma Capital Corporation**  
**Consolidated Statements of Financial Position**  
As at March 31, 2021 and December 31, 2020

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,014,873	\$ 3,780,824
Funds held in trust	3,072,540	5,862,799
Amounts receivable and prepaid expenses	626,280	596,864
Loan and mortgage investments	91,858,536	93,043,813
Investment in finance lease	31,150,402	20,489,655
Portfolio investments	2,329,599	2,292,991
Investment in associates	4,033,842	3,112,395
Investment property held in joint operations	1,758,234	1,735,712
Convertible note receivable	1,133,884	1,080,536
Right of use asset	1,019,736	1,056,879
<b>Total assets</b>	<b>\$ 138,997,926</b>	<b>\$ 133,052,468</b>
<b>Liabilities</b>		
Unearned income	382,964	391,112
Loan and mortgage syndications	70,669,365	71,374,100
Loan payable to Debt Fund I	9,052,361	-
Mortgages payable	1,060,166	1,055,379
Accounts payable and accrued liabilities	5,941,212	8,670,756
Credit facilities	6,589,016	6,700,964
Unsecured note payable	1,567,357	1,794,150
Lease obligations	1,040,714	1,074,518
Income taxes payable	882,246	609,499
Deferred income tax liabilities	52,387	219,337
<b>Total liabilities</b>	<b>97,237,788</b>	<b>91,889,815</b>
<b>Equity</b>		
Share capital	\$ 25,283,343	\$ 25,283,343
Contributed surplus	3,618,440	3,618,440
Foreign currency translation reserve	(6,885,398)	(6,885,398)
Retained earnings	19,743,753	19,146,268
<b>Total equity</b>	<b>41,760,138</b>	<b>41,162,653</b>
<b>Total liabilities and equity</b>	<b>\$ 138,997,926</b>	<b>\$ 133,052,468</b>