

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

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

TORONTO, ONTARIO, May 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 is refinancing up to 100% of its existing convertible unsecured subordinated debentures in the aggregate principal amount of \$10.15 million and maturing on September 27, 2014 (the "**2011 Debentures**").

The 2011 Debentures will be refinanced by the Company issuing new convertible unsecured subordinated debentures (the "**New Debentures**"). The Company may purchase the 2011 Debentures for cancellation, with holders of the 2011 Debentures using the proceeds to then subscribe for New Debentures. The New Debentures will bear interest at an annual rate of 7%, payable quarterly, and mature in 36 months (the "**Maturity date**") from the date of issuance. At any time up to the Maturity date, the New Debentures will be 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.

To date, holders of 2011 Debentures with aggregate principal amount of approximately \$6.0 million have agreed to subscribe for the New Debentures and the Company is in the process of finalizing the balance. Certain directors and officers of the Company, holding \$800,000 principal amount of 2011 Debentures, have agreed to subscribe for the New Debentures.

Given the participation of the Insider Holders, the proposed 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 to be distributed to, nor the fair market value of the consideration to be received by Terra Firma from, the Insider Holders in connection with the proposed refinancing exceeds 25% of Terra Firma's market capitalization.

The proposed refinancing is anticipated to close prior to September 27, 2014 and is subject to certain terms and conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSXV. The New Debentures issuable under the Offering 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 market for the 2011 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. 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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