

# Terra Firma Capital Corporation Announces Definitive Agreement to Be Acquired in Transaction Valued at C\$46 Million

All amounts are stated in United States dollars unless otherwise indicated.

TORONTO, Aug. 31, 2023 -- Terra Firma Capital Corporation (TSX-V: TII) ("**Terra Firma**" or the "**Company**"), a real estate finance company, is pleased to announce that the Company and GM Capital Corp. (the "**Buyer**"), an affiliate of Y. Dov Meyer, the executive chairman of the Company and Seth Greenspan, managing director of the Company, have entered into an arrangement agreement (the "**Arrangement Agreement**") whereby the Buyer will acquire all of the issued and outstanding common shares of the Company (the "**Shares**") not held by the Buyer by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the "**Transaction**").

## The Arrangement Agreement

Under the terms of the Arrangement Agreement, each shareholder of the Company (the "**Shareholders**") will receive cash consideration of C\$7.30 for each Share held (the "**Consideration**"), valuing the Company's total equity at approximately C\$46 million on a fully diluted basis. The Consideration represents a 57.0% premium to the closing price of the Shares on the TSX Venture Exchange (the "**TSXV**") on December 21, 2022, the last trading day prior to the Company's announcement of the strategic review process, a 16.8% premium to the closing price of the Shares on the TSXV on July 20, 2023, the last trading day prior to the Company's update on its strategic review process, and a 5.8% premium to the closing price of the Shares on the TSXV on August 31, 2023.

## **Transaction Highlights**

- The Transaction provides attractive value for Shareholders, representing a premium of approximately 57.0% to the closing price of the Shares on the TSXV prior to the Company's announcement of the strategic review process on December 21, 2022.
- All cash offer that is not subject to a financing condition.
- A special committee comprised of independent directors of the Company (the "**Special Committee**") unanimously recommended that the board of directors of the Company (the "**Board**") approve the Transaction. The Board (with Mr. Meyer abstaining) unanimously approved the Transaction and unanimously recommends that the Shareholders vote in favour of the Transaction.
- The Special Committee has obtained a fairness opinion from each of Cormark Securities Inc. ("**Cormark**") and MNP LLP ("**MNP**").
- The Buyer has entered into voting support agreements with shareholders and all of the directors of the Company (excluding Mr. Meyer) holding 47.05% of the outstanding Shares, including voting support agreements with Somers Limited, GG North America Investments Limited Partnership and Pathfinder Asset Management Limited (collectively, the "**Supporting Shareholders**").

"Since the fourth quarter of 2022, the Company has been managing our assets and selling certain investments with a view to maximizing value for shareholders. We are pleased to have reached an agreement with Dov Meyer and Seth Greenspan for a sale transaction that provides a very favourable outcome for shareholders and will avoid some of the costs and inefficiencies of other potential alternatives for the Company", commented Glenn Watchorn, President and CEO of the Company.

## **Transaction Details**

Under the Arrangement Agreement, the Buyer will acquire the Company, and each Shareholder will receive C\$7.30 per Share. The Consideration represents a total equity value of approximately C\$46 million on a fully diluted basis. The Transaction is not subject to a financing condition.

The Transaction will be implemented by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) and will require the approval of 66 2/3% of the votes cast by Shareholders, as well as the approval by a simple majority of votes cast by the Shareholders, excluding the Buyer and its affiliates, and any other Shareholders required to be excluded under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction* ("**MI 61-101**"), at a special meeting of the Shareholders to be called to approve the Transaction (the "**Special Meeting**"). It is anticipated that the Special Meeting will be held in October 2023. Following closing of the Transaction, the Shares will be delisted from the TSXV. The Transaction is expected to close in the last quarter of 2023.

The completion of the Transaction is subject to obtaining required court and other approvals and satisfaction of closing conditions customary for a transaction of this nature. The Arrangement Agreement includes customary deal-protection provisions with customary "fiduciary out" provisions. The Company is subject to non-solicitation provisions which, in certain circumstances, allow the Board to terminate the Arrangement Agreement in favour of a superior proposal, subject to the payment of a termination fee of C\$1,300,000, in certain circumstances, and a right of the Buyer to match such superior

proposal.

The foregoing summary is qualified in its entirety by the provisions of the Arrangement Agreement, a copy of which will be filed with the Canadian securities regulators and made available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Special Committee and Board Recommendations**

As Mr. Meyer beneficially owns approximately 7.5% of the issued and outstanding Shares and serves as a director and the executive chairman of the Company, the Transaction constitutes a "business combination" for purposes of MI 61-101. In connection with the Company's previously announced review of strategic alternatives, the Board had formed the Special Committee to, among other things, review and evaluate potential strategic alternatives for the Company, including among other potential alternatives, a sale of the Company. The Special Committee was responsible for reviewing, evaluating and negotiating the terms of proposals received from the Buyer and other parties, making recommendations to the Board in respect of such proposals, and negotiating the terms of the Transaction.

The Board (with Mr. Meyer abstaining), based on the unanimous recommendation of the Special Committee, has determined that the Transaction is fair to Shareholders and that the Transaction is in the best interests of the Company. The Board (with Mr. Meyer abstaining) has also recommended that Shareholders vote in favour of the Transaction at the Special Meeting. The Special Committee has obtained verbal fairness opinions from each of Cormark and MNP, financial advisors to the Special Committee, that, as at August 31, 2023, subject to certain assumptions and limitations, the Consideration to be received by Shareholders, other than the Buyer and its affiliates, is fair, from a financial point of view, to such Shareholders. The fees payable to MNP for its financial advice and the provision of its fairness opinion are fixed and are not conditional on the success of the Transaction.

Copies of the written fairness opinions of Cormark and MNP and other relevant background information will be included in the management information circular (the "**Circular**") of the Company to be prepared in connection with the Special Meeting. The Company will send the Circular and certain related documents to Shareholders and copies of the Circular and certain related documents will be filed with the Canadian securities regulators and will be made available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Until the Circular is mailed, Shareholders are not required to take any action in respect of the Transaction.

### **Voting Agreements**

In addition, the Buyer has entered into voting support agreements with the directors of the Company (excluding Mr. Meyer) and each of the Supporting Shareholders for, among other things, the agreement of each of the directors and Supporting Shareholders to vote their Shares at the Special Meeting in favour of the Transaction. Collectively, the Supporting Shareholders and directors (excluding Mr. Meyer) hold approximately 47.05% of the outstanding Shares.

### **Advisors and Counsel**

Blake, Cassels & Graydon LLP is acting as counsel to the Company.

Cormark is acting as financial advisor to the Special Committee and MNP is acting as independent financial advisor to the Special Committee. Norton Rose Fulbright Canada LLP is acting as independent legal counsel to the Special Committee.

Goodmans LLP is acting as counsel to the Buyer.

### **About the Company**

Terra Firma is a publicly traded real estate finance company that provides real estate financings secured by investment properties and real estate developments in the United States and Canada. 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.

More information about the Company is available at [www.tfcc.ca](http://www.tfcc.ca) or under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **For more information:**

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*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.*

### **CAUTIONARY AND FORWARD-LOOKING STATEMENTS**

Certain statements in this news release constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements generally can be identified by the use of terms and phrases such as “will”, “may”, “subject to”, “expected”, “if”, “option”, and similar terms and phrases, including references to assumptions and limitations. Some of the specific forward-looking statements in this news release include, but are not limited to, statements with respect to: the Transaction and the terms thereof; the anticipated date of the Special Meeting; the expected timing for completion of the Transaction; regulatory, court and Shareholder approvals; the delisting of the Shares from the TSXV; and the anticipated benefits of the Transaction to the Shareholders. There can be no assurance that the proposed Transaction will be completed or that it will be completed on the terms and conditions contemplated in this news release. The proposed Transaction could be modified, restructured or terminated in accordance with its terms.

Forward-looking statements are based on information available at the time they are made, underlying estimates and assumptions made by management and management's good faith belief with respect to future events, performance and results. Such assumptions include, without limitation, expectations and assumptions concerning the anticipated timing of the Transaction and the Special Meeting, the anticipated benefits of the Transaction to the Shareholders, the delisting of the Shares from the TSXV and the receipt in a timely manner of regulatory, court and Shareholder approvals for the Transaction.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which may cause actual events, results or performance to be materially different from the events, results, or performance expressed in such forward-looking statements. Such risks and uncertainties include, but are not limited to, the inherent risks and uncertainties surrounding future expectations of the Company, general economic, market and business conditions in Canada and globally, governmental and regulatory requirements and actions by governmental authorities, changes and competition in the real estate industry, financing and refinancing risks, changes in economic conditions, changes in interest rates, changes in taxation rules, reliance on key personnel and potential diversion of management time on the Transaction, environmental matters, risks related to the nature of the Company's investments and its investment portfolio, tenant risks and dependence on tenants' financial conditions, fluctuations in commodity prices and other risk factors more particularly described in the Company's most recently filed annual Management's Discussion and Analysis, any subsequently filed interim Management's Discussion and Analysis or the Company's most recently filed Annual Information Form available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The anticipated timeline for completion of the Transaction may change for a number of reasons, including the inability to secure necessary regulatory, court, Shareholder or other approvals in the time assumed, third party litigation or the need for additional time to satisfy the conditions to the completion of the Transaction. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be less significant may also adversely affect the Company.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, results or otherwise, except as may be required under applicable securities laws. There can be no assurance 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.