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## **TERRA FIRMA CAPITAL CORPORATION REPORTS FOURTH QUARTER & FULL YEAR 2016 FINANCIAL RESULTS**

*13% INCREASE IN TOTAL ASSETS YEAR OVER YEAR*

*23% INCREASE IN LOAN AND MORTGAGE SYNDICATIONS YEAR OVER YEAR*

**All amounts are stated in Canadian dollars**

TORONTO, ONTARIO, March 29, 2017 -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, today announced its financial results for the three and twelve month periods ended December 31, 2016.

"Although we have experienced growth in total assets, the impact of our new loans has not yet been reflected in the bottom line as our results were negatively impacted by foreign exchange movements and from not recognizing income on approximately 30% of the Company's book equity. Such book equity is invested in loans that are currently in default and certain equity investments. We expect to recognize the income on these investments in future periods including the amounts that otherwise would have been recognized in 2016. While we funded close to \$50 million of loans in 2016, we had reserved cash to fund several large loans amounting to over \$70 million which did not transact. We are very confident in our prospects for 2017. During the first quarter of 2017, our loan originations of \$40 million have almost reached all of our 2016 loan originations, and we have much higher goals for the coming year and beyond," commented Glenn Watchorn, President and Chief Executive Officer of Terra Firma Capital Corporation.

"We believe our origination pipeline and the syndication network is very deep. We continue to attract top quality clients for their financing needs and our syndicate of investors is eager to participate in these loans. Over the last few quarters, our transactions have been oversubscribed, and our syndication network is expanding. In summary, 2017 has started off very strong and we are very optimistic that these very positive developments will define themselves on our bottom line over the remainder of the year and beyond," he further said.

### **Results of operations**

Revenue for the three months ended December 31, 2016 totaled \$3.4 million, compared to revenue for the three months ended December 31, 2015 of \$5.2 million, representing a decrease of \$1.8 million or 34.6% on a year-over-year basis. Revenue for the year ended December 31, 2016 totaled \$14.9 million, compared to revenue for the year ended December 31, 2015 of \$17.4 million, representing a decrease of \$2.5 million or 14.4% on a year-over-year basis.

Interest and fee income for the three months ended December 31, 2016 aggregated \$3.4 million, a decrease of 33.3% over the \$5.1 million in the same period in the previous year. Interest and fee income for the year ended December 31, 2016 aggregated \$14.7 million, compared to interest and fee income for the year ended December 31, 2015 of \$17.2 million, representing a decrease of \$2.5 million or 14.5% over last year.

Interest and financing expense for the three months ended December 31, 2016 and 2015 were \$2.0 million and \$1.6 million, respectively. Interest expense for the year ended December 31, 2016 was \$7.8 million, compared to \$5.9 million for the year ended December 31, 2015.

Net income and comprehensive income attributable to common shareholders for the three months ended December 31, 2016 was \$252,143 or \$0.00 per basic and diluted share, compared to \$1.9 million or \$0.03 per basic and diluted share, for the same period last year.

Net income and comprehensive income attributable to common shareholders for the year ended December 31, 2016 was \$1.4 million or \$0.02 per basic and diluted share, compared to \$6.1 million or \$0.11 per basic share and \$0.10 diluted share, for the year ended December 31, 2015. General and administrative expenses for the year ended December 31, 2016 decreased \$198,821 year-over-year, to \$3.0 million, compared to \$3.2 million for the year ended December 31, 2016.

The principal balance of the Company's loan and mortgage investments decrease from \$95.6 million at December 31, 2015 to \$93.4 million at December 31, 2016, a decrease of 1.4%, primarily due to several large loans amounting to over \$70 million which did not transact during the year and the conversion of a loan investment into an equity investment in April 2016. The weighted average effective interest rate in the mortgage investment portfolio at December 31, 2016 was 15.3% compared to 15.8% at December 31, 2015.

The principal balance of the Company's loan and mortgage syndications increased from \$45.7 million at December 31, 2015 to \$56.2 million at December 31, 2016, an increase of \$10.5 million or 23.0%. The weighted average effective interest rate in the mortgage investment portfolio at December 31, 2016 was 10.81% compared to 10.54% at December 31, 2015.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and twelve month periods ended December 31, 2016 have been filed and are available 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", "indicates" "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 any non-binding letters of intent that 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 months and years ended December 31, 2016 and 2015

(Unaudited)

	Three months ended		Years ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Revenue</b>				
Interest and fees	\$ 3,384,576	\$ 5,104,378	\$ 14,701,947	\$ 17,162,141
Rental	50,445	47,362	199,711	189,434
	3,435,021	5,151,740	14,901,658	17,351,575
<b>Expenses</b>				
Property operating costs	17,307	15,269	71,892	61,059
General and administrative	854,683	1,303,935	3,027,678	3,226,499
Share based compensation	430,360	321,389	819,714	1,782,722
Interest and financing costs	1,957,033	1,613,844	7,774,172	5,928,475
Provision for loan and mortgage investment loss	310,493	478,066	423,219	478,066
Realized and unrealized foreign exchange loss (gain)	(357,375)	(1,090,208)	858,660	(2,078,788)
Gain on conversion of interest in joint operation	(61,950)	(82,500)	(61,950)	(82,500)
Fair value adjustment - portfolio investments	(72,529)	(394,170)	(72,529)	(394,170)
Share of income from investment in associates	-	(91,949)	-	(91,949)
	3,078,022	2,073,676	12,840,856	8,829,414
<b>Income from operations before income taxes</b>	356,999	3,078,064	2,060,802	8,522,161
Income taxes	104,856	1,138,177	653,907	2,456,251
<b>Net income and comprehensive income</b>	\$ 252,143	\$ 1,939,887	\$ 1,406,895	\$ 6,065,910

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

	December 31, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 12,315,242	\$ 11,723,550
Funds held in trust	982,353	2,061,207
Deposits	3,256,074	11,747,370
Amounts receivable and prepaid expenses	4,865,280	2,279,977
Loan and mortgage investments	93,408,444	95,135,201
Investment property held in joint operations	2,208,694	2,143,794
Land under development held in joint operations	23,808,574	-
Portfolio investments	3,212,084	2,339,555
Investment in associates	2,315,414	2,315,414
Deferred income tax asset	328,324	-
<b>Total assets</b>	<b>\$ 146,700,483</b>	<b>\$ 129,746,068</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 10,647,966	\$ 5,980,560
Unearned income	329,340	301,099
Income taxes payable	22,942	322,046
Deferred income tax liability	-	18,665
Short-term unsecured notes payable	-	9,286,000
Revolving operating facility	7,467,586	9,865,144
Loan and mortgage syndications	56,180,448	45,691,948
Due to joint operations partner	11,163,640	-
Mortgages payable	1,509,503	1,120,314
Convertible debentures	10,754,259	10,628,301
<b>Total liabilities</b>	<b>98,075,684</b>	<b>83,214,077</b>
<b>Equity</b>		
Share capital	\$ 31,789,819	\$ 31,257,404
Equity component of convertible debentures	284,490	284,490
Contributed surplus	2,514,073	2,360,575
Retained earnings	13,781,776	12,374,881
<b>Shareholders' equity</b>	<b>48,370,158</b>	<b>46,277,350</b>
Non-controlling interest	254,641	254,641
<b>Total equity</b>	<b>48,624,799</b>	<b>46,531,991</b>
<b>Total liabilities and equity</b>	<b>\$ 146,700,483</b>	<b>\$ 129,746,068</b>