



For Immediate Release

**TERRA FIRMA CAPITAL CORPORATION REPORTS RESULTS FOR THE SECOND
QUARTER ENDED JUNE 30, 2014**

**198% INCREASE IN NET INCOME COMPARED TO Q2 2013
48% TOTAL REVENUE GROWTH YEAR OVER YEAR
43% GROWTH IN LOANS AND MORTGAGE INVESTMENTS**

All amounts are stated in Canadian dollars.

TORONTO, ONTARIO, August 21, 2014 (Marketwire) -- 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, 2014.

SECOND QUARTER 2014 HIGHLIGHTS:

- Total revenue is \$2.9 million, an increase of \$933,000 or 48%, compared to the same period last year.
- Net income and comprehensive income in the second quarter is \$786,000, an increase of \$522,000 or 198%, compared to the second quarter of 2013.
- Basic earnings per share in the second quarter were \$0.03, compared to basic earnings per share of \$0.01 for the same quarter in the prior year, an increase of 200% over last year.
- Loan and mortgage investments increased by 43% or \$18.3 million from \$42.9 million at June 30, 2013 to \$61.3 million at June 30, 2014.

"The growth of our loan portfolio, increase in total revenue and significant growth in net income year-over-year, reflect our success in penetrating the market, matching capital to fund our commitments and ability to achieve strong profitability. Our financial results for the first half of the year demonstrate our continued commitment to building a loan portfolio to enhance our earnings and shareholder value", commented Y. Dov Meyer, President and Chief Executive Officer. "Our loan originations and commitments are consistently growing and our pipeline of transactions going into Q3 is well diversified. We are on track for a record breaking year." he further said.

Results of operations – three months ended June 30, 2014

Net income in the second quarter ended June 30, 2014 was \$786,000 or \$0.03 per basic share and \$0.02 per diluted share, compared to \$264,000, or \$0.01 per basic and diluted share, in the second quarter ended June 30, 2013.

Interest and fee income for the second quarter ended June 30, 2014 aggregated \$2.8 million, an increase of 54% over the \$1.8 million in the same period in the previous year, and an increase of 8% over \$2.6 million in the first quarter ended March 31, 2014.

Interest expense for the second quarter ended June 30, 2014 was \$1.5 million, compared to \$1.2 million for the comparative period last year and \$1.5 million for the first quarter ended March 31, 2014, representing the growth of our business and the increase in loan syndications to fund the investment activities.

The company's loan and mortgage investments increased from \$55.3 million at December 31, 2013 to \$61.3 million at June 30, 2014, an increase of 11%. The average interest rate in the mortgage portfolio at June 30, 2014 was 18.8% compared to 18.6% at December 31, 2013.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three months ended March 31, 2014 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. For further information please visit Terra Firma's website at www.tfcc.ca.

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
Consolidated Statements of Income and Comprehensive Income
For the three and six months ended June 30, 2014 and 2013
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue				
Interest and fees	\$ 2,841,816	\$ 1,840,180	\$ 5,462,356	\$ 3,426,395
Rental	47,319	115,558	162,756	222,654
	2,889,135	1,955,738	5,625,112	3,649,049
Expenses				
Property operating costs	15,225	21,238	57,301	68,853
General and administrative	529,678	372,923	884,195	740,086
Share based compensation	423,994	32,345	436,602	32,345
Interest	1,451,536	1,157,172	2,930,455	2,094,584
Gain on conversion of interest in joint operation	(487,000)	-	(487,000)	-
	1,933,433	1,583,678	3,821,553	2,935,868
Income from operations before income taxes	955,702	372,060	1,803,559	713,181
Income taxes	321,563	108,503	551,211	184,279
Income from continuing operations	634,139	263,557	1,252,348	528,902
Income from discontinued operations	151,644	-	151,644	-
Net income and comprehensive income	\$ 785,783	\$ 263,557	\$ 1,403,992	\$ 528,902
Earnings per share				
Basic	\$ 0.03	\$ 0.01	\$ 0.05	\$ 0.02
Diluted	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.02

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at June 30, 2014 and December 31, 2013

	June 30, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 5,285,223	\$ 7,721,115
Funds held in trust	199,059	383,526
Amounts receivable and prepaid expenses	2,256,149	1,661,352
Loan and mortgage investments	61,266,320	55,278,303
Investment properties	1,915,336	7,671,452
Portfolio investments	3,148,234	954,073
Deferred income tax asset	31,818	-
Total assets	\$ 74,102,139	\$ 73,669,821
Liabilities		
Accounts payable and accrued liabilities	\$ 2,168,940	\$ 1,366,708
Provision for discontinued operations	27,500	321,490
Unearned income	298,077	472,924
Income taxes payable	274,494	82,375
Deferred income tax liability	-	6,348
Loans and mortgages payable	44,907,558	46,569,921
Convertible debentures	10,141,697	10,125,074
Total liabilities	57,818,266	58,944,840
Shareholders' Equity		
Share capital	\$ 10,834,175	\$ 10,795,790
Contributed surplus	720,477	603,962
Retained earnings	4,529,221	3,125,229
Total shareholders' equity	16,083,873	14,524,981
Non-controlling interest	200,000	200,000
Total liabilities and Shareholders' Equity	\$ 74,102,139	\$ 73,669,821