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TERRA FIRMA CAPITAL CORPORATION



January 2017

Private & Confidential

Forward-Looking Statements

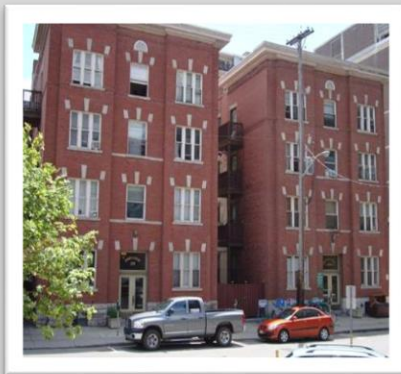
This presentation contains certain statements that may be “forward-looking statements.” All statements in this document, other than statements of historical fact, that address events or developments that Terra Firma Capital Corporation (“the Company” or “Terra Firma”) expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential” and similar expressions, or that events or conditions “will,” “would,” “may,” “could” or “should” occur.

Although the Company believes the expectations expressed in such forward-looking statements are based upon reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward- looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, failure to successfully negotiate or subsequently close transactions, adverse results from mortgage investments and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, change.

Company Background

Terra Firma is a real estate finance company that offers customized debt and equity solutions to developers and property owners

- *Track record of growth and profitability from inception*
- *Revenue and Net Income increased 57% and 87% respectively in 2015 vs. 2014*
- *2015 Return on invested capital 23.2% (pretax)*



Ticker Symbol	TSXV:TII
Share Price (as at January 20, 2017)	\$0.70
Shares issued and outstanding - <i>basic</i> Shares issued and outstanding - <i>diluted</i>	60.9 million 82.3 million
52-week Trading Range	\$0.50 – \$0.81
Total Assets (as at Q3 2016)	\$145.3 million
Market cap (as at Jan 20, 2017) - <i>basic</i>	\$42.7 million
Book Value of Equity (as at Q3 2016)	\$48.3 million
Book Value per Share (as at Q3 2016)	\$0.79
Q3 2016 EPS - <i>basic/diluted</i>	\$0.01/\$0.01
FY 2015 EPS - <i>basic/diluted</i>	\$0.11 /\$0.10
Insider Ownership	22.0%

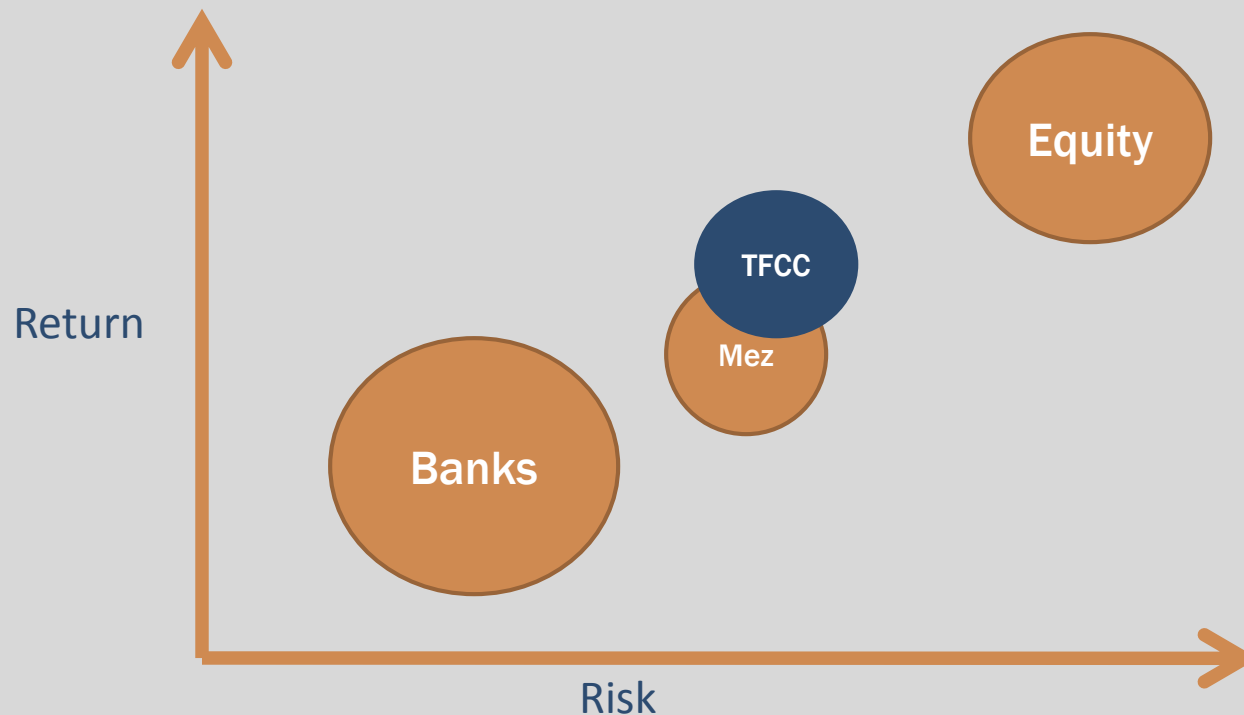
Terra Firma – Real Estate Capital Provider

- **Core focus is on:**
 - Quality commercial and residential assets with a focus on development land and project finance
 - Investing with well established developers who are bankable but are underserved by conventional banks
 - Income producing properties
 - Targeted urban and suburban markets both in Canada and the U.S.

- **Terra Firma provides customized real estate financing solutions which achieve “equity-like” returns in a debt structure with debt risk:**
 - Offers a full spectrum of structured real estate financing solutions to developers and owners
 - Terra Firma investment will rank in priority to borrower’s equity
 - Over \$376mm in loan originations in 93 loans
 - \$196mm of loan maturities with no losses
 - \$237mm in syndicated capital

Competitive Landscape

Terra Firma is “inside” the risk of equity but has the potential to generate similar returns



Substantial Growth Opportunities

■ Terra Firma:

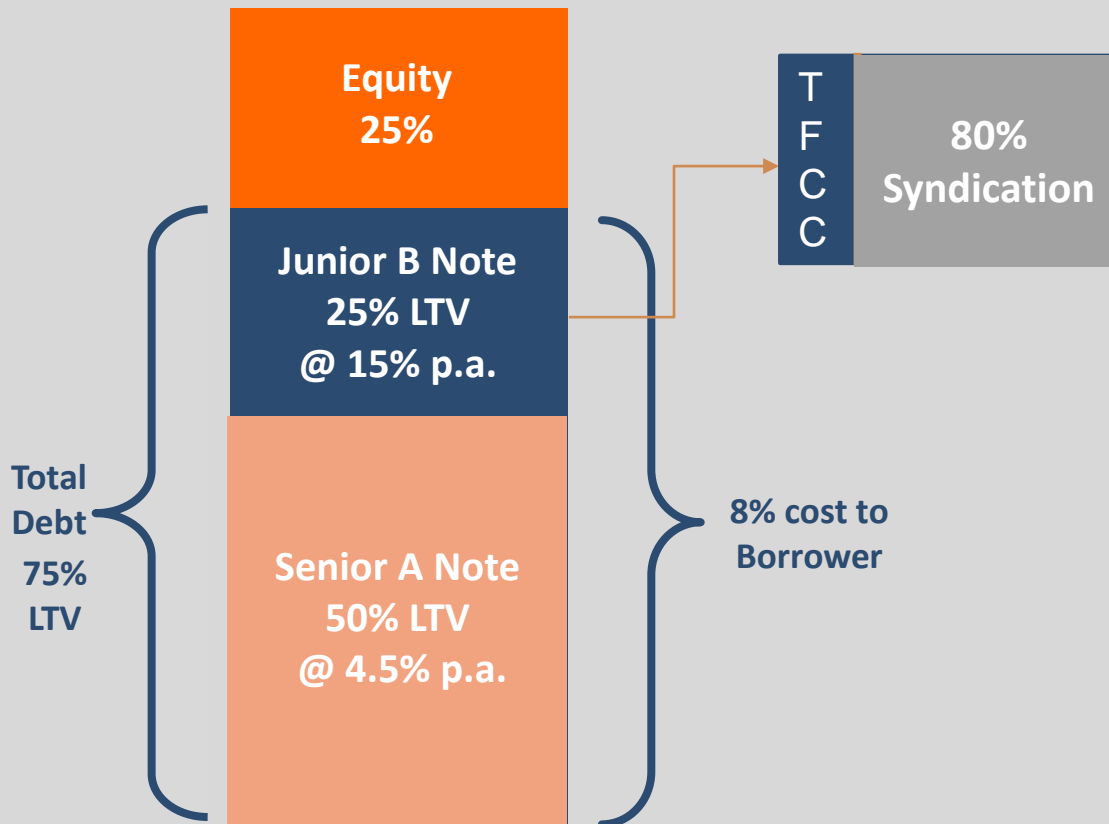
- Full service asset management platform (fully licensed with FSCO)
- Established reputation and extensive contacts in the commercial real estate and mortgage lending community both in Canada and in the US.
- True partners with its clients in their real estate endeavor drives repeat business
- Investments are diversified by borrower, geography, Loan-to-Value, asset class and maturity dates

■ Opportunities:

- Permanent need for non-bank capital
- Large segment of the Canadian & U.S. mortgage market is either not serviced by traditional bank lending or conservatively leveraged
- Limited availability of capital from conventional lenders allows TFCC the opportunity to provide creative structured debt products
- US housing market is experiencing high growth

Equity Like Returns Structured as Debt with Debt Protection

Sample Financing Structure



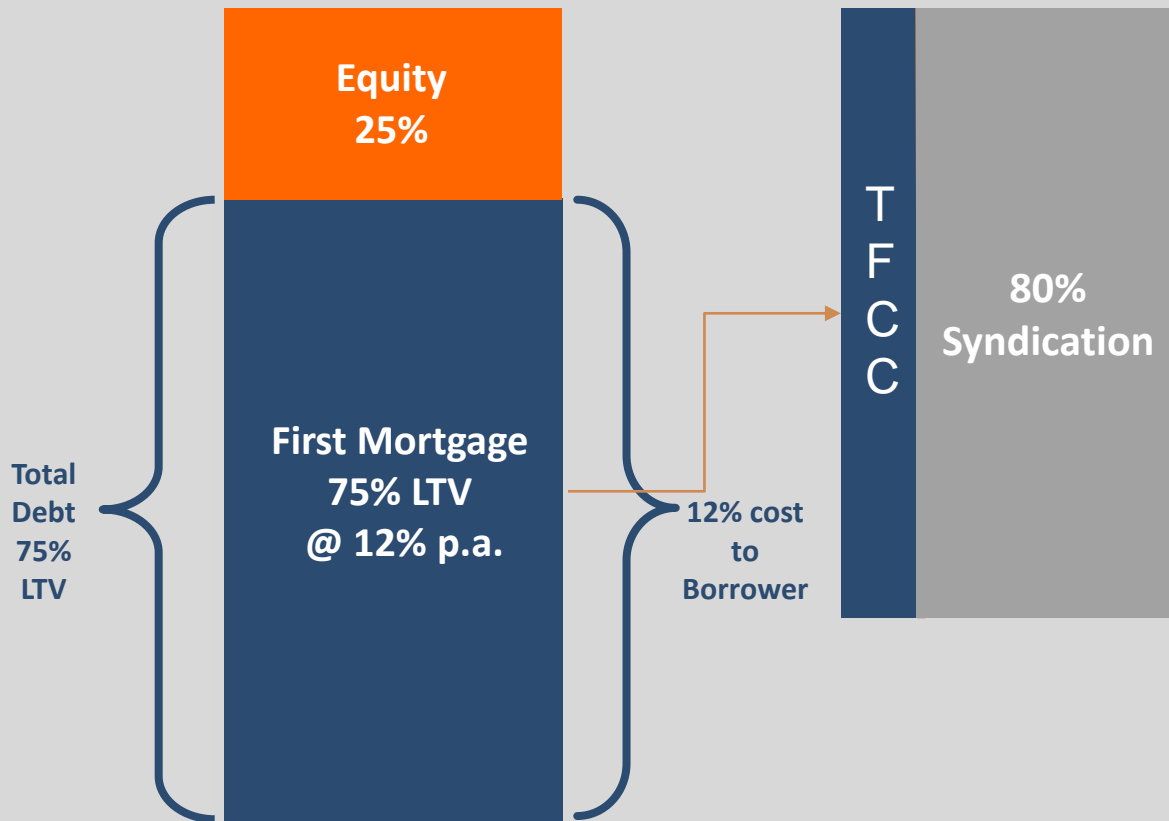
- TFCC originates total loan of 75% LTV at 8% p.a.+ 2% fee
- Tranches the loan into Senior “A” Note (50%) and Junior “B” Note (25%)
- “A” Note is priced at P+1.50% + 1% fee (4.5%)
- Remaining yield to “B” Note is 15% p.a. before fee
- TFCC will further syndicate up to 80% of the Junior “B” Note to retail investors
- The spread to the investor ranges from 2% to 4%
- The syndication has no recourse to TFCC
- Syndication market offers TFCC flexibility in capital allocation

Overall IRR before syndication ~16% including fee (2 year term)

Overall IRR after syndication is over 30% including fee (2 year term)

U.S. First Mortgage Lending Platform

Sample Financing Structure



- TFCC originates total First Mortgage loan of 75% LTV at 12% p.a.+ 2% fee
- TFCC will then syndicate the First Mortgage up to 80% retail investors
- The spread to the investor ranges from 2% to 4%
- The syndication has no recourse to TFCC
- Syndication market offers TFCC flexibility in capital allocation
- Some syndications are in the form of Senior A tranches

Overall IRR before syndication ~13% including fee (2 year term)

Overall IRR after syndication is over 30% including fee (2 year term)

Risk vs. Return

Terra Firma Investments have less risk than typical equity investments:

- Lower LTV
- Equity subordination
- Security and registration on title
- Corporate & personal guarantees
- Fixed minimum return
- Return on a monthly basis
- Compensated for delays in project completion
- TFCC does not provide guarantees to senior lenders
- Are not subject to capital call or cost overruns

Syndication Activities

Terra Firma has developed a robust syndication platform

- Raised over \$156 million in third party capital from high net worth individuals
- TFCC funds loans from its balance sheet and recycles it with syndications
- TFCC and its principals retain approximately 20% of the deal and act as Mortgage Administrator
- Alter some of the features of the loan to make it more retail friendly
- Terra Firma earns an additional 200bp to 300bp spread plus the commitment fee
- No recourse to Terra Firma
- In house function – no fees or commissions paid

Q3 2016 HIGHLIGHTS

- **Continued growth in assets and syndications**
 - Total assets have grown 53% year over year
 - Total syndications have grown 97% year over year
 - Successfully syndicated every deal offered to investors including all US deals.
- **Continued to execute on business plan**
 - Completed more transactions in the US
 - Identified additional sources of syndication capital
 - Grew pipeline of US transactions
 - Coverage by five research analysts, up from 4 in 2015

Q3 2016 SUMMARY

- Decrease in Revenue
 - \$3.6mm in Q3 2016 vs. \$4.9mm in Q3 2015
 - \$3.6mm in Q3 2016 vs. \$3.6mm in Q2 2016
 - Primarily a result of deferred recognition of income from defaulting loans and equity investments

- Decrease in Net Income
 - \$614k in Q3 2016 vs. \$1.3mm in Q3 2015 (excluding FX losses/gains)
 - \$614k in Q3 2016 vs. \$616k in Q2 2016 (excluding FX losses/gains)

- Increase in pipeline in the US and Canada

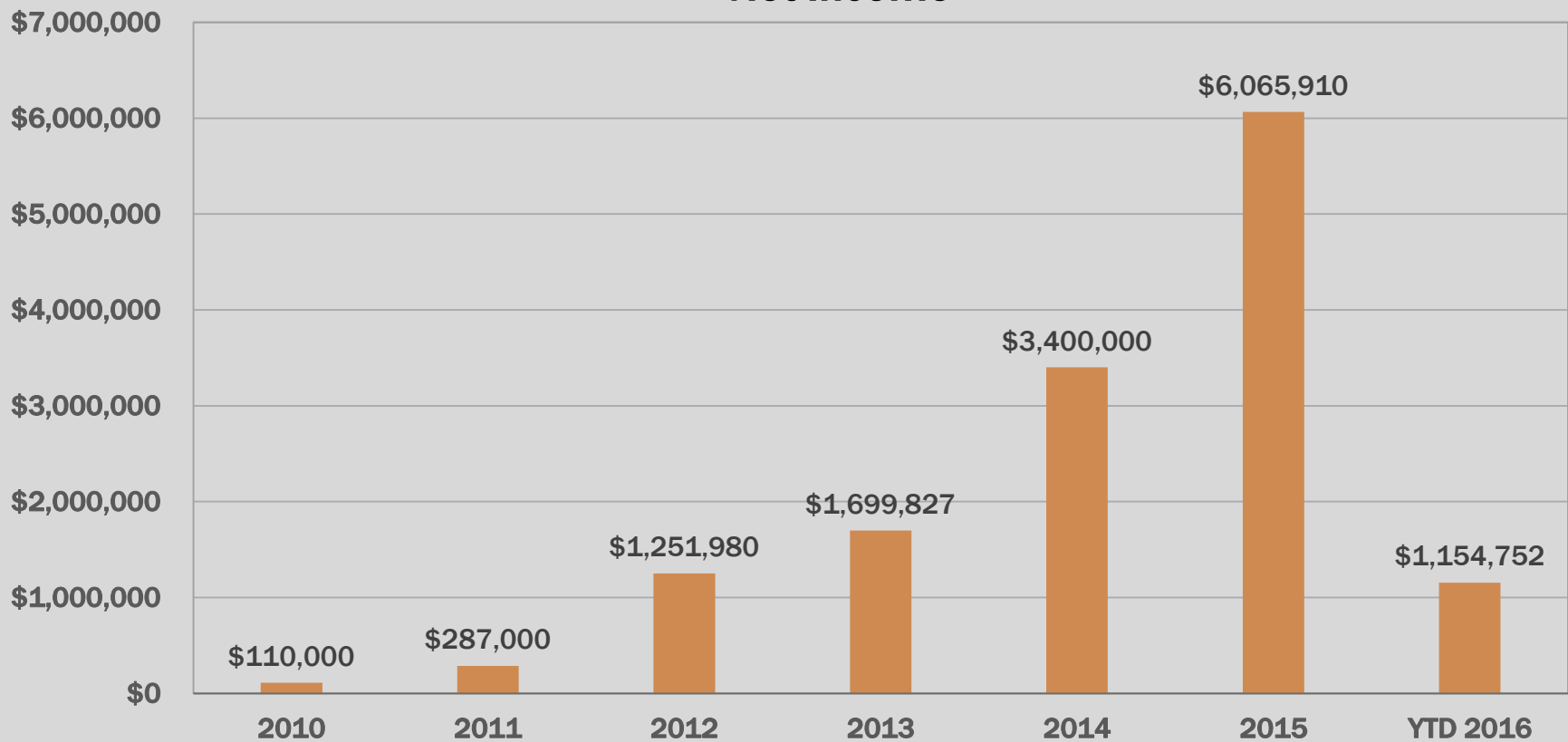
- \$6.3 million of loans have matured and been repaid and another \$1.1MM partially repaid

Q3 FINANCIAL PERFORMANCE

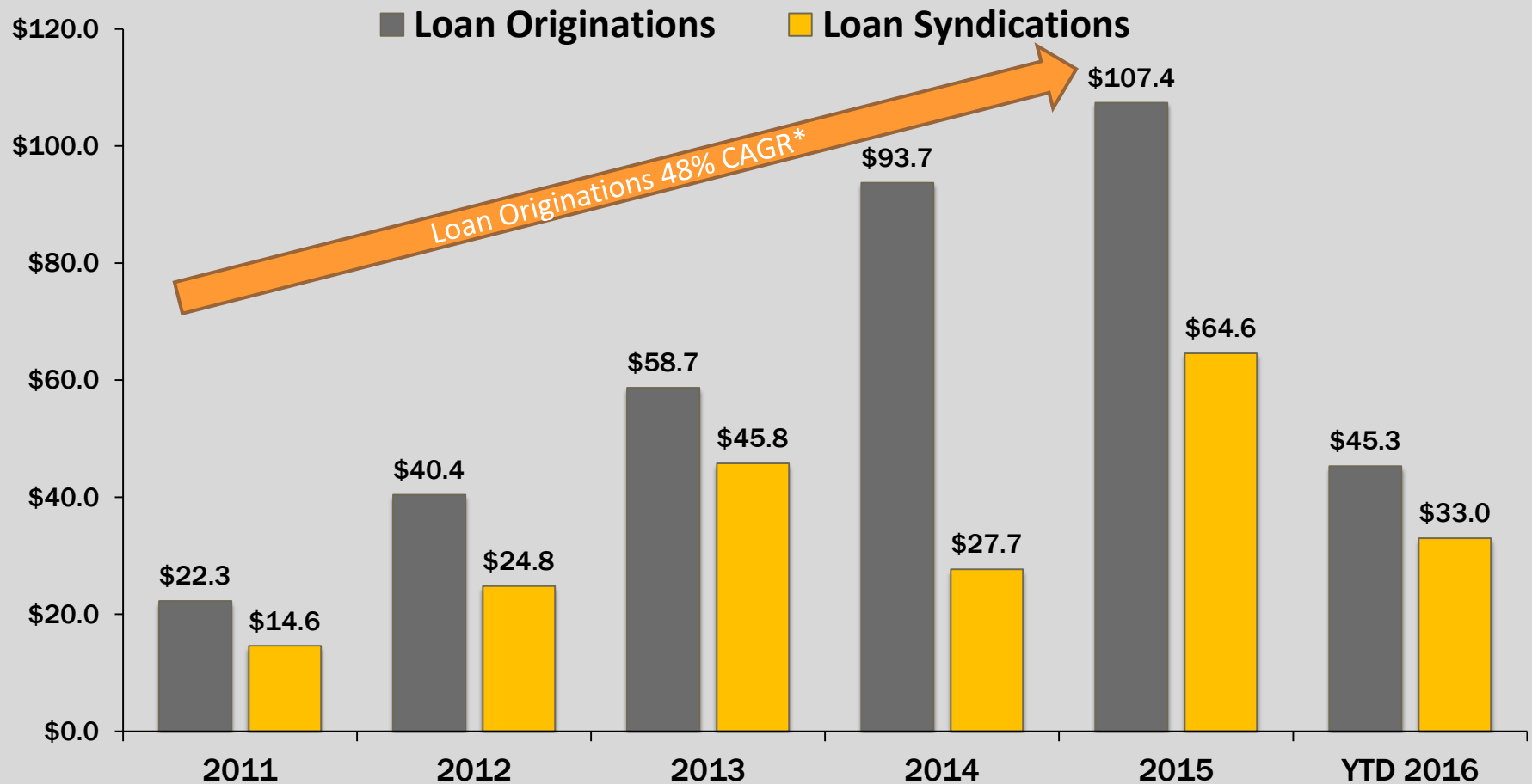
In CND \$000	Q3 2016	Q3 2015
Revenue	\$3.6mm	\$4.1mm
Net Operating Income	\$904K	\$2.6mm
Income	\$645K	\$1.9mm
EPS – Basic	\$0.01	\$0.03
EPS – Diluted	\$0.01	\$0.03
Adjusted EPS - Basic & Diluted (adjusted for tax adjusted foreign exchange gain)	\$0.01	\$0.02
BV/share (Basic)	\$0.79	\$0.74

CONSISTENT EARNINGS GROWTH

Net Income



LOAN ORIGINATIONS & SYNDICATIONS SINCE 2011

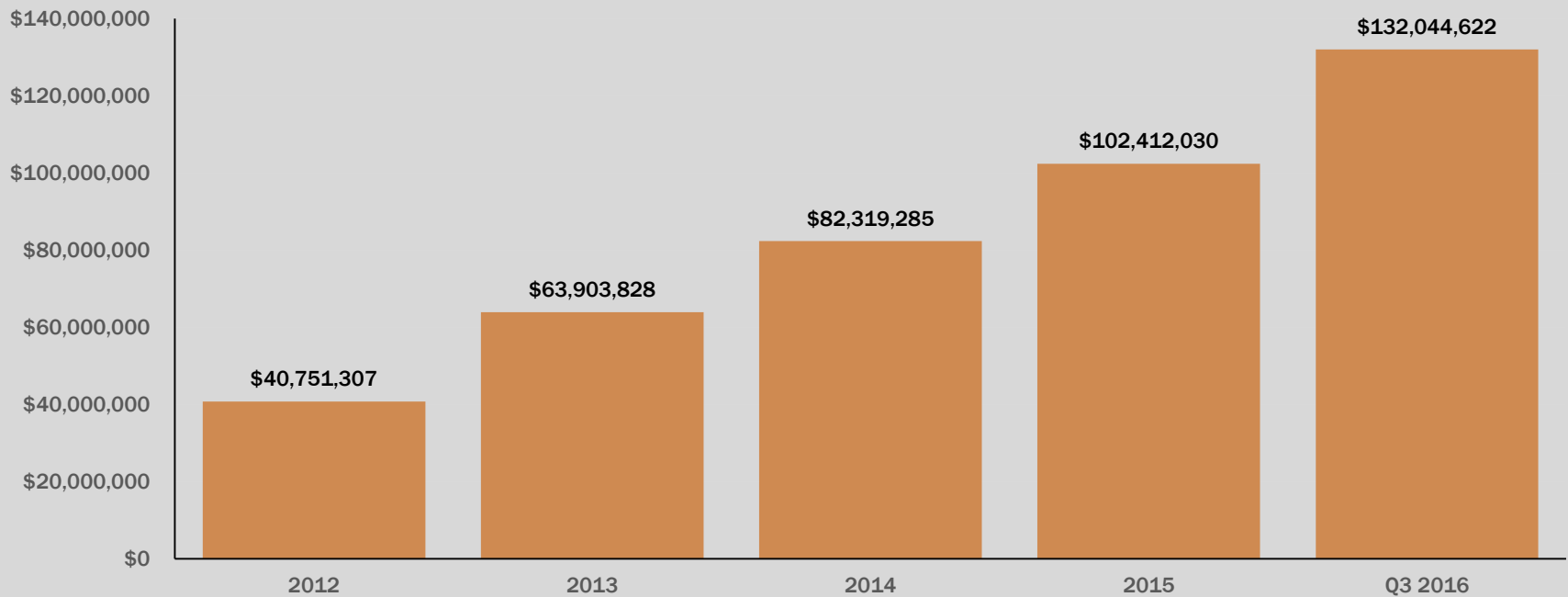


*CAGR does not include YTD 2016

INVESTMENT PORTFOLIO

Total Investment Portfolio

(excludes Senior A tranches held by financial institutions)

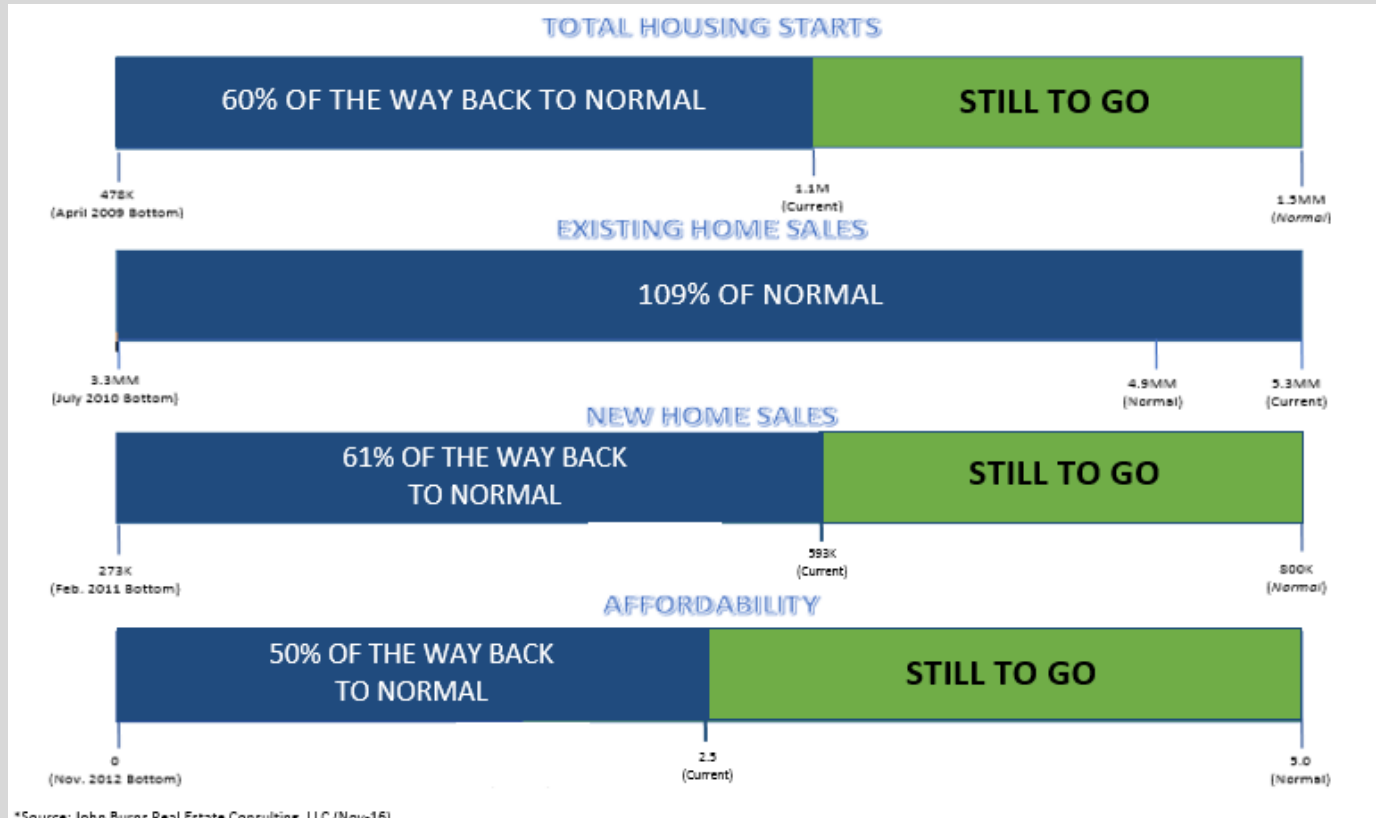


Investment portfolio includes all Loan & Mortgages Investments, Investment Properties, Investment in Associates and Portfolio Investments

US Opportunity

- Proven strong recovery
- Significant growth opportunities – Capital providers cannot keep up with the strong growth in development
- Less competition = outsized risk adjusted returns
- Diversification
- Higher Yields for the same or better risk profile

US Recovery - Still Room To Grow



- Current indicators illustrate a high probability for significant growth in housing in order to reach historic norms, and affordability levels remain resilient to increases in both prices and interest rates.

(Graph as at November 2016)

Going Forward in 2016

TFCC forecasts stronger earnings for the fourth quarter of 2016 leading into 2017 relative to the first nine months driven by the following factors:

- Recording interest on non-performing loans
- Recording income on equity investments
- Ample syndication capacity and line of credit allowing for a further growth in assets and an increase in yields
- Strong pipeline in the US
 - ✓ Growing track record and visibility (9 US deals completed to date)
 - ✓ New relationships formed
 - ✓ Strong repeat business
 - ✓ Success in US syndications

Senior Management Team

Glenn Watchorn – *President and Chief Executive Officer*

Glenn has over 20 years of real estate experience and was the Co-Chief Operating Officer of Tricon Capital Group Inc., a North American residential real estate investment company, where he was responsible for investment strategy and for the sourcing, underwriting and management of over \$1.2 billion of investments in the U.S. and Canada. Prior to joining Tricon, Mr. Watchorn held various senior positions with Intracorp Developments Ltd. and Graywood Developments Ltd. both real estate development companies managed and developed residential and commercial projects throughout Canada.

Y. Dov Meyer – *Executive Vice Chairman*

Dov has over 20 years of real estate experience and was the Co-founder and Chief Investment Officer of IPC US REIT and later Managing Director of HGI Debt Fund. Dov was responsible for successfully acquiring, financing and ultimately selling over \$2 billion of US real estate assets with IPC US REIT. Immediately prior to joining Terra Firma he was Managing Director of Harbor Group International responsible for managing a successful debt opportunity fund that traded in US CMBS notes following the 2008 debt crisis.

The Terra Firma team has over 50 years of real estate experience

Senior Management Team

Carolyn Montgomery – *Managing Director*

Carolyn has over 15 years of experience in real estate lending, including origination, underwriting and risk analysis. Prior to joining TFCC, Carolyn spent five years with Cameron Stephens where she was responsible for managing the underwriting and risk management of the mortgage portfolio. Prior to joining Cameron Stephens in 2007, she worked for MCAP in the Toronto Construction Loans Group originating and underwriting construction, commercial and mezzanine loans. Carolyn is a licensed Mortgage Broker through the Financial Services Commission of Ontario.

Mano Thiyagarajah – *Chief Financial Officer & Corporate Secretary*

Held various senior finance positions in public and private real estate and asset management companies, including TransGlobe Apartment REIT, Sentinel Real Estate Corporation, O&Y REIT and Morguard Corporation. Participated in three successful subsequent units and convertible debenture offerings totaling \$411 million in first 24 months, post the initial public offering at TransGlobe Apartment REIT.

Strong Independent Board of Directors

John Kaplan – *Chairman*

Current Director of Runnymede Development Corporation Limited, where he was also President from 2000-2013. Is presently a principal of several real estate concerns including Metropia, Trademarek Communities and Haber Homes

Philip Reichmann – *Director*

Co-founded O&Y Properties Corporation and O&Y REIT and served as Chief Executive Officer. He is a Founding Partner of ReichmannHauer Capital Partners

Seymour Temkin – *Director*

Headed the Canadian real estate practice of Deloitte & Touche LLP for 15 years. He is a Chair of the board of directors and a member of the audit committee of GT Canada Medical Properties Real Estate Investment Trust

Dr. Chris Bart – *Director*

Professor of Strategic Market Leadership at DeGroote School of Business (at McMaster since 1981). He has published over 100 articles, cases and reviews and he is best known for his pioneering research which has demonstrated the positive impact that mission statements have on organizational performance

Reuben Rosenblatt – *Director*

Chair and a senior member of the Real Estate Practice Group, Minden Gross LLP. First recipient of the Ontario Bar Association Award of Excellence in Real Estate in January 1996



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THANK YOU