



For Immediate Release

TERRA FIRMA CAPITAL CORPORATION REPORTS FIRST QUARTER 2012 RESULTS NET INCOME CONTINUES TO GROW SIGNIFICANTLY AS LOAN ORIGINATION INCREASES

TORONTO, ONTARIO, May 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 months ended March 31, 2012 increased by \$277,000 to \$253,000, or \$0.01 per basic and diluted share, from a net loss of \$24,000, or (\$0.00) per basic and diluted share in the comparative period in 2011. Interest income grew 442% to \$966,000 in 2012 from \$178,000 in 2011. **All amounts are stated in Canadian dollars.**

The substantial growth in Terra Firma's revenues and net income for the three months ended March 31, 2012 as compared to the year earlier period 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 \$25.3 million (with a weighted average effective interest rate of 19.3%) as at March 31, 2012 versus \$16.7 million and \$2.2 million as at December 31, 2011 and March 31, 2011, respectively.

Interest expense was higher for the three months ended March 31, 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 \$8.9 million as at March 31, 2012 from \$4.8 million and \$0.85 million as at December 31 2011 and March 31, 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 first quarter results," commented Mr. Y. Dov Meyer, Terra Firma's CEO and President. "They reflect the momentum we have created in the marketplace and our ability to originate accretive real estate lending transactions, increasing our stature as an alternative lender."

"We believe we will continue to grow our loan portfolio, revenue and earnings through the balance of 2012" concluded Mr. Meyer.

2012 First Quarter Operational Highlights:

- During the three months ended March 31, 2012 Terra Firma completed three new loan investments totaling \$8.6 million on projects slated to develop approximately 1,000 low rise residential units, the majority within Toronto. These investments were funded from the Company's internal cash resources and the syndication of a prior funded loan, which realized cash proceeds of an additional \$4.1 million.

- In March of 2012 Terra Firma completed an equity investment in a 94 unit mid-rise condominium development located in Toronto.

The Company's Management's Discussion & Analysis and Financial Statements as at and for the quarter ended March 31, 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 March 31, 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 months ended March 31, 2012 and 2011

(Unaudited)

	2012	2011
	\$	\$
Revenue		
Interest	966,287	178,201
Earnings from joint ventures	<u>19,451</u>	<u>158,490</u>
	<u>985,738</u>	<u>336,691</u>
Expense		
General and administrative expense	127,718	47,207
Stock based compensation	30,357	252,390
Interest expense	<u>483,095</u>	<u>41,048</u>
	<u>641,169</u>	<u>340,645</u>
Income (loss) before income taxes	344,569	(3,954)
Income tax provision	<u>91,352</u>	<u>19,414</u>
Income (loss) from continuing operations	253,217	(23,368)
Loss from discontinued operations	<u>-</u>	<u>(318)</u>
Net income (loss)	<u>253,217</u>	<u>(23,686)</u>
Basic and diluted earnings (loss) per share		
Continuing operations	0.01	0.00
Discontinued operations	<u>0.00</u>	<u>0.00</u>
	<u>0.01</u>	<u>0.00</u>
Weighted average number of common shares outstanding - basic and diluted	30,495,000	18,556,333

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 March 31, 2012 and December 31, 2011
(Unaudited)

	March 31, 2012 \$	December 31 2011 \$
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	3,900,515	8,662,505
Interest and sundry receivables	1,257,963	752,402
Prepaid expenses and deposits	16,979	7,365
Loan and mortgage investments	25,346,513	16,724,774
Interests in joint ventures	1,086,323	1,073,319
Portfolio investment	950,000	-
	<u>32,558,293</u>	<u>27,220,365</u>
Liabilities		
Accounts payable and accrued liabilities	1,593,610	682,186
Provision for discontinued operations	221,638	251,864
Unearned revenue	82,398	52,624
Income taxes payable	172,593	82,169
Deferred income taxes	11,188	10,260
Loans and mortgages payable	8,876,689	4,832,267
Debentures payable	10,069,477	10,061,869
	<u>21,027,593</u>	<u>15,973,239</u>
Shareholders' equity	<u>11,530,700</u>	<u>11,247,126</u>
	<u>32,558,293</u>	<u>27,220,365</u>

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