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**TERRA FIRMA CAPITAL CORPORATION REPORTS  
RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2016**

- *INCREASED TOTAL ASSETS BY 66% YEAR OVER YEAR*
- *GREW REVENUE 7% YEAR OVER YEAR*

**All amounts are stated in Canadian dollars**

TORONTO, ONTARIO, May 11, 2016 -- 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 month period ended March 31, 2016.

**FIRST QUARTER 2016 HIGHLIGHTS:**

- Terra Firma increased total assets by 66% to \$133.5 million at March 31, 2016 from \$80.6 million at March 31, 2015
- Total revenue in the first quarter amounted to \$4.3 million, an increase of \$262,000 or 7%, from the same period in the prior year.
- Net income of \$115,000, (\$0.00 on a basic diluted per share basis) after recognizing a tax adjusted foreign exchange loss of \$904,000, a decrease of \$830,000 from \$945,000 (\$0.02 on a basic diluted per share basis) in Q1 2015.
- Adjusted net income (non-IFRS measurement) for the quarter of \$1,019,000 (\$0.02 on a basic and diluted per share basis), before recognizing a tax adjusted foreign exchange loss of \$904,000, increased by \$74,000, compared to \$945,000 (\$0.02 on a basic diluted per share basis) in Q1 2015.

"We believe that the strategic decision to expand into the U.S. will provide diversification and greater opportunities to create enhanced shareholder value," said Dov Meyer, Chief Executive Officer. "However in the short term, as witnessed in Q1, results may be distorted by volatility in the foreign exchange market. In Q1, the Company was successful in originating and deploying new loans, which will have a positive impact on earnings in the coming quarters", he concluded.

"Our penetration into the U.S. real estate debt market is growing steadily," said Glenn Watchorn, President and Chief Operating Officer. "The Company has demonstrated that it can offer attractive and competitive debt products both to our existing clients and new prospective borrowers. As expected, we had strong loan originations and we are pleased that our syndicated investors are showing interest in our growing portfolio of loans. Our pipeline should steadily increase for the remainder of 2016", he further said

**Results of operations – three months ended March 31, 2016**

Interest and fee income for the first quarter ended March 31, 2016 aggregated \$4.2 million, an increase of 7% over the \$4.0 million in the same period in the previous year and a decrease of 17% from the \$5.1 million in the fourth quarter ended December 31, 2015. Interest and fees in the fourth quarter ended December 31, 2015 included fees recognized due to early repayments of \$896,000. The average interest rate in the loan and mortgage investments at March 31, 2016 was 15.6%, compared to 15.8% at December 31, 2015.

The Company's loan and mortgage investments increased from \$64.9 million at March 31, 2015 to \$117.6 million at March 31, 2016, an increase of 81%.

Interest expense for the first quarter ended March 31, 2016 was \$1.8 million, compared to \$1.5 million for the comparative period last year and \$1.6 million for the fourth quarter ended December 31, 2015. The average interest rate in the loan and mortgage syndications at March 31, 2016 was 10.3%, compared to 10.5% at December 31, 2015.

Net income and comprehensive income for the three months ended March 31, 2016 was \$115,000 or \$0.00 per basic and diluted share, compared to \$945,000 or \$0.02 per basic and diluted share, in the same period last year. General and administrative expenses for the three months ended March 31, 2016 decreased to \$658,000 from \$798,000 for the same period last year. The general and administrative expenses for the three months ended March 31, 2015 was higher due to the recording of performance bonus.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three month period ended March 31, 2016 (the "MD&A") have been filed and are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Subsequent Event**

On April 25, 2016, one of the Company's borrowers filed a Notice of Intention to Make a Proposal ("NOI") under the *Bankruptcy and Insolvency Act* (Canada). This process provides the borrower an opportunity to present a plan to restructure their financial affairs. The Company's total loan exposure to this borrower is approximately \$13.9 million and is secured. The Company has already commenced enforcing its security on these loans, but the process has been temporarily stayed by the filing of the NOI. Based on the current information available, the Company expects to recover the amounts outstanding. However, the final outcome and timing of recovery will depend on the NOI process and other factors in the market. In the short term, we anticipate that there may be a negative impact on our ability to earn income on the outstanding amounts.

### **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).

### **Non-IFRS Measures:**

This press release refers to certain financial measures, such as adjusted net income and adjusted earnings 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 profit/loss 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 (\$115,000) plus tax adjusted foreign exchange losses (\$904,000), while adjusted basic earnings per share and adjusted diluted earnings per share are calculated as adjusted net income (\$1,019,000) divided by the weighted average number of outstanding common shares of the Company (60,260,083) and weighted average diluted number of outstanding common shares of the Company (76,386,025), respectively.

*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 and include statements regarding final timing of recovery in the NOI process, the expected impact of new loans on earnings in coming quarters and our expectations regarding the increase in our pipeline for the remainder of 2016. 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 those factors discussed in the MD&A as well as 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 months ended March 31, 2016 and 2015  
(Unaudited)

	Three months ended	
	March 31, 2016	March 31, 2015
<b>Revenue</b>		
Interest and fees	\$ 4,221,156	\$ 3,960,412
Rental	48,378	47,348
	4,269,534	4,007,760
<b>Expenses</b>		
Property operating costs	16,092	15,254
General and administrative	658,145	798,024
Share based compensation	210,386	391,039
Interest and financing costs	1,827,241	1,503,032
Provision for loan and investment loss	112,726	-
Foreign exchange gain - realized	(41,634)	-
Foreign exchange loss - unrealized	1,271,596	-
	4,054,552	2,707,349
<b>Income from operations before income taxes</b>	214,982	1,300,411
Income taxes	100,158	354,973
<b>Net income and comprehensive income</b>	\$ 114,824	\$ 945,438
<b>Earnings per share</b>		
Basic	\$ 0.00	\$ 0.02
Diluted	\$ 0.00	\$ 0.02

**Terra Firma Capital Corporation**  
**Reconciliation of Non-IFRS Measures**

	Three months ended	
	March 31, 2016	March 31, 2015
Net income and comprehensive income	\$ 114,824	\$ 945,438
Foreign exchange loss (tax adjusted)	904,022	-
<b>Adjusted net income and comprehensive income</b>	\$ 1,018,846	\$ 945,438

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

	March 31, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 4,009,958	\$ 11,723,550
Funds held in trust	896,434	2,061,207
Deposits	-	11,747,370
Amounts receivable and prepaid expenses	3,389,160	2,279,977
Loan and mortgage investments	117,567,642	95,135,201
Investment properties held in joint operations	2,143,794	2,143,794
Portfolio investments	2,339,555	2,339,555
Investment in associates	2,315,414	2,315,414
Income taxes recoverable	529,108	-
Deferred income tax asset	330,023	-
<b>Total assets</b>	<b>\$ 133,521,088</b>	<b>\$ 129,746,068</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,553,389	\$ 5,980,560
Unearned income	400,932	301,099
Income taxes payable	-	322,046
Deferred income tax liability	-	18,665
Short-term unsecured notes payable	7,786,010	9,286,000
Revolving operating facility	9,890,678	9,865,144
Loan and mortgage syndications	52,037,018	45,691,948
Mortgages payable	1,112,392	1,120,314
Convertible debentures	10,658,689	10,628,301
<b>Total liabilities</b>	<b>86,439,108</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	2,274,850	2,360,575
Retained earnings	12,489,705	12,374,881
<b>Shareholders' equity</b>	<b>46,827,339</b>	<b>46,277,350</b>
Non-controlling interest	254,641	254,641
<b>Total equity</b>	<b>47,081,980</b>	<b>46,531,991</b>
<b>Total liabilities and Equity</b>	<b>\$ 133,521,088</b>	<b>\$ 129,746,068</b>