For Immediate Release

TERRA FIRMA CAPITAL CORPORATION REPORTS RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2017

All amounts are stated in Canadian dollars.

TORONTO, ONTARIO, August 15, 2017 (Marketwired) -- 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, 2017.

HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017:

- Total loan and mortgage syndications increased by 29% to $70.7 million at June 30, 2017 from $54.8 million at June 30, 2016.
- Total revenue for the second quarter ended June 30, 2017 amounted to $4.1 million, an increase of $500,000 or 14%, from the same period in the prior year. Total revenue for the six months ended June 30, 2016 amounted to $8.1 million, an increase of $300,000 or 2%, from the same period in the prior year.
- Net income for the quarter ended June 30, 2017 of $114,000, ($0.00 on a basic and diluted per share basis) after recognizing a tax adjusted foreign exchange loss of $611,000, decreased by $281,000 compared to $395,000 ($0.01 on a basic and diluted per share basis), including tax adjusted foreign exchange loss of $220,000 for the quarter ended June 30, 2016.
- Net income for the six months ended June 30, 2017 of $598,000, ($0.01 on a basic and diluted per share basis) after recognizing a tax adjusted foreign exchange loss of $466,000, increased by $88,000 compared to $510,000, ($0.01 on a basic and $0.01 on a diluted per share basis) including tax adjusted foreign exchange loss of $1,124,000, in the same period ended June 30, 2016.
- Adjusted net income (a non-IFRS measurement) for the quarter ended June 30, 2017 of $724,000 ($0.01 on a basic and diluted per share basis) before recognizing a tax adjusted foreign exchange loss of $611,000, increased by $108,000 compared to adjusted net income of $616,000 ($0.01 on a basic and diluted per share basis) for the quarter ended June 30, 2016.
- Adjusted net income (a non-IFRS measurement) for the six months ended June 30, 2017 of $1,064,000 ($0.02 on a basic and diluted per share basis), before recognizing a tax adjusted foreign exchange loss of $466,000, decreased by $570,000 compared to adjusted net income of $1,634,000 ($0.03 on a basic and diluted per share basis) in six months ended June 30, 2016.

"Though our second quarter results were largely in line with our expectations, the results were mainly impacted by the volatility in the US$ which amount to over $0.01 per share. We have been evaluating various hedging strategies; however at the current time, as our U.S. book is consistently growing and we have not yet determined a cost effective way to offset the fluctuations in the currency. As anticipated, $14 million of loan investments were repaid and we continue to work our way to recover the loans that are in arrears. To that end we are pleased that we have resolved the largest of the loans of $7.1 million through a negotiated restructuring of the loan with the senior lender and home buyers. Pursuant with the agreement with all the parties involved, the development is moving forward, purchasers that have elected to close on their homes will pay an additional amount and the balance of the homes will be completed and sold on the open market", commented Glenn Watchorn, Chief Executive Officer of Terra Firma Capital Corporation. "Furthermore, we have a very strong pipeline going into the third quarter and beyond with signed letters of intent totaling over $50 million, subject to borrowers satisfying pre-funding conditions, a growing base of syndicated investors and doubling the credit limit from $10 million to $20 million on our revolving credit facility, we remain confident that we are well positioned for a stronger second half of 2017", he further said.

Results of operations – three and six months ended June 30, 2017

Net income in the second quarter ended June 30, 2017 was $114,000 or $0.00 per basic and diluted share compared to $395,000 or $0.01 per basic and diluted share, in the second quarter ended June 30, 2016. The decrease in net income was primarily due to an increase in interest expense from the Company's loan and mortgage syndications, an increase in general and administrative expenses, an increase in unrealized foreign exchange loss, which aggregate amount was offset by an increase in interest and fees income.

Net income for the six months ended June 30, 2017 was $598,000 or $0.01 per basic and diluted share compared to $510,000 or $0.01 per basic and diluted share, for the six months ended June 30, 2016. The increase in net income was primarily due to by an increase in interest and fees income and decrease in realized and unrealized foreign exchange loss, which aggregate amount was offset by an increase in interest expense from the Company's revolving operating facility and loan and mortgage syndications and an increase in general and administrative expenses.

Interest and fee income for the second quarter ended June 30, 2017 aggregated $4.0 million, an increase of 14% from the $3.5 million in the same period in the previous year and no change from $4.0 million in the first quarter ended March 31, 2017. Interest and fee income for the six months ended June 30, 2017 aggregated $8.0 million, an increase of 3.0% from the $7.8 million in the same period in the previous year. The average interest rate on the loan and mortgage investments at June 30, 2017 was 15.0%, compared to 15.3% at December 31, 2016 and 16.3% at June 30, 2016.

Interest and financing costs for the second quarter ended June 30, 2017 were $2.4 million, compared to $2.0 million for the comparative period last year. Interest and financing costs for the six months ended June 30, 2017 were $4.8 million, compared to $3.8 million for the comparative period last year. The increase in interest and financing costs was primarily due to an increase in loan syndications and the Company's revolving operating facility used to fund loan and mortgage investments.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2017 have been filed and are available under the Company's profile on SEDAR (www.sedar.com).

Subsequent event

As previously announced, subsequent to June 30, 2017, the Company entered into a strategic alliance and has accepted a subscription agreement on August 11, 2017 for a non-brokered private placement to a member of the Great Gulf Group of companies ("Great Gulf"), whereby Great Gulf will invest $3,250,000 by acquiring 5,000,000 units (the "Units"). Pursuant to the strategic relationship between Terra Firma and Great Gulf, Terra Firma will work with Great Gulf and its subsidiaries and affiliated companies (including Great Gulf Homes, First Gulf and Ashton Woods) to help finance its development activities throughout Canada and the United States. Terra Firma will also have the opportunity to utilize Great Gulf's extensive network to help expand its platform to provide financing for other developers throughout the United States and Canada.

Great Gulf is acquiring the Units at a purchase price of $0.65 per Unit. Each Unit is comprised of one share in the capital of the Company and one share purchase warrant. Each warrant is exercisable for one share at a price of $0.85 per share for a period of 36 months from the date of issue. All shares being issued as part of the offering are subject to a lock-up, so long as the warrants are outstanding and other specified conditions are maintained. The offering is expected to close no later than August 22, 2017.

Non-IFRS Measures

This press release refers to certain financial measures, such as adjusted net income and adjusted net income 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 net income 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 plus tax adjusted foreign exchange losses, while adjusted net income per share and adjusted diluted net income per share are calculated as adjusted net income divided by the weighted average number of outstanding common shares of the Company and weighted average diluted number of outstanding common shares of the Company, respectively. For further details of these non-IFRS measures, including a reconciliation to the most directly comparable IFRS financial measures, refer to the Company's Management's Discussion & Analysis and Financial Statements as at and for the three and six months ended June 30, 2017, "Non-IFRS Measures".

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, successful implementation of effective currency exchange hedging strategies, the repayment in full of a restructured loan, realization of matters covered by current letters of intent, completion of the Unit offering and timing thereof, and the strategic relationship between Terra Firma and Great Gulf. 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, including the matters covered by the non-binding letter of intent 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.

For further information, please contact:

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

or
Terra Firma Capital Corporation
Y. Dov Meyer
Executive Vice Chairman
Phone: 416.792.4709
ydmeyer@tfcc.ca
or

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

Terra Firma Capital Corporation
Consolidated Statements of Income and Comprehensive Income
For the three and six months ended June 30, 2017 and 2016
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue				
Interest and fees	$ 4,016,705	$ 3,527,298	$ 7,982,949	$ 7,748,454
Rental	50,444	50,444	100,888	98,822
	4,067,149	3,577,742	8,083,837	7,847,276
Expenses				
Property operating costs	17,157	17,307	34,488	33,399
General and administrative	667,038	608,484	1,563,774	1,266,629
Share based compensation	(72,833)	58,818	207,888	269,204
Interest and financing costs	2,447,873	2,008,734	4,774,934	3,835,975
Provision for loan and investment loss	-	-	-	112,726
Realized and unrealized foreign exchange loss	830,787	299,680	633,496	1,529,642
	3,890,022	2,993,023	7,214,580	7,047,575
Income from operations before income taxes	177,127	584,719	869,257	799,701
Income taxes	63,443	189,278	270,761	289,436
Net income and comprehensive income	$ 113,684	$ 395,441	$ 598,496	$ 510,265
Earnings per share				
Basic	$ 0.00	$ 0.01	$ 0.01	$ 0.01
Diluted	$ 0.00	0.01	0.01	$ 0.01

Terra Firma Capital Corporation
Consolidated Statements of Financial Position
As at June 30, 2017 and December 31, 2016

	June 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 10,501,028	$ 12,315,242
Funds held in trust	956,852	982,353
Deposits	-	3,256,074
Amounts receivable and prepaid expenses	4,836,579	4,865,280
Loan and mortgage investments	105,818,522	93,408,444
Investment property held in joint operations	2,208,694	2,208,694
Land under development held in joint operations	25,032,469	23,808,574
Portfolio investments	3,212,084	3,212,084
Investment in associates	2,315,414	2,315,414
Income taxes recoverable	79,238	-
Deferred income tax asset	375,383	328,324
Total assets	$ 155,336,263	$ 146,700,483
Liabilities		
Accounts payable and accrued liabilities	$ 12,506,996	$ 10,647,966
Unearned income	496,531	329,340
Income taxes payable	-	22,942
Revolving operating facility	-	7,467,586
Loan and mortgage syndications	70,713,975	56,180,448
Due to joint operations partner	5,180,759	11,163,640
Construction loan payable	5,220,000	-
Mortgages payable	1,490,117	1,509,503
Convertible debentures	10,819,395	10,754,259
Total liabilities	106,427,773	98,075,684
Equity		
Share capital	$ 31,327,496	$ 31,789,819
Equity component of convertible debentures	284,490	284,490
Contributed surplus	2,661,591	2,514,073
Retained earnings	14,380,272	13,781,776
Shareholders' equity	48,653,849	48,370,158
Non-controlling interest	254,641	254,641
Total equity	48,908,490	48,624,799
Total liabilities and Equity	$ 155,336,263	$ 146,700,483