

Terra Firma Capital Corporation Reports first Quarter 2018 Financial Results

All amounts are stated in Canadian dollars

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TORONTO, May 10, 2018 -- 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 month period ended March 31, 2018.

FIRST QUARTER 2018 HIGHLIGHTS:

- Principal balance of loan and mortgage investments at March 31, 2018 was \$126.5 million, an increase of \$7.5 million or 6% from December 31, 2017.
- Net income and comprehensive income attributable to common shareholders for the three months ended March 31, 2018 was \$1,257,000 (\$0.02 on a basic and diluted per share basis), an increase of \$772,000, compared to \$485,000 (\$0.01 on a basic and diluted per share basis) for the same period last year.
- Revenues for the three months ended March 31, 2018 were \$3,548,000, a decrease of \$469,000, compared to \$4,017,000 for the same period in 2017.
- Adjusted net income (a non-IFRS financial measure, see "Non-IFRS Financial Measures" below) for the three months ended March 31, 2018 amounted to \$525,000 (\$0.01 on a basic and diluted per share basis) before recognizing a foreign exchange gain, an increase of \$185,000, compared to adjusted net income of \$340,000 (\$0.00 on a basic and diluted per share basis) for same period last year.

"Terra Firma continues to demonstrate growth in both assets and net income. We expect this growth to accelerate in the coming quarters as a result of the deployment of available funds and additional funds from our syndicate investors. As well, the redeployment of capital received from monetizing a large equity position in combination with proceeds expected from repayments on defaulted loan positions will also add to earnings in the short term", commented Glenn Watchorn, President and Chief Executive Officer of Terra Firma Capital Corporation. "The Company remains focused on its expansion into the United States especially given the volatility in the Canadian market and the significantly higher yields available in the United States for quality land and development financing", added Mr. Watchorn.

Results of operations – three months ended March 31, 2018

Net income and comprehensive income for the three months ended March 31, 2018 was \$1,257,000 or \$0.02 per basic and diluted share, compared to \$485,000 or \$0.01 per basic and diluted share, in the same period last year.

Interest and fee income for the three months ended March 31, 2018 totaled \$3,497,000, compared to \$3,966,000 in the same period in 2017, representing a decrease of \$469,000 on a year-over-year basis. The weighted average interest rate of loan and mortgage investments at both March 31, 2018 and December 31, 2017 was 14.1%, compared to 14.9% at March 31, 2017. The Company's principal balance of loan and mortgage investments was \$126.5 million as at March 31, 2018, compared to \$117.4 million at March 31, 2017 and \$119.0 million at December 31, 2017.

Interest and financing expense for the first quarter ended March 31, 2018 was \$2,043,000, compared to \$2,327,000 for the same period in 2017. The principal balance of the Company's loan and mortgage syndications increased from \$63.3 million at December 31, 2017 to \$65.9 million at March 31, 2018, an increase of \$2.6 million or 4.1%. The weighted average interest rate in the loan and mortgage syndications at March 31, 2018 was 10.5%, compared to 10.2% at December 31, 2017 and 10.9% at March 31, 2017.

General and administrative expenses for the three months ended March 31, 2018 was \$718,000 compared to \$897,000 for the same period last year. General and administrative expenses for the three months ended March 31, 2017 includes onetime expenses relating to due diligence work on loan and mortgage investments not funded.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three month period ended March 31, 2018 (the "MD&A") 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 adjusted net income and adjusted earnings per share, 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.

Adjusted net income

Adjusted net income is calculated as net income excluding net foreign exchange gain or loss, net of tax. Adjusted earnings per share, basic or diluted, is calculated as adjusted net income divided by the weighted average number of common shares, basic or diluted. The Company uses adjusted net income and adjusted earnings per share to measure its performance from one period to the next, without the variation caused by the impact net foreign exchange gain or loss. The Company excludes this item because it affects the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding this item does not imply it is necessarily non-recurring.

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 ability to continue to attract capital for future growth. 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. 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 period ended March 31, 2018 and 2017
(Unaudited)

	Three months ended	
	March 31, 2018	March 31, 2017
Revenue		
Interest and fees	\$ 3,497,072	\$ 3,966,244
Rental	50,444	50,444
	3,547,516	4,016,688
Expenses		
Property operating costs	17,266	17,331
General and administrative	717,937	896,736
Share based compensation	26,976	280,721
Interest and financing costs	2,042,587	2,327,061
Realized and unrealized foreign exchange gain	(996,047)	(197,291)
	1,808,719	3,324,558
Income from operations before income taxes	1,738,797	692,130
Income taxes	481,406	207,318
Net income and comprehensive income	\$ 1,257,391	\$ 484,812
Earnings per share		
Basic	\$ 0.02	\$ 0.01
Diluted	0.02	0.01

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at March 31, 2018 and December 31, 2017
(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 4,443,458	\$ 2,691,049
Funds held in trust	4,113,704	3,014,606
Amounts receivable and prepaid expenses	1,351,346	1,463,310
Loan and mortgage investments	124,711,501	117,166,221
Investment property held in joint operations	2,208,694	2,208,694
Portfolio investments	7,575,623	13,575,623
Investment in associates	2,927,842	2,927,842
Income taxes recoverable	328,171	300,667
Deferred income tax asset	-	126,283
Total assets	\$ 147,660,339	\$ 143,474,295

Liabilities

Accounts payable and accrued liabilities	\$	7,325,042	\$	6,236,233
Unearned income		1,347,181		1,505,576
Deferred income taxes payable		156,627		-
Revolving operating facility		18,916,639		18,965,205
Loan and mortgage syndications		65,866,899		63,299,522
Mortgages payable		1,459,720		1,469,844
Total liabilities		95,072,108		91,476,380

Equity

Share capital	\$	32,119,914	\$	32,864,287
Contributed surplus		3,650,704		3,573,406
Retained earnings		16,562,972		15,305,581
Shareholders' equity		52,333,590		51,743,274
Non-controlling interest		254,641		254,641
Total equity		52,588,231		51,997,915
Total liabilities and equity	\$	147,660,339	\$	143,474,295