

**For Immediate Release****TERRA FIRMA CAPITAL CORPORATION REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2016****INCREASED TOTAL ASSETS BY 61% YEAR OVER YEAR  
INCREASED LOAN AND MORTGAGE SYNDICATIONS BY 91% YEAR OVER YEAR**

**All amounts are stated in Canadian dollars.**

TORONTO, ONTARIO, August 9, 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 six months ended June 30, 2016.

**HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016:**

- Total assets increased by 61% to \$146.7 million at June 30, 2016 from \$91.3 million at June 30, 2015.
- Total loan and mortgage syndications increased by 91% to \$54.8 million at June 30, 2016 from \$28.6 million at June 30, 2015.
- Total revenue for the second quarter 2016 amounted to \$3.6 million, a decrease of \$427,000 or 11%, from the same period in the prior year. Total revenue for the six months ended June 30, 2016 amounted to \$7.8 million, a decrease of \$165,000 or 2%, from the same period in the prior year.
- Net income for the quarter ended June 30, 2016 of \$395,000, (\$0.01 on a basic and diluted per share basis) after recognizing a tax adjusted foreign exchange loss of \$220,000, decreased by \$922,000 compared to \$1,317,000 (\$0.03 on a basic and \$0.02 on a diluted per share basis), including tax adjusted foreign exchange gain of \$185,000 for the quarter ended June 30, 2015. Net income for the six months ended June 30, 2016 of \$510,000, (\$0.01 on a basic and diluted per share basis) after recognizing a tax adjusted foreign exchange loss of \$1,124,000, decreased by \$1,752,000 compared to \$2,262,000, (\$0.05 on a basic and \$0.04 on a diluted per share basis) including tax adjusted foreign exchange gain of \$185,000, in the same period ended June 30, 2015.
- Adjusted net income (a non-IFRS measurement) for the quarter ended June 30, 2016 of \$616,000 (\$0.01 on a basic and diluted per share basis) before recognizing a tax adjusted foreign exchange loss of \$220,000, decreased by \$516,000 compared to adjusted net income of \$1,132,000 (\$0.03 on a basic and \$0.02 on a diluted per share basis) for the quarter ended June 30, 2015. Adjusted net income (a non-IFRS measurement) for the six months ended June 30, 2016 of \$1,635,000 (\$0.03 on a basic and diluted per share basis), before recognizing a tax adjusted foreign exchange loss of \$1,124,000, decreased by \$442,000 compared to adjusted net income of \$2,077,000 (\$0.05 on a basic and \$0.04 on a diluted per share basis) in quarter ended June 30, 2015.

"We are very pleased with the increase in our assets, the increase in our loan syndications and the growing base of syndicated investors which bodes well for our ability to achieve higher yields and to continue to attract capital for future growth. As previously announced, our quarterly results have been impacted as we are no longer recording any income on those loans currently in default. The robustness of the Southern Ontario market has served to improve the overall performance of our portfolio and the value of the security for all of our loans. We are optimistic that the underlying collateral security of the defaulted loans will be successfully liquidated, and the interest income on these loans as well as income on other equity investments will be recorded in the coming quarters. We are also pleased with our decision to enter the US

market as the economy, the creation of jobs and the overall real estate market continue to perform well. Our pipeline of opportunities continues to grow and we expect to convert these opportunities into successful transactions”, commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation.

During the quarter, the Company originated \$19 million of loans and mortgage investments.

### **Results of operations – three and six months ended June 30, 2016**

Net income in the second quarter ended June 30, 2016 was \$395,000 or \$0.01 per basic and diluted share compared to \$1,317,000, or \$0.03 per share and \$0.02 per diluted share, in the second quarter ended June 30, 2015. Net income for the six months ended June 30, 2016 was \$510,000 or \$0.01 per basic and diluted share compared to \$2,262,000, or \$0.05 per share and \$0.04 per diluted share, for the six months ended June 30, 2015. The decrease in net income was primarily due to a decrease in interest income due to Company not accruing interest on loans that are currently in arrears and 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 second quarter ended June 30, 2016 aggregated \$3.5 million, a decrease of 11% from the \$4.0 million in the same period in the previous year and a decrease of 16% over the \$4.2 million in the first quarter ended March 31, 2016. Interest and fee income for the six months ended June 30, 2016 aggregated \$7.8 million, a decrease of 2.1% from the \$7.9 million in the same period in the previous year. The decrease in interest and fee revenue was primarily due to the Company not accruing interest on loans that are currently in arrears and not recognizing revenue on a loan investment of \$7 million converted into an investment in joint operations. The average interest rate on the loan and mortgage investments at June 30, 2016 was 16.3%, compared to 15.8% at December 31, 2015 and 23.1% at June 30, 2015.

Interest and financing costs for the second quarter ended June 30, 2016 were \$2.0 million, compared to \$1.4 million for the comparative period last year. Interest and financing costs for the six months ended June 30, 2016 were \$3.8 million, compared to \$2.9 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 Management’s Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2016 have been filed and are available under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Non-IFRS Measures**

This press release refers to certain financial measures, such as adjusted net income and adjusted net income 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 net income 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 is calculated as net income plus tax adjusted foreign exchange losses, while adjusted net income per share and adjusted diluted net income per share are calculated as adjusted net income divided by the weighted average number of outstanding common shares of the Company and weighted average diluted number of outstanding common shares of the Company, respectively.

### **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 six months ended June 30, 2016 and 2015  
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Revenue</b>				
Interest and fees	\$ 3,527,298	\$ 3,956,736	\$ 7,748,454	\$ 7,917,148
Rental	50,444	47,362	98,822	94,710
	3,577,742	4,004,098	7,847,276	8,011,858
<b>Expenses</b>				
Property operating costs	17,307	15,268	33,399	30,522
General and administrative	608,484	568,831	1,266,629	1,366,855
Share based compensation	58,818	724,689	269,204	1,115,728
Interest and financing costs	2,008,734	1,436,038	3,835,975	2,939,070
Provision for loan and investment loss	-	-	112,726	-
Foreign exchange loss - realized	673,249	-	631,615	-
Foreign exchange loss (gain) - unrealized	(373,569)	(251,710)	898,027	(251,710)
	2,993,023	2,493,116	7,047,575	5,200,465
<b>Income from operations before income taxes</b>	584,719	1,510,982	799,701	2,811,393
Income taxes	189,278	194,304	289,436	549,277
<b>Net income and comprehensive income</b>	\$ 395,441	\$ 1,316,678	\$ 510,265	\$ 2,262,116
<b>Earnings per share</b>				
Basic	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.05
Diluted	0.01	0.02	0.01	0.04

**Terra Firma Capital Corporation**  
**Consolidated Statements of Financial Position**  
As at June 30, 2016 and December 31, 2015

	June 30, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 5,321,544	\$ 11,723,550
Funds held in trust	769,845	2,061,207
Deposits	-	11,747,370
Amounts receivable and prepaid expenses	2,832,822	2,279,977
Loan and mortgage investments	107,009,960	95,135,201
Investment properties held in joint operations	25,090,678	2,143,794
Portfolio investments	2,739,555	2,339,555
Investment in associates	2,315,414	2,315,414
Income taxes recoverable	466,227	-
Deferred income tax asset	203,626	-
<b>Total assets</b>	<b>\$ 146,749,671</b>	<b>\$ 129,746,068</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 5,720,901	\$ 5,980,560
Unearned income	535,193	301,099
Income taxes payable	-	322,046
Deferred income tax liability	-	18,665
Short-term unsecured notes payable	2,665,620	9,286,000
Revolving operating facility	9,916,263	9,865,144
Loan and mortgage syndications	54,782,718	45,691,948
Due to joint operations partner	13,308,141	-
Mortgages payable	1,524,826	1,120,314
Convertible debentures	10,689,622	10,628,301
<b>Total liabilities</b>	<b>99,143,284</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	2,403,816	2,360,575
Retained earnings	12,885,146	12,374,881
<b>Shareholders' equity</b>	<b>47,351,746</b>	<b>46,277,350</b>
Non-controlling interest	254,641	254,641
<b>Total equity</b>	<b>47,606,387</b>	<b>46,531,991</b>
<b>Total liabilities and Equity</b>	<b>\$ 146,749,671</b>	<b>\$ 129,746,068</b>