

TERRA FIRMA CAPITAL CORPORATION REPORTS FOURTH QUARTER & FULL YEAR 2022 FINANCIAL RESULTS

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

TORONTO, ONTARIO, April 25, 2023 -- 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, 2022.

Full Year 2022 Financial Highlights:

- Total Assets of \$151.4 million
- Total Investments (a supplementary financial measure)⁽⁴⁾ of \$127.3 million
- Total Assets under management ("AUM," a non-IFRS financial measure)⁽³⁾ of \$132.9 million
- Future funding commitments of \$109.0 million
- Book Value per share increased by 1.0% to \$7.91 (CA\$10.71 translated to CA\$ using the exchange rate of \$1.3544) per share
- CA\$0.06 per share paid in dividends
- Total Revenue decreased by 7.0% to \$15.1 million
- Net income and comprehensive income of \$1.5 million, a decrease of 54.5%
- Adjusted net income and comprehensive income (a non-IFRS financial measure)⁽¹⁾ decreased by 39.7% to \$1.6 million
- Basic and diluted earnings per share decreased by 55.0% and 54.2%, respectively, to \$0.27 (CA\$0.35, translated to CA\$ using the exchange rate of \$1.3011).
- Adjusted basic and diluted earnings per share (a non-IFRS financial measure)⁽²⁾ decreased by 39.6%, to \$0.29 (CA\$0.38, translated to CA\$ using the exchange rate of \$1.3011).

Q4 2022 Financial Highlights:

- Total Revenue decreased by 13.7% to \$3.7 million
- Net income and comprehensive income of \$0.2 million, a decrease of 83.8%
- Adjusted net income and comprehensive income (a non-IFRS financial measure)⁽¹⁾ decreased by 80.5% to \$0.1 million
- Basic and diluted earnings per share decreased by 84.0% and 83.3%, as compared to Q4 2021, to \$0.04 (CA\$0.05, translated to CA\$ using the exchange rate of \$1.3578)
- Adjusted basic and diluted earnings per share (a non-IFRS financial measure)⁽²⁾ decreased by 80.0%, as compared to Q4 2021, to \$0.02 (CA\$0.03, translated to CA\$ using the exchange rate of \$1.3578)

"During the fourth quarter, Terra Firma announced its plans to review its strategic alternatives in order to maximize shareholder value and liquidity. As a result of the decision to explore strategic alternatives, the Company paused originations of new loans (continues to fund existing commitments) and remains focused on balance sheet liquidity and asset management. While this has impacted its revenue, all of Terra Firma's investments are performing well and are in full compliance to date," commented Glenn Watchorn, President and CEO of Terra Firma. "The Company has retained Cormark Securities as an external advisor to assist in the review of strategic alternatives and is optimistic that this process will generate the best possible outcome for its shareholders," he further said.

Net income and comprehensive income for the fourth quarter of 2022 was \$0.2 million compared with \$1.4 million in the same period in the prior year, representing a decrease of \$1.2 million. Net income and comprehensive income for the year ended December 31, 2022, was \$1.5 million as compared to \$3.3 million in the prior year, representing a decrease of \$1.8 million. Overall, net income and comprehensive income was impacted by the Company's shift to fund management requiring it to direct certain of its investments to the Funds until the Funds are fully invested. This has resulted in the Company's increase in cash and available credit, resulting in lower net income and comprehensive income over the periods. Furthermore, the variance in net income and comprehensive income for the three months and year ended December 31, 2022, was also impacted by the Company's decision to pause business originations as the Company explores strategic alternatives.

The Company reported total revenue of \$3.7 million in the fourth quarter of 2022, as compared to \$4.3 million in the same period in the prior year, representing a decrease of \$0.6 million. Revenue for the year ended December 31, 2022, was \$15.1 million, as compared to \$16.2 million in the same period in the prior year, representing a decrease of \$1.1 million. The decrease in total revenue was due to certain loan and mortgage investments being partially or fully repaid resulting in a decrease in interest and fees for the current period. Partially offsetting the decrease was an increase in finance income related to the Company's shift to land banking transactions (investment in finance leases) due to the Company's shift in focus from acquisition and development loans to land banking arrangements with large public and private homebuilders.

General and administrative expenses consist of salaries and other personnel costs, professional fees, occupancy costs and other expenses associated with the operation of the Company. General and administrative expenses for the three months ended December 31, 2022, were \$1.0 million compared with \$1.4 million for the same period in the prior year. The period over period variance in general and administrative expenses was primarily due to a decrease in professional fees and salary and benefits. The decrease in professional fees was primarily due to lower legal fees and consulting fees recorded in the fourth quarter of 2022 compared to the prior period. The decrease in salary and benefits was due to a decrease in incentive compensation recorded in the fourth quarter of 2022 compared to the same period in the prior year.

General and administrative expenses for the year ended December 31, 2022, decreased to \$4.1 million compared with \$4.2 million in the prior year. The variance in general and administrative expenses was mainly due to the above noted decrease in professional fees and salary and benefits. Partially offsetting the decrease was the increase in other expenses related to the Company incurring higher short-term contract personnel costs and an increase in travel expenses compared with the prior year.

Market uncertainty continued in the fourth quarter of 2022, however, the Company's investments have not been impacted by these market events as borrowers continued to perform in compliance with their agreements which included regular funding and repayment of its various loan and mortgage investment and land banking transactions. The Company believes its portfolio will continue to perform and is well positioned due to key factors such as: desirable locations in high-growth U.S. markets with strong housing fundamentals, focus on affordable market-rate homes for entry-level buyers and strong relationships with experienced builders and developers. During the fourth quarter of 2022, the Company funded \$15.4 million and received repayments of \$11.7 million related to its investment portfolio and continues to receive partial and full repayments in accordance with the agreements.

Over the course of the past 24 months, the Company has committed to approximately \$215.0 million in new transactions that are still in the process of being funded. With this significant increase in originations, which have been primarily land banking transactions, the Company's balance sheet is fully committed to provide, in combination with Debt Fund I and Debt Fund II, for future funding commitments of \$109.0 million as at December 31, 2022. Subsequent to the year ended December 31, 2022, future funding commitments have decreased to \$90.1 million. The Company manages future funding commitments through forecasting cash flow from operations and considering available capital from its own balance sheet as well as outside

managed capital. The Company expects to meet these future funding commitments using cash on hand, capital available from its line of credit, proceeds from repayments of investments as well as capital available within Debt Fund I and Debt Fund II.

As part of the review of strategic alternatives, the Company will evaluate the full range of alternatives which may include a sale, merger, privatization, liquidation, or continuing operations. There can be no assurance that the strategic review process will result in any strategic alternative being chosen, or any assurance as to its outcome or timing. The Company has not set a timetable for completion of the review process and does not intend to disclose developments related to the process unless and until the Company executes a definitive agreement with respect thereto, or it otherwise determines that further disclosure is appropriate or required.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three months and year ended December 31, 2022, 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 And Other Supplementary Financial Measures

In this press release, as a complement to results provided in accordance with IFRS, the Company discloses certain financial measures not recognized under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board, which do not have standard meanings prescribed by IFRS (collectively the "non-IFRS financial measures"). These non-IFRS and other supplementary financial measures are further described below.

Non-IFRS Financial Measures

- (1) Adjusted net income and comprehensive income as well as adjusted net income and comprehensive income attributable to common shareholders, for the stated period, are calculated by adjusting the net income and comprehensive income for the following (as applicable and collectively called other non-operating items), irrespective of materiality:
 - foreign exchange gains/losses related to the Company's non-functional currency denominated net assets;
 - impairment losses/reversals;
 - net gains/losses on the disposal of equity-accounted investments;
 - share-based compensation;
 - non-recurring items;
 - severance cost; and

- the income tax impact of the items listed above.

	Three months ended			Years ended		
	December 31, 2022	December 31, 2021	Change Increase / (decrease)	December 31, 2022	December 31, 2021	Change Increase / (decrease)
Net income and comprehensive income	\$ 222,200	\$ 1,370,507	\$ (1,148,307)	\$ 1,521,237	\$ 3,340,552	\$ (1,819,315)
Recovery of loan and mortgage investment, investment in finance leases and uncollectible receivable losses (tax adjusted)	(177,065)	(565,094)	388,029	(217,552)	(443,776)	226,224
Fair value adjustment - portfolio investment (tax adjusted)	-	(178,320)	178,320	(673,236)	(178,320)	(494,917)
Share based compensation (recovery) (tax adjusted)	117,505	(82,930)	200,435	(71,520)	93,382	(164,902)
Foreign exchange (gain) loss (tax adjusted)	(50,924)	27,795	(78,719)	686,924	(112,875)	799,799
Severance accrual (tax adjusted)	-	-	-	381,128	-	381,128
Adjusted net income and comprehensive income ⁽¹⁾	\$ 111,716	\$ 571,958	\$ (460,242)	\$ 1,626,981	\$ 2,698,963	\$ (1,071,983)

(1) Adjusted net income and comprehensive income is a Non-IFRS Financial Measure. See "Non-IFRS Financial Measures".

- (2) Adjusted earnings per share is adjusted net income and comprehensive income divided by the weighted average number of outstanding shares and adjusted net income and comprehensive income divided by the weighted average number of diluted shares outstanding.
- (3) 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.

	December 31, 2022	December 31, 2021
Loan and mortgage investments	\$ 46,162,027	\$ 47,089,194
Investment in finance leases	67,847,493	55,849,312
Portfolio investments	932,093	676,421
Investment in associates (1)	1,753,807	2,174,527
Investment property held in Joint Operations	1,636,518	1,747,799
Convertible note receivable	1,511,101	1,572,510
Syndicates investors' share of investment	13,087,375	13,224,860
Total AUM	\$ 132,930,414	\$ 122,334,623

(1) Investment in associates includes investment in Lan Partnership and TFCC Royal Palm Beach Inc.

These non-IFRS financial measures are not defined by IFRS, do not have a standardized meaning, and may not be comparable with similar measures presented by other issuers. The Company has presented such non-IFRS financial measures which have been derived from the Company's financial statements and applied on a consistent basis because the Company believes they are of assistance in evaluating the underlying operational and financial performance of the Company. Non-IFRS financial measures are also commonly used by the financial community to analyze and compare the performance of companies engaged in the same industries. These non-IFRS financial measures should not be construed as alternatives to financial measures determined in accordance with IFRS as indicators of the Company's performance.

Supplementary Financial Measures

- (4) Total Investments (excluding cash) consists of the loan and mortgage investments, investment in finance leases, portfolio investments, investments in associates, convertible note receivable and an investment property held in joint operations.

Note that further information concerning such non-IFRS and supplementary financial measures can be found in the Company's Management's Discussion & Analysis for the three months and year ended December 31, 2022.

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 to matters concerning the business, operations, strategy and financial performance of Terra Firma, and include statements concerning Terra Firma's approach to selecting new investments and pricing, the expected timing of increased clarity with housing and land market valuations, performance of Terra Firma's investments through current market uncertainty, statements regarding the strategy review process, as well as future funding commitments and their deployment. 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 the ability of the Company to adapt to any changes in government regulation and/or economic conditions; and the continued availability of equity and debt financing, and the risks referenced above. 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

or

Terra Firma Capital Corporation
Y. Dov Meyer
Executive Chairman
Phone: 416.792.4709
ydmeyer@tfcc.ca

or

Ali Mahdavi
Managing Director
Spinnaker Capital Markets Inc.
Phone: 416.962.3300
am@spinnakercmi.com

Terra Firma Capital Corporation
Consolidated Statements of Income and Comprehensive Income
For the three months and years ended December 31, 2022 and 2021

	Three months ended		Years ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue				
Interest and fees	\$ 1,516,020	\$ 2,730,395	\$ 6,719,325	\$ 11,180,082
Finance income	2,171,933	1,547,442	8,213,979	4,889,886
Rental	41,724	41,930	169,335	171,191
	3,729,677	4,319,767	15,102,639	16,241,159
Expenses				
Property operating costs	16,884	13,113	60,409	58,013
General and administrative	1,030,598	1,397,956	4,071,989	4,228,189
Severance	-	-	524,577	-
Share based compensation (recovery)	159,871	(112,829)	(97,306)	127,051
Interest and financing costs	2,621,248	2,180,521	9,531,660	8,588,981
Recovery of loan and mortgage investment loss	(208,568)	(527,837)	(243,412)	(683,159)
Allowance for (recovery of) for investment in finance lease loss	(32,336)	(231,222)	(52,577)	79,382
Recovery of uncollectible receivables	-	(9,776)	-	-
Fair value adjustment - convertible note receivable	128,364	-	128,364	-
Fair value adjustment - portfolio investment	-	(205,556)	(776,065)	(205,556)
Realized and unrealized foreign exchange (gain) loss	139,662	(20,337)	53,531	(147,243)
Preferred return from portfolio investment	(37,565)	(54,285)	(37,565)	(54,285)
Share of (income) loss from investment in associates	(144,625)	63,137	(811,433)	(221,978)
	3,673,533	2,492,885	12,352,172	11,769,395
Income from operations before income taxes	56,144	1,826,882	2,750,467	4,471,764
Income taxes (recovery)	(166,056)	456,375	1,229,230	1,131,212
Net income and comprehensive income	\$ 222,200	\$ 1,370,507	\$ 1,521,237	\$ 3,340,552
Earnings per share				
Basic	\$ 0.04	\$ 0.25	\$ 0.27	\$ 0.60
Diluted	\$ 0.04	\$ 0.24	\$ 0.27	\$ 0.59

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 16,636,083	\$ 18,107,159
Funds held in trust	5,960,395	3,971,799
Amounts receivable and prepaid expenses	916,225	817,558
Loan and mortgage investments	46,111,079	47,007,834
Investment in finance lease	67,779,627	55,728,869
Portfolio investments	932,093	676,421
Investment in associates	9,228,257	8,364,711
Investment property held in joint operations	1,636,518	1,747,799
Convertible note receivable	1,511,101	1,572,510
Right of use asset	596,603	851,833
Income taxes recoverable	67,571	459,474
Deferred income tax asset	21,085	-
Total assets	\$ 151,396,637	\$ 139,305,967
Liabilities		
Unearned income	669,950	373,622
Loan and mortgage syndications	16,034,041	22,043,144
Loans payable	79,847,824	63,053,210
Mortgages payable	895,492	1,018,183
Accounts payable and accrued liabilities	9,221,168	7,793,961
Credit facilities	(50,000)	(115,321)
Unsecured note payable	-	289,744
Lease obligations	633,326	881,314
Deferred income tax liabilities	-	388,890
Total liabilities	107,251,801	95,726,747
Equity		
Share capital	\$ 25,364,104	\$ 25,293,007
Contributed surplus	3,607,129	3,617,372
Foreign currency translation reserve	(6,885,398)	(6,885,398)
Retained earnings	22,059,001	21,554,239
Total equity	44,144,836	43,579,220
Total liabilities and equity	\$ 151,396,637	\$ 139,305,967