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**CLIFFSIDE CAPITAL LTD. PROVIDES MORE INFORMATION REGARDING ITS PLANNED
PRIVATE PLACEMENT AND FORMATION OF A NEW SPECIAL PURPOSE LIMITED
PARTNERSHIP**

TORONTO, ONTARIO, July 9, 2021 – Further to its press release of June 14, 2021, Cliffside Capital Ltd. (“**Cliffside**” or the “**Corporation**”) (TSXV: CEP) is providing this update to give more information regarding the Corporation’s planned Offering (described below), formation of a new special purpose limited partnership and the acquisition by that partnership of non-prime consumer automobile loans from a non-arm’s length party (as defined in TSXV Policy 1.1), ACC LP (the “**Vendor**”).

*Offering of Units and Formation of C.A.R. LP I (“**CAR LP**”)*

As previously announced, Cliffside intends to issue 22,500,000 units (“**Units**”) on a private placement basis, at \$0.20 per Unit, to raise \$4.5 million in gross proceeds (herein, the “**Offering**”), with each Unit comprised of one common share in the capital of Cliffside (a “**Common Share**”) and one-quarter of one Common Share purchase warrant (each whole Common Share purchase warrant, a “**Warrant**”). Each Warrant will be exercisable for a three-year period at a price \$0.20 per Common Share. Of the proceeds raised under the Offering, Cliffside expects to use \$3.75 million to fund its newly formed special purpose private partnership, namely CAR LP, of which Cliffside will hold a 60% equity interest, with the remaining proceeds to be used for general working capital purposes. The proceeds from the Offering are currently being held in escrow pending TSXV approval to the Offering and the other transactions described below.

Purchase of NPCALRs

Cliffside intends to cause CAR LP to acquire up to approximately \$180 million of non-prime consumer auto loan receivables (“**NPCALR**”) from the Vendor (which is controlled by CanCap Management Inc. (“**CCMI**”), a leading consumer loan originator and servicer and a non-arm’s length party of the Company). This purchase will be completed in tranches from time to time pursuant to the terms of a purchase agreement (the “**Purchase Agreement**”) to be entered into among CAR LP, the Vendor and CCMI to be dated on or about the date of closing of the Offering. CAR LP intends to finance purchases of NPCALRs under the Purchase Agreement through a combination of: (i) drawdowns under the terms of a loan and security agreement (the “**Loan Agreement**”) to be entered into among CAR LP, a Schedule 1 Bank and a private Canadian asset management firm (collectively, the “**Lenders**”), which Loan Agreement authorizes advances of up to \$175.2 million to CAR LP; (ii) \$3.75 million of the proceeds of the Offering; and (iii) additional equity being raised directly in CAR LP in the amount of \$2.50 million (of which CCMI is investing \$1.25 million). As a result of the foregoing, Cliffside will own 60% of CAR LP, CCMI will own 20% of CAR LP and external investors will own 20% of CAR LP.

Any purchases under the Purchase Agreement may only be completed during the term of the Loan Agreement, which has an initial term of one year, subject any subsequent agreement to extend such term. The purchases under the Purchase Agreement will be completed at the fair market value of the applicable NPCALRs so purchased, based on arms’ length terms. The method of determining value has been approved by the Lenders in advance of any such purchases. In connection with the entering into of the Loan Agreement, CAR LP has agreed to pay Harrison Equity Partners (“**HEP**”), a non-arm’s length party of Cliffside, a structuring fee (the “**Structuring Fee**”) of \$968,000 (plus HST) upon the consummation of the

Loan Agreement. Such Structuring Fee is payable to HEP in connection with the provision of debt raising and capital formation services provided to CAR LP by HEP.

Pursuant to the terms of the Purchase Agreement, CCMI will be entitled to an origination fee equal to 1.5% of the value of each tranche of NPCALRs purchased under the Purchase Agreement and the Vendor will be entitled to a 2.5% per annum deferred purchase fee payable on a monthly basis over the term of the Loan Agreement based on the value of the NPCALRs outstanding as at the date of each such payment. The above described origination fee and deferred purchase fee payable to CCMI are identical to the same fees paid by Cliffside's existing two limited partnerships. LC Asset Management Corp. ("**LCAM**"), Cliffside's external manager and a non-arm's length party of the Company, will also continue to be paid a management fee by Cliffside for LCAM's continued provision of external management services to Cliffside, calculated at the rate of 1.25% of the book value of Cliffside's assets on an unconsolidated basis.

Transactions with Non-Arm's Length Parties

The transactions contemplated by the Purchase Agreement are taking place with non-arm's length parties under the Policies of the TSXV because each of CCMI, ACC LP and LCAM is a non-arm's length party of the Company and CAR LP.

CCMI is a non-arm's length party to the Company because the CEO and a director of the Company, Steve Malone, is also the President and COO of CCMI and because the CFO of the Company, Praveen Gupta, is also the CFO of CCMI. In addition, CCMI is a non-arm's length party to the Company because Michael Stein is an indirect 50% owner of CCMI and is a director and control person of the Company while Lawrence Zimmering is the other 50% indirect owner of CCMI. ACC LP is a non-arm's length party to the Company because ACC LP is indirectly, and equally owned by, Michael Stein and Lawrence Zimmering. Furthermore, Michael Stein, Lawrence Zimmering, Mark Newman and Steve Malone each own 25% of LCAM, which manages the Company. As a result of the foregoing, each of CCMI, ACC LP and LCAM is also a non-arm's length party of CAR LP.

The payment of the Structuring Fee to HEP is considered to take place with a non-arm's length party since HEP is 95% owned by Mark Newman, a director of the Company.

Insiders of the Corporation have agreed to subscribe for \$2.0 million of Units under the Offering, of which an aggregate of \$1.675 million will be subscribed for by Michael Stein, Lawrence Zimmering, Steve Malone and Mark Newman (the "**Insider Subscriptions**" and, collectively, with the transactions contemplated by the Purchase Agreement and the payment of the Structuring Fee, the "**Transactions**"). The aggregate \$2.0 million of subscriptions of Units by insiders under the Offering are considered "related party transactions" within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Corporation intends to rely on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(b) of MI 61-101 in respect of the subscriptions of Units by insiders under the Offering.

The Purchase Agreement, including the payment of the origination fee and deferred purchase fee is also considered a related party transaction within the meaning of TSXV Policy 5.9 and MI 61-101. The Corporation intends to rely on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(c) (re paragraph (d)(i) of Section 5.5) of MI 61-101 in respect of the entering into of the Purchase Agreement and the completion of the transactions contemplated therein, including payment of fees to ACC LP and CCMI.

The Company is seeking shareholder approval for the Transactions by way of written consent, which requires the approval of disinterested shareholders of the Company holding greater than 50% of the Common Shares not held by those shareholders with a direct or indirect interest in the Transactions. The closing of the Transactions is subject to receipt of such disinterested shareholder approval and the approval of the TSXV.

About Cliffside

Cliffside is focused on investing in strategic partnerships with parties who have specialized expertise and a proven track record in originating and servicing loans and similar types of financial assets. Cliffside's strategy is to generate revenue as an investor, affording its shareholders an opportunity to invest in the growing alternative lending sector with the potential for attractive yields and minimal operational risk while earning a reliable total return. For more information, visit www.cliffsidecapital.ca.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This news release contains certain forward-looking statements, including, without limitation, statements containing the words “will”, “may”, “expects”, “intends”, “anticipates” and other similar expressions which constitute “forward-looking information” within the meaning of applicable securities laws. Forward-looking statements reflect the Company’s current expectation and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. Forward-looking statements in this news release include, but are not limited to, statements with respect to the business and operations of Cliffside, the proposed use of proceeds of the Offering, Cliffside’s intention to finalize the Loan Agreement to fund CAR LP’s operation and assist CAR LP raise additional capital, and the timing and closing of the Offering, including the extent to which insiders of the Company may participate. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the results of operations; potential for conflicts of interests; as well as volatility of Cliffside’s common share price and volume. There can be no assurance that such statements will prove to be accurate or complete, 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. Cliffside disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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