



For Immediate Release

**TERRA FIRMA CAPITAL CORPORATION REPORTS Q2 2012 RESULTS
REVENUE AND NET INCOME CONTINUE TO GROW AT A SIGNIFICANT PACE AS
LOAN ORIGINATION INCREASES**

TORONTO, ONTARIO, August 23, 2012 (Marketwire) -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, today announced that net income for the three and six months ended June 30, 2012 more than doubled to \$212,000, or \$0.01 per basic and diluted share, from \$94,000, or \$0.01 per basic and diluted share in the comparative period in 2011. Interest income grew 498% to \$1,058,000 in the second quarter of 2012 from \$177,000 in the second quarter of 2011. **All amounts are stated in Canadian dollars.**

Net income for the six months ended June 30, 2012 grew by 561% to \$465,000, or \$0.02 per basic and diluted share, from \$70,000, or \$0.00 per basic and diluted share in the comparative period in 2011. Interest income grew 470% to \$2,024,000 in the first half of 2012 from \$355,000 in the first half of 2011.

The substantial growth in Terra Firma's revenues and net income for the three and six months ended June 30, 2012 as compared to the year earlier periods was driven primarily by a substantial increase in mortgage and loan investments originated and funded over the past twelve months. The Company's loan portfolio increased to \$28.8 million (with a weighted average effective interest rate of 19.3%) as at June 30, 2012 versus \$16.7 million and \$3.3 million as at December 31, 2011 and June 30, 2011, respectively.

Interest expense was higher for the three and six months ended June 30, 2012 as compared to the year earlier period, as a result of the issuance of \$10.1 million of 3-year, 7% convertible debentures and an increase in the syndicated portion of the Company's loan portfolio to \$12.7 million as at June 30, 2012 from \$4.8 million and \$0.85 million as at December 31 2011 and June 30, 2011, respectively. These funding sources were used to leverage the Company's shareholders' equity to fuel the growth of its loan portfolio and increase the return on its net investment, while limiting its overall portfolio risk profile.

"We are very pleased with our 2012 second quarter and first half results," commented Mr. Y. Dov Meyer, Terra Firma's CEO and President. "We continue to forge new and strengthen existing relationships with experienced real estate owners and complimentary co-lenders; the drivers of growth, sustainability and quality of our loan portfolio."

"We are well positioned to continue the origination of quality real estate lending transactions and growth in revenue and earnings throughout the balance of 2012 and beyond" concluded Mr. Meyer.

2012 Second Quarter Operational Highlights:

- During the three months ended June 30, 2012 Terra Firma completed two new loan investments totaling \$3.4 million on projects in Toronto. These investments were funded from the Company's syndication of a prior funded loan, which realized cash proceeds of \$3.8 million.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2012 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. Terra Firma is managed by Counsel Asset Management, L.P., a wholly owned subsidiary of Counsel Corporation (TSX: CXS). Counsel Corporation owned approximately 20.2% of the outstanding common shares of Terra Firma as at June 30, 2012. For further information please visit Terra Firma's website at www.terrafirmacapital.ca.

About Counsel Corporation

Counsel Corporation (TSX: CXS) is a financial services company that operates through its individually branded businesses in residential mortgage lending, distressed and surplus capital asset transactions, real estate finance and private equity investment. For further information, please visit Counsel's website at www.counselcorp.com.

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
Condensed Statements of Operations

For the three and six months ended June 30, 2012 and 2011

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Revenue				
Interest	1,058,182	176,915	2,024,470	355,116
Earnings from joint ventures	19,482	22,174	38,933	180,664
	<u>1,077,664</u>	<u>199,089</u>	<u>2,063,403</u>	<u>535,780</u>
Expense				
General and administrative expense	133,131	51,421	260,849	98,628
Stock based compensation	129,311	-	159,668	252,390
Interest expense	490,527	42,855	973,622	83,903
	<u>752,969</u>	<u>94,276</u>	<u>1,394,139</u>	<u>434,921</u>
Income before income taxes	324,695	104,813	669,264	100,859
Income tax provision	<u>112,462</u>	<u>10,586</u>	<u>203,814</u>	<u>30,000</u>
Income from continuing operations	212,233	94,227	465,450	70,859
Loss from discontinued operations	<u>-</u>	<u>(153)</u>	<u>-</u>	<u>(471)</u>
Net income and comprehensive income	<u>212,233</u>	<u>94,074</u>	<u>465,450</u>	<u>70,388</u>
Basic and diluted earnings (loss) per share				
Continuing operations	0.01	0.01	0.02	0.00
Discontinued operations	0.00	(0.00)	0.00	(0.00)
	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.00</u>
Weighted average number of common shares outstanding - basic and diluted	30,495,000	18,795,000	30,495,000	18,676,326

The notes contained in the Company's interim financial statements are an integral part of these condensed statements.

Terra Firma Capital Corporation
Condensed Statements of Financial Position
As at June 30, 2012 and December 31, 2011
(Unaudited)

	June 30, 2012 \$	December 31, 2011 \$
Assets		
Cash and cash equivalents	1,468,519	8,662,505
Interest and sundry receivables	1,466,051	752,402
Prepaid expenses and deposits	19,643	7,365
Loan and mortgage investments	28,787,195	16,724,774
Interests in joint ventures	3,807,173	1,073,319
Portfolio investment	950,000	-
	<u>36,498,581</u>	<u>27,220,365</u>
Liabilities		
Accounts payable and accrued liabilities	1,380,243	682,186
Provision for discontinued operations	191,411	251,864
Unearned revenue	81,755	52,624
Income taxes payable	201,221	82,169
Deferred income taxes	12,436	10,260
Loans and mortgages payable	12,682,046	4,832,267
Debentures payable	10,077,225	10,061,869
	<u>24,626,337</u>	<u>15,973,239</u>
Shareholders' equity	<u>11,872,244</u>	<u>11,247,126</u>
	<u>36,498,581</u>	<u>27,220,365</u>

The notes contained in the Company's interim financial statements are an integral part of these condensed statements.