

**For Immediate Release****TERRA FIRMA CAPITAL CORPORATION REPORTS FINANCIAL RESULTS FOR THE  
THIRD QUARTER ENDED SEPTEMBER 30, 2016**

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**INCREASED TOTAL ASSETS BY 53% YEAR OVER YEAR  
INCREASED LOAN AND MORTGAGE SYNDICATIONS BY 97% YEAR OVER YEAR**

All amounts are stated in Canadian dollars.

TORONTO, ONTARIO, November 11, 2016 (Marketwired) -- Terra Firma Capital Corporation (TSX-V: TII) ("Terra Firma" or the "Company"), a real estate finance company, today released its financial results for the three and nine months ended September 30, 2016.

**THIRD QUARTER 2016 HIGHLIGHTS:**

- Total assets increased by 53% to \$145.3 million at September 30, 2016 from \$96.8 million at September 30, 2015.
- Total loan and mortgage syndications increased by 97% to \$56.3 million at September 30, 2016 from \$27.1 million at September 30, 2015.
- Total revenue for the third quarter 2016 amounted to \$3.6 million, a decrease of \$568,000 or 14%, from the same period in the prior year. Total revenue for the nine months ended September 30, 2016 amounted to \$11.5 million, a decrease of \$733,000 or 6%, from the same period in the prior year.

"Our business remains healthy and the underlying asset values for our portfolio of loans and investments are strong, especially given that all of the markets in which we have investments continue to be robust. Our third quarter 2016 reflects the successful repayments of loan investments of \$7.0 million and continuing increase in syndication activity. This cash has been used to pay down our revolving operating facility and reserved to increase capacity for the funding of several US loans for which we have signed letters of intent totaling over \$40 million. We expect to close these loans in the fourth quarter of 2016," commented Glenn Watchorn, President and Chief Executive Officer. "Our results have been impacted by not recording income on a significant portion of our book equity related to project loans in arrears and equity investments. We expect that such income will be recognized in future quarters. Progress has already been made to this end as we successfully collected \$4.7 million for repayment of principal, all interest and related recovery expenses on two project loans in arrears subsequent to September 30, 2016," he further said.

**Results of operations – three months ended September 30, 2016**

Net income in the third quarter ended September 30, 2016 was \$645,000 or \$0.01 per basic and diluted share compared to \$1,864,000, or \$0.03 per basic and diluted share, in the third quarter ended September 30, 2015. Net income for the nine months ended September 30, 2016 was \$1,155,000 or \$0.02 per basic and diluted share compared to \$4,126,000, or \$0.08 per basic share and \$0.07 per diluted share, for the nine months ended September 30, 2015. The decrease in net income was primarily due to a decrease in interest income due to the Company not accruing interest and fees on certain loans that are currently in arrears; our not recognizing revenue on a loan investment of \$7 million converted into an investment in joint operations; and an increase in interest expense from the Company's revolving operating facility and loan and mortgage syndications.

Interest and fee income for the third quarter ended September 30, 2016 aggregated \$3.6 million, a decrease of 14% from the \$4.1 million in the same period in the previous year and about same as in the second quarter ended June 30, 2016. Interest and fee income for the nine months ended September 30, 2016 aggregated \$11.3 million, a decrease of 6.1% from the \$12.1 million in the same period in the previous year. The decrease in interest and fee revenue was primarily due to the reasons mentioned above. The average interest rate on the loan and mortgage investments at September 30, 2016 was 16.2%, compared to 15.8% at December 31, 2015 and 16.3% at June 30, 2016.

Interest and financing costs for the third quarter ended September 30, 2016 were \$2.0 million, compared to \$1.4 million for the comparative period last year. Interest and financing costs for the nine months ended September 30, 2016 were \$5.8 million, compared to \$4.3 million for the comparative period last year. The increase in interest and financing costs was primarily due to an increase in loan syndications, short-term unsecured loans payable and the Company's revolving operating facility.

The company's loan and mortgage investments increased by 6.6% from \$95.1 million at December 31, 2015 to \$101.5 million at September 30, 2016. The average interest rate in the loan and mortgage investments at September 30, 2016 was 16.2% compared to 15.8% at December 31, 2015.

The company's loan and mortgage syndications increased from \$45.6 million at December 31, 2015 to \$56.3 million at September 30, 2016, an increase of 23.1%.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and nine months ended September 30, 2016 have been filed and are available under the Company's profile 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 throughout Canada and 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).

*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.*

*This Press Release contains forward-looking statements with respect matters concerning the business, operations, strategy and financial performance of Terra Firma, the realization of future profits on one of Terra Firma's larger investments, and Terra Firma's ability to achieve higher yields in the future and 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", "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 the non-binding letter of intent 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 and nine months ended September 30, 2016 and 2015  
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Revenue</b>				
Interest and fees	\$ 3,568,917	\$ 4,140,615	\$ 11,317,371	\$ 12,057,763
Rental	50,444	47,362	149,266	142,072
	3,619,361	4,187,977	11,466,637	12,199,835
<b>Expenses</b>				
Property operating costs	21,186	15,268	54,585	45,790
General and administrative	906,366	555,709	2,172,995	1,922,564
Share based compensation	120,150	345,605	389,354	1,461,333
Interest and financing costs	1,981,164	1,375,561	5,817,139	4,314,631
Provision for loan and investment loss	-	-	112,726	-
Foreign exchange loss (gain) - realized	(65,556)	-	566,059	-
Foreign exchange loss (gain) - unrealized	(248,051)	(736,870)	649,976	(988,580)
	2,715,259	1,555,273	9,762,834	6,755,738
<b>Income from operations before income taxes</b>	904,102	2,632,704	1,703,803	5,444,097
Income taxes	259,615	768,797	549,051	1,318,074
<b>Net income and comprehensive income</b>	\$ 644,487	\$ 1,863,907	\$ 1,154,752	\$ 4,126,023
<b>Earnings per share</b>				
Basic	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.08
Diluted	0.01	0.03	0.02	0.07

**Terra Firma Capital Corporation**  
**Consolidated Statements of Financial Position**  
As at September 30, 2016 and December 31, 2016

	September 30, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 7,858,626	\$ 11,723,550
Funds held in trust	589,309	2,061,207
Deposits	-	11,747,370
Amounts receivable and prepaid expenses	4,413,993	2,279,977
Loan and mortgage investments	101,448,861	95,135,201
Investment properties held in joint operations	25,540,792	2,143,794
Portfolio investments	2,739,555	2,339,555
Investment in associates	2,315,414	2,315,414
Income taxes recoverable	269,725	-
Deferred income tax asset	140,513	-
<b>Total assets</b>	<b>\$ 145,316,788</b>	<b>\$ 129,746,068</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 8,390,248	\$ 5,980,560
Unearned income	279,903	301,099
Income taxes payable	-	322,046
Deferred income tax liability	-	18,665
Short-term unsecured notes payable	-	9,286,000
Revolving operating facility	4,941,899	9,865,144
Loan and mortgage syndications	56,256,821	45,691,948
Due to joint operations partner	14,883,912	-
Mortgages payable	1,518,467	1,120,314
Convertible debentures	10,721,648	10,628,301
<b>Total liabilities</b>	<b>96,992,898</b>	<b>83,214,077</b>
<b>Equity</b>		
Share capital	\$ 31,778,294	\$ 31,257,404
Equity component of convertible debentures	284,490	284,490
Contributed surplus	2,476,832	2,360,575
Retained earnings	13,529,633	12,374,881
<b>Shareholders' equity</b>	<b>48,069,249</b>	<b>46,277,350</b>
Non-controlling interest	254,641	254,641
<b>Total equity</b>	<b>48,323,890</b>	<b>46,531,991</b>
<b>Total liabilities and Equity</b>	<b>\$ 145,316,788</b>	<b>\$ 129,746,068</b>