TERRA FIRMA

For Immediate Release

TERRA FIRMA CAPITAL CORPORATION REPORTS FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2017

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All amounts are stated in Canadian dollars.

TORONTO, ONTARIO, November 13, 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 nine months ended September 30, 2017.

THIRD QUARTER 2017 HIGHLIGHTS:

- During the quarter ended September 30, 2017, the Company originated $54 million, funded $36.3 million and received repayments of $39.4 million of loan and mortgage investments. The principal balance of loan and mortgage investments amounted to $96.0 million at September 30, 2017, as compared to $102.0 million at September 30, 2016. Subsequent to September 30, 2017, the Company closed loan investments of $18.6 million and funded $3.6 million on closing.
- Total revenue for the third quarter ended September 30, 2017 amounted to $3.6 million, approximately the same compared to the same period last year. Total revenue for the nine months ended September 30, 2017 amounted to $11.7 million, an increase of $200,000 or 2%, from the same period in the prior year.
- Net income for the quarter ended September 30, 2017 amounted to $36,000, ($0.00 on a basic and diluted per share basis) as compared to $644,000 ($0.01 on a basic and diluted per share basis) for the quarter ended September 30, 2016. Adjusted net income (a non-IFRS measurement) for the quarter ended September 30, 2017 amounted to $518,000 ($0.01 on a basic and diluted per share basis) before recognizing foreign exchange, an increase of $104,000 compared to adjusted net income of $414,000 ($0.01 on a basic and diluted per share basis) for the quarter ended September 30, 2016.
- Net income for the nine months ended September 30, 2017 amounted to $635,000, ($0.01 on a basic and diluted per share basis) as compared to $1,155,000, ($0.02 on a basic and $0.02 on a diluted per share basis) for the same period ended September 30, 2016. Adjusted net income (a non-IFRS measurement) for the nine months ended September 30, 2017 amounted to $1,582,000 ($0.03 on a basic and diluted per share basis), before recognizing foreign exchange, a decrease of $466,000 compared to adjusted net income of $2,048,000 ($0.03 on a basic and diluted per share basis) for the nine months ended September 30, 2016.

"Originations of new loans totaled $54 million, our best quarter ever, of which we have already funded $36 million. The balance is expected to be funded over the coming months and will add approximately $5 million of annual revenue. On the strategic front we entered into a relationship with Great Gulf, one of Canada's largest real estate developers and have already financed a land banking transaction involving one of their affiliated companies, Ashton Woods. We also increased our line of credit to $20 million which provides us with additional capital. At the same time we streamlined our balance sheet by repaying our convertible debentures. In terms of our loan portfolio, we continue to expand our footprint in the US by entering into new markets, repeating business with existing borrowers and establishing relationships with new borrowers. We have now firmly established ourselves in the US not only in terms of originations, but we have also developed a proven track record with many successful loan repayments," commented Glenn Watchorn, President and Chief Executive Officer. "Our net income has been impacted by early loan repayments of $39 million, foreign exchange movements and the unrecorded income on loans in arrears and equity positions. The early repayment of loans reflect on the high credit quality of our loan investments. However, these unscheduled repayments resulted in us carrying higher than normal cash balances which impacted our revenue results. We continue to prudently identify and invest in attractive opportunities consistent with our investment strategy to drive future profit growth. Moving into the fourth quarter, we have already closed on one loan totaling $18.6 million and have a further $26 million of signed letters of intent which are expected to close by quarter end," he further said.

Results of operations – three and nine months ended September 30, 2017

Net income in the third quarter ended September 30, 2017 was $36,000 or $0.00 per basic and diluted share compared to $644,000 or $0.01 per basic and diluted share, in the third quarter ended September 30, 2016. Net income for the nine months ended September 30, 2017 was $635,000 or $0.01 per basic and diluted share compared to $1,155,000 or $0.02 per basic share and diluted share, for the nine months ended September 30, 2016. The decrease in net income was primarily due to an increase in interest expense from the Company's revolving operating facility, loan and mortgage syndications and higher share based compensation.

Interest and fee income for the third quarter ended September 30, 2017 aggregated $3.6 million, approximately the same compared to the same period last year. Interest and fee income for the nine months ended September 30, 2017 aggregated $11.5 million, a decrease of 2.0% from the $11.3 million in the same period in the previous year. The decrease in interest and fee revenue was primarily due to the early repayments of loan investments.

Interest and financing costs for the third quarter ended September 30, 2017 were $1.9 million, approximately the same compared to the same period last year. Interest and financing costs for the nine months ended September 30, 2017 were $6.6 million, compared to $5.8 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.

The company's principal balance of loan and mortgage investments increased by 1.8% from $94.3 million at December 31, 2016 to $96.0 million at September 30, 2017. The average interest rate on the loan and mortgage investments at September 30, 2017 was 14.1%, compared to 15.3% at December 31, 2016 and 16.2% at September 30, 2016.

The company's loan and mortgage syndications decreased from $56.2 million at December 31, 2016 to $52.5 million at September 30, 2017, a decrease of 6.6%. The average interest rate on the loan and mortgage syndications at September 30, 2017 was 10.4%, compared to 10.8% at December 31, 2016 and 11.3% at September 30, 2016.

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

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 as at and for the three and nine months ended September 30, 2017, at "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, including the funding of outstanding originated loans (and expected performance and timing thereof), future profit growth, and realization of matters covered by current letters of intent (and timing thereof). 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 or that originated loans are not realized, 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, as well other risks discussed in Terra Firma's materials filed with Canadian securities regulatory authorities from time to time under Terra Firma's profile at www.sedar.com, including the risks discussed in its Management's Discussion & Analysis as at and for the three and nine months ended September 30, 2017, at "Risks and Uncertainties" and risks discussed in Terra Firma's Annual Information Form dated March 29, 2017.. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including that the originated loans are funded, remain in good standing and are repaid in full at maturity, 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 and nine months ended September 30, 2017 and 2016
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue				
Interest and fees	$ 3,554,940	$ 3,568,917	$ 11,537,889	$ 11,317,371
Rental	50,444	50,444	151,332	149,266
	3,605,384	3,619,361	11,689,221	11,466,637
Expenses				
Property operating costs	17,157	21,186	51,645	54,585
General and administrative	697,048	906,366	2,260,822	2,172,995
Share based compensation	352,813	120,150	560,701	389,354
Interest and financing costs	1,868,118	1,981,164	6,643,052	5,817,139
Provision for loan and investment loss	-	-	-	112,726
Realized and unrealized foreign exchange loss	655,851	(313,607)	1,289,347	1,216,035
	3,590,987	2,715,259	10,805,567	9,762,834
Income from operations before income taxes	14,397	904,102	883,654	1,703,803
Income taxes	(21,941)	259,615	248,820	549,051
Net income and comprehensive income	$ 36,338	$ 644,487	$ 634,834	$ 1,154,752
Earnings per share				
Basic	$ 0.00	$ 0.01	$ 0.01	$ 0.02
Diluted	$ 0.00	0.01	0.01	$ 0.02

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

	September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 9,257,894	$ 12,315,242
Funds held in trust	5,366,305	982,353
Deposits	-	3,256,074
Amounts receivable and prepaid expenses	4,993,188	4,865,280
Loan and mortgage investments	95,077,434	93,408,444
Investment property held in joint operations	2,208,694	2,208,694
Land under development held in joint operations	25,586,787	23,808,574
Portfolio investments	3,457,544	3,212,084
Investment in associates	2,315,414	2,315,414
Income taxes recoverable	111,025	-
Deferred income tax asset	543,758	328,324
Total assets	$ 148,918,043	$ 146,700,483
Liabilities		
Accounts payable and accrued liabilities	$ 16,119,241	$ 10,647,966
Unearned income	946,668	329,340
Income taxes payable	-	22,942
Revolving operating facility	15,894,134	7,467,586
Loan and mortgage syndications	52,525,811	56,180,448
Due to joint operations partner	20,248	11,163,640
Construction loan payable	10,495,000	-
Mortgages payable	1,480,169	1,509,503
Convertible debentures	-	10,754,259
Total liabilities	97,481,271	98,075,684
Equity		
Share capital	$ 33,238,469	$ 31,789,819
Equity component of convertible debentures	-	284,490
Contributed surplus	3,527,052	2,514,073
Retained earnings	14,416,610	13,781,776
Shareholders' equity	51,182,131	48,370,158
Non-controlling interest	254,641	254,641
Total equity	51,436,772	48,624,799
Total liabilities and Equity	$ 148,918,043	$ 146,700,483