

For Immediate Release

TERRA FIRMA CAPITAL CORPORATION REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2013 77% TOTAL REVENUE GROWTH YEAR OVER YEAR

All amounts are stated in Canadian dollars.

TORONTO, ONTARIO, August 22, 2013 (Marketwire) -- 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 six months ended June 30, 2013.

SECOND QUARTER 2013 HIGHLIGHTS:

- Total revenue is \$2.0 million, an increase of \$848,000 or 77%, compared to the same period last year.
- Total assets increased by 36% to \$58.4 million from \$42.8 million at June 30, 2012.

"We are encouraged by the positive momentum we have experienced in the second quarter. Our portfolio is growing and is providing for significant revenue increases." commented Y. Dov Meyer, President and Chief Executive Officer. "We have established ourselves in the marketplace as a recognizable name. We continue to actively focus on our strategy of strengthening our brand and our relationships with experienced real estate owners, co-lenders and investors. Our first cycle of loan investments has reached maturity, which has enabled us to redeploy capital and secure additional capital from investors for our pipeline of loans. I believe that Terra Firma is well positioned to capitalize on future growth opportunities and excited about our prospects in the market." he further said.

Results of operations – three months ended June 30, 2013

Net income in the second quarter ended June 30, 2013 was \$263,000 or \$0.01 per basic and diluted share, compared to \$212,000, or \$0.01 per basic and diluted share, in the second quarter ended June 30, 2012. Net income in the three and six months ended June 30, 2013 was impacted by internalization of the management. General and administrative expenses for the second quarter ended June 30, 2013 increased by \$240,000 as compared to second quarter ended June 30, 2012.

Interest and fee income for the second quarter ended June 30, 2013 aggregated \$2.0 million, an increase of 77% over the \$1.1 million in the same period in the previous year, and an increase of 15% over \$1.7 million in the first quarter ended March 31, 2013.

Interest expense for the second quarter ended June 30, 2013 was \$1.2 million, compared to \$503,000 for the comparative period last year and \$937,000 for the first quarter ended March 31, 2013, representing the growth of our business and the increase in syndication capital to fund the investment activities.

The company's loan and mortgage investments increased from \$32.0 million at December 31, 2012 to \$43 million at June 30, 2013, an increase of 34%. The average interest rate in the mortgage portfolio at June 30, 2013 was 18.5% compared to 19.9% at December 31, 2012.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2013 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 customized equity and debt solutions to the real estate industry. Our focus is to arrange and provide financing with flexible terms to property owners looking to improve or add to their existing real estate assets but who may be limited by conventional bank financing, as well as to invest in quality commercial and residential developments by proven real estate developers. 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.terrafirmacapital.ca.

The TSXV has neither approved nor disapproved the contents of this press release. The TSXV 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. 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. Forward-looking statements are based on a number of assumptions which may prove to be incorrect. Additional, important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, local real estate conditions, competition, changes in government regulation, dependence on tenants' financial conditions, interest rates, the availability of equity and debt financing, environmental and tax related matters, and reliance on key personnel. 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 has no obligation to update such statements except as required by law.

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Terra Firma Capital Corporation
Consolidated Statements of Income and Comprehensive Income
For the three and six months ended June 30, 2013 and 2012
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenue				
Interest and fees earned	\$ 1,840,180	\$ 1,058,182	\$ 3,426,395	\$ 2,024,469
Rental income	115,558	49,606	222,654	99,238
	1,955,738	1,107,788	3,649,049	2,123,707
Expenses				
Property operating costs	21,238	17,513	68,853	35,051
General and administrative expenses	372,923	133,199	740,086	260,963
Share based compensation	32,345	129,311	32,345	159,668
Interest expense	1,157,172	503,070	2,094,584	998,761
	1,583,678	783,093	2,935,868	1,454,443
Income before income taxes	372,060	324,695	713,181	669,264
Income tax provision	108,503	112,462	184,279	203,814
Net income and comprehensive income	\$ 263,557	\$ 212,233	\$ 528,902	\$ 465,450
Earnings per share - basic and diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.02

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at June 30, 2013 and December 31, 2012
(Unaudited)

	June 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 4,694,541	\$ 3,223,291
Amounts receivable and prepaid expenses	1,982,091	2,396,180
Loan and mortgage investments	42,952,481	31,996,731
Investment properties	7,848,487	7,834,576
Portfolio investment	950,000	950,000
Total assets	\$ 58,427,600	\$ 46,400,778
Liabilities		
Accounts payable and accrued liabilities	\$ 1,710,805	\$ 1,192,616
Provision for discontinued operations	384,245	445,957
Unearned income	213,177	16,965
Income taxes payable	-	474,297
Deferred income taxes	16,232	15,602
Loans and mortgages payable	32,677,167	21,406,070
Convertible debentures	10,108,781	10,093,325
Total liabilities	45,110,407	33,644,832
Shareholders' Equity		
Share capital	\$ 10,757,405	\$ 10,757,405
Contributed surplus	605,484	573,139
Retained earnings	1,954,304	1,425,402
Total shareholders' equity	13,317,193	12,755,946
Total liabilities and Shareholders' Equity	\$ 58,427,600	\$ 46,400,778