

For Immediate Release**TERRA FIRMA CAPITAL CORPORATION ANNOUNCES
RECEIPT OF FULL REPAYMENT OF TWO LOANS IN DEFAULT TOTALING \$4.7M**

Receipt includes full repayment of principal, interest and related expenses as recovery of the remaining loans in default on other projects associated with the same borrower progresses

TORONTO, ONTARIO, October 26, 2016 (Marketwired) -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, today announced that it has received payment (the "**Repayment**") in the amount of \$4.7 million consisting of full repayment of principal, all interest and related recovery expenses to date on two loans that were in default. The Repayment is from two properties controlled by one of the Company's borrowers who had previously filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada).

"We are pleased to be fully repaid on these loans," noted Glenn Watchorn, President and CEO of Terra Firma Capital Corporation. "We continue to work diligently on expediting the recovery of the remaining loans in default on other projects associated with the borrower and continue to see significant progress toward a positive result."

The Company also announced that it intends to report its financial results for the three and nine-month periods ended September 30, 2016, on November 11, 2016 before the opening of trading on the TSX-V.

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.

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 recovery of the remaining loans in default and potential positive result, and the expected timing for release of financial results. 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 risk that amounts owing to the Company under the remaining loans in default are not received in full. 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. 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. 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.

For further information, please contact:

Terra Firma Capital Corporation
Glenn Watchorn
Chief Executive Officer
Phone: 416.792.4702
gwatchorn@tfcc.ca

or

Ali Mahdavi
Managing Director
Spinnaker Capital Markets Inc.
Phone: 416.962.3300
am@spinnakercmi.com