

Terra Firma Capital Corporation Reports Third-Quarter 2021 Financial Results

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

TORONTO, Nov. 18, 2021 (GLOBE NEWSWIRE) -- 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 and nine-month periods ended September 30, 2021.

Q3 2021 Financial Highlights (as compared to Q3 2020, where applicable):

- Total Assets of \$144.1 million compared to 137.2 million
- Total Investments (a non-IFRS financial measure)⁽¹⁾ of \$139.1 million compared to \$123.7 million
- Total Assets under management ("AUM," a non-IFRS financial measure)⁽²⁾ of \$152.3 million compared to \$145.8 million
- Book Value per share increased by 3.2% to \$7.63 (CA\$9.67⁽³⁾) per share
- Paid CA\$0.05 per share in the quarterly dividend
- Revenues increased by 2.5% to \$4.2 million
- Income from operations before income taxes decreased to \$1.0 million compared to \$1.4 million.
- Net income and comprehensive income decreased by 52.7% to \$532,000
- Adjusted net income and comprehensive income (a non-IFRS financial measure)⁽⁴⁾ decreased by 15.0% to \$751,000
- Basic and diluted earnings per share decreased by 49.4% to \$0.10 (CA\$0.13⁽³⁾)
- Adjusted basic and diluted earnings per share (a non-IFRS financial measure)⁽⁴⁾ decreased by 18.9% to \$0.13 (CA\$0.16⁽³⁾)

"Terra Firma has made great strides and more than doubled its investments in land banking over the last year in what is a strong and growing business line and continues to form strong relationships with some of the largest homebuilders in the U.S. to build its pipeline for the future. We expect this to be our strongest growth engine in the coming years ahead. Terra Firma has also launched its second fund targeting \$75 million and is now in the process of closing it in the coming weeks," commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation. "The significant progress that the Company has made over the year has improved our financial results with the earnings per share growing by over 45% year over year and the adjusted earnings per share growing by 11% over last quarter. As a result of improved results, the Company has increased its cash dividends by 20% from next quarter."

Total revenue for the three months ended September 30, 2021 increased by 2.5% to \$4.2 million, compared to \$4.1 million during the same period in 2020, primarily due to an increase in finance income from the Company's investment in land banking transactions (finance leases), partly offset by a decrease in interest and fees earned from loan investments. Total revenue for the nine months ended September 30, 2021 remained relatively consistent at \$11.9 million compared to the same period in 2020 of \$11.8M. The Company continues to see an increase in finance income from land banking (investment in finance leases) as this investment line continues to grow, while there has been a decrease in interest and fee income due to net repayments of loan and mortgage investments.

Interest and financing expense for the three months ended September 30, 2021 increased by \$320,000 to \$2.3 million compared to the same period last year. Interest and financing expense for the nine months ended September 30, 2021 increased by 0.8% to \$6.4 million compared to \$6.36 million from the same period last year.

General and administrative expenses for the three months ended September 30, 2021 were \$960,000 compared to \$618,000 for the same period last year. General and administrative expenses for the nine months ended September 30, 2021, were \$2.8 million compared to \$2.1 million for the same period last year. General and administrative expenses for the three and nine months ended September 30, 2021 includes incentive rewards estimate of \$166,081 and \$516,081, respectively, due to the management reaching its incentive reward targets. Incentive rewards are calculated quarterly and payable once the Company's operating results for the year are finalized. Previously, the incentive rewards were calculated in the fourth quarter when the Company's operating results for the year were finalized.

The Company recognized a foreign exchange loss of \$77,000 for the three months ended September 30, 2021, compared to a foreign exchange gain of 190,000 for the same period last year. For the nine months ended September 30, 2021, the Company recognized a foreign exchange gain of \$127,000 compared to a foreign exchange loss of \$246,000 for the same period last year.

The net income and comprehensive income attributable to common shareholders for the three months ended September 30, 2021 was \$532,000 or \$0.10 per basic and diluted per share compared to \$1.1 million or \$0.20 per basic and diluted share for the same period last year. The net income and comprehensive income attributable to common shareholders for the nine months ended September 30, 2021 was \$2.0 million or \$0.35 per basic and diluted share compared to \$1.3 million or \$0.24 per basic and diluted share for the same period last year. The unrealized foreign exchange gains from the increase in the U.S. dollar for the purposes of Canadian taxes negatively impacted the net income.

The Company's Total Investments⁽¹⁾ at September 30, 2021, was \$139.1 million, compared to \$122.6 million at December 31, 2020, an increase of 13.5% or \$16.5 million, resulting primarily from the increase in the investment in finance leases totaling

\$23.5 million.

The combination of the principal balance of the Company's loan and mortgage syndications and loan payable to Debt Fund I totaled \$78.7 million at September 30, 2021, compared to \$71.4 million at December 31, 2020, representing an increase of 10.3% or \$7.3 million.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and nine months ended September 30, 2021, have been filed and are available 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, 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) 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.
- (3) Adjusted basic and diluted earnings per share for Q3 2021 were translated to CA\$ using the exchange rate of \$1.2601, respectively. Book Value per share was translated to CA\$ using the exchange rate \$1.2680.
- (4) 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-time items; and
 - the income tax impact of the items listed above.

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 and six months ended September 30, 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 size of new transactions expected to result from outstanding LOIs, anticipated transactions to result from relationships with U.S. national homebuilders, prospects for future earnings growth 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

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Terra Firma Capital Corporation Consolidated Statements of Income and Comprehensive Income

For the three and nine months ended September 30, 2021 and 2020
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue				
Interest and fees	\$ 2,803,709	\$ 3,435,583	\$ 8,449,687	\$ 9,758,997
Finance income	1,363,762	635,267	3,342,444	2,003,692
Rental	45,355	38,384	129,261	111,678
	4,212,826	4,109,234	11,921,392	11,874,367
Expenses				
Property operating costs	15,014	13,538	44,900	40,014
General and administrative	959,694	617,904	2,830,233	2,088,758
Share based compensation (recovery)	(122,853)	69,541	239,880	(26,048)
Interest and financing costs	2,309,715	1,990,122	6,408,460	6,355,180
Allowance for (recovery of) loan and mortgage investment loss	-	(17,767)	(155,322)	899,204
Allowance for investment in finance lease loss	52,494	-	310,604	-
Allowance for uncollectible receivables	-	-	9,776	161,428
Realized and unrealized foreign exchange loss (gain)	76,963	(189,833)	(126,906)	246,419

Share of loss (income) from investment in associates	(118,060)	257,929	(285,115)	172,592
	3,172,967	2,741,434	9,276,510	9,937,547
Income from operations before income taxes	1,039,859	1,367,800	2,644,882	1,936,820
Income taxes	507,851	242,203	674,837	613,625
Net income and comprehensive income	\$ 532,008	\$ 1,125,597	\$ 1,970,045	\$ 1,323,195
Earnings per share				
Basic	\$ 0.10	\$ 0.20	\$ 0.35	\$ 0.24
Diluted	0.10	0.20	0.35	0.24

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 2,361,394	\$ 3,780,824
Funds held in trust	1,910,653	5,862,799
Amounts receivable and prepaid expenses	710,287	596,864
Loan and mortgage investments	85,581,874	93,043,813
Investment in finance lease	43,714,447	20,489,655
Portfolio investments	1,047,023	2,292,991
Investment in associates	4,488,546	3,112,395
Investment property held in joint operations	1,741,872	1,735,712
Convertible note receivable	1,562,217	1,080,536
Right of use asset	901,866	1,056,879
Income taxes recoverable	118,176	-
Total assets	\$ 144,138,355	\$ 133,052,468
Liabilities		
Unearned income	274,438	391,112
Loan and mortgage syndications	54,064,231	71,374,100
Loan payable to Debt Fund I	24,662,603	-
Mortgages payable	1,029,059	1,055,379
Accounts payable and accrued liabilities	5,231,967	8,670,756
Credit facilities	13,064,041	6,700,964
Unsecured note payable	2,256,732	1,794,150
Lease obligations	928,559	1,074,518
Income taxes payable	-	609,499
Deferred income tax liabilities	158,189	219,337
Total liabilities	101,669,819	91,889,815
Equity		
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	20,452,151	19,146,268
Total equity	42,468,536	41,162,653
Total liabilities and equity	\$ 144,138,355	\$ 133,052,468