

## **TERRA FIRMA CAPITAL CORPORATION COMPLETES REFINANCING OF CONVERTIBLE DEBENTURES**

**All amounts are stated in Canadian dollars.**

TORONTO, ONTARIO, September 29, 2014 -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, is pleased to announce that it has completed its previously announced non-brokered refinancing of its unsecured convertible subordinated debentures in the aggregate principal amount of \$10,150,000 with an original maturity date of September 27, 2014 (the "**2011 Debentures**"), and issuance of new convertible unsecured subordinated debentures (the "**New Debentures**") in the aggregate principal amount of \$10,850,000 (the "**Refinancing**").

The New Debentures bear interest at an annual rate of 7%, payable quarterly, and mature on September 29, 2017 (the "**Maturity date**"). At any time up to the Maturity Date, the New Debentures are convertible, in whole or in part, at the option of the holder into common shares of the Company (the "**Common Share**") at a price of \$0.72 per Common Share (the "**Conversion Price**"). The Company may, at any time prior to the Maturity Date and upon giving notice (the "**Redemption Notice**"), prepay the New Debentures in full or in part, by paying the holders thereof the outstanding principal amount plus all accrued and unpaid interest, provided that the market price per Common Share on the date on which the Redemption Notice is provided is at least 125% of the Conversion Price. The Refinancing is subject to final approval by the TSX Venture Exchange (the "**TSXV**").

Holders of an aggregate \$6,225,000 principal amount of the 2011 Debentures, including certain directors and officers of the Company holding an aggregate \$800,000 principal amount, have directed the proceeds from the repayment and cancellation of their 2011 Debentures towards the subscription for an equivalent aggregate principal amount of the New Debentures. In addition, of the aggregate \$4,625,000 principal amount of New Debentures that are not issued to holders of 2011 Debentures, who agreed to subscribe for an equivalent principal amount of New Debentures, certain directors and officers of the Company have subscribed for an aggregate \$530,000 principal amount. The 2011 Debentures whose holders did not subscribe for an equivalent principal amount of New Debentures have also been repaid in full and cancelled, using net cash proceeds from the Refinancing. The remaining net cash proceeds of the Refinancing will be used to enhance Terra Firma's liquidity position, to fund Terra Firma's business activities and for other general corporate purposes.

Given the participation by certain directors and officers of the Company (the "**Insider Subscribers**") as described above, the Refinancing constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**"). Terra Firma has relied on an exemption to both the formal valuation and the minority shareholder approval requirements of MI 61-101, as neither the fair market value of the New Debentures subscribed by, nor the fair market value of the consideration received by Terra Firma from, the Insider Subscribers in connection with the refinancing exceeds 25% of Terra Firma's market capitalization.

The New Debentures and the Common Shares issuable upon conversion are subject to a four-month hold period pursuant to applicable securities laws and the rules of the TSXV. There is currently no public market for the New Debentures and Terra Firma does not intend or undertake to list the New Debentures on any public market or exchange.

### **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](http://www.tfcc.ca).

*The TSXV has neither approved nor disapproved the contents of this press release. Neither the TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts 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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