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TERRA FIRMA CAPITAL CORPORATION



April 2018

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.



| Ticker Symbol | TSXV:TII |
|---|-----------------|
| Share Price (as at April 13 th , 2018) | \$0.65 |
| Shares issued and outstanding (basic) YE | 63.8 million |
| Shares issued and outstanding (diluted) YE | 73.8 million |
| 52 week Trading Range | \$0.59 – \$0.79 |
| Total Assets (YE 2017) | \$143.5 million |
| FY 2017 EPS (basic & diluted) | \$0.02/\$0.02 |
| Book Value/Share (basic & diluted) (YE 2017) | \$0.81/\$0.81 |
| Insider Ownership | ~30.1% |

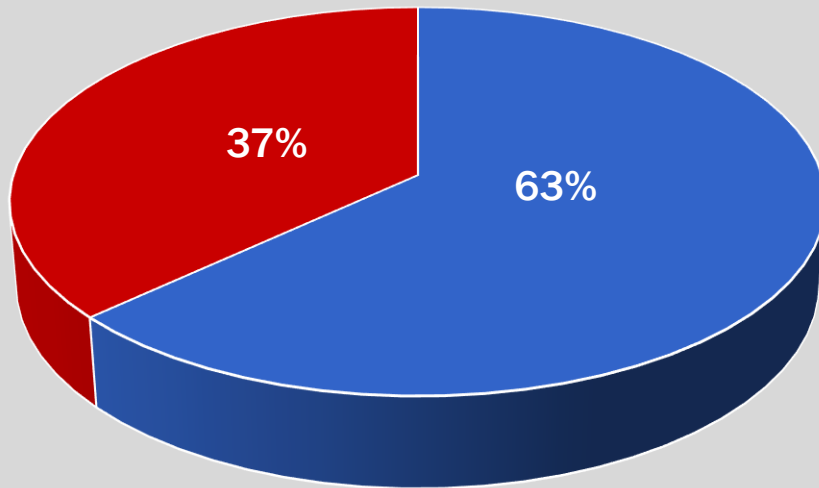
Terra Firma – Real Estate Capital Provider

- **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
 - 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 \$515mm in loan originations in 106 loans (since inception)
 - \$270mm of successful loan repayments
 - \$276mm in syndicated capital (cumulative since inception)

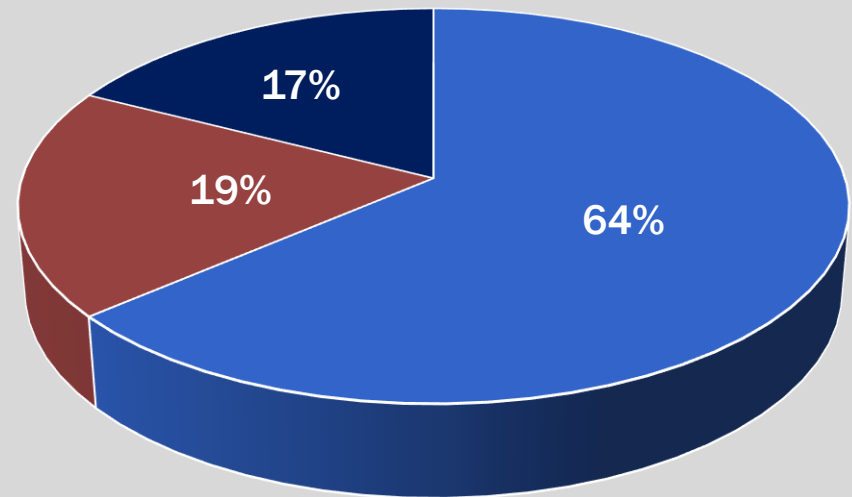
Current Portfolio Breakdown

US Investments Vs. Canadian Investments



■ United States ■ Canada

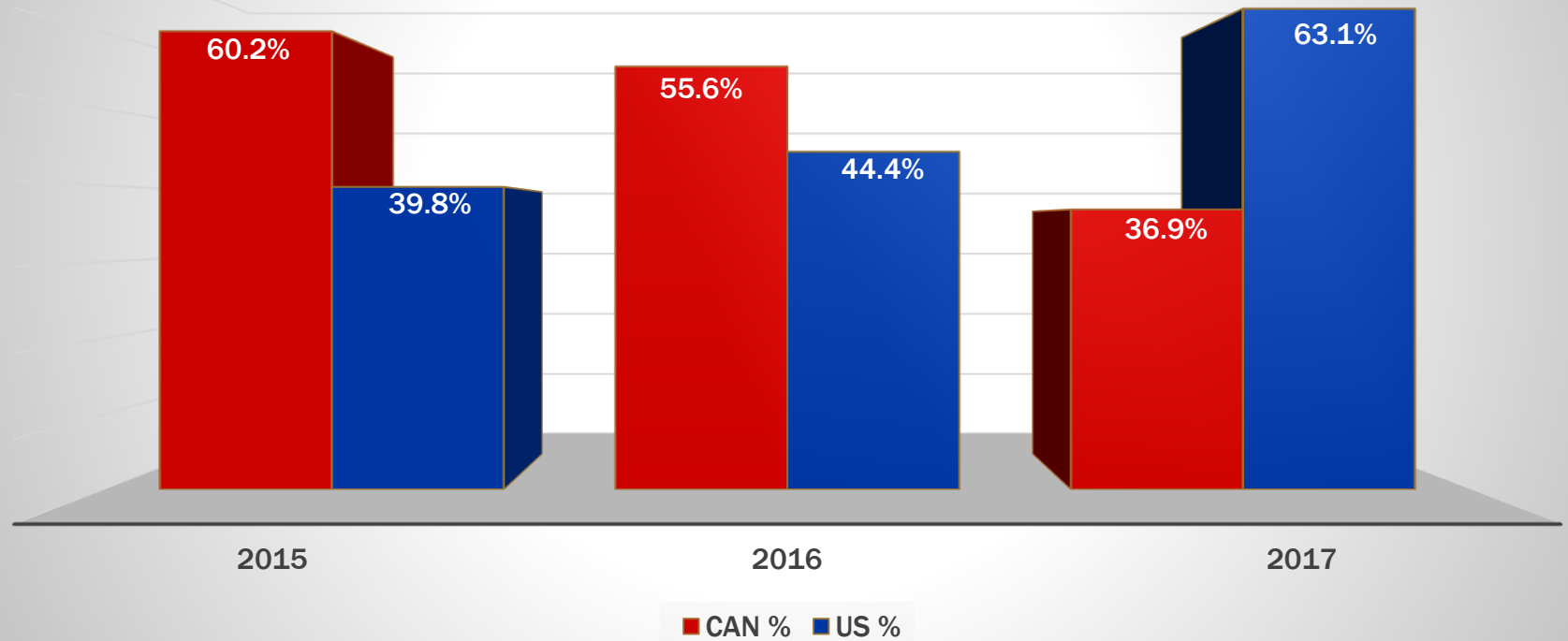
1st Mortgage Loans Vs. 2nd Mortgage Loans Vs. Other



■ 1st Mortgage ■ 2nd Mortgage ■ Other

Geographical Portfolio Breakdown

Canadian Investments Vs. U.S. Investments



Substantial Growth Opportunities

■ Terra Firma:

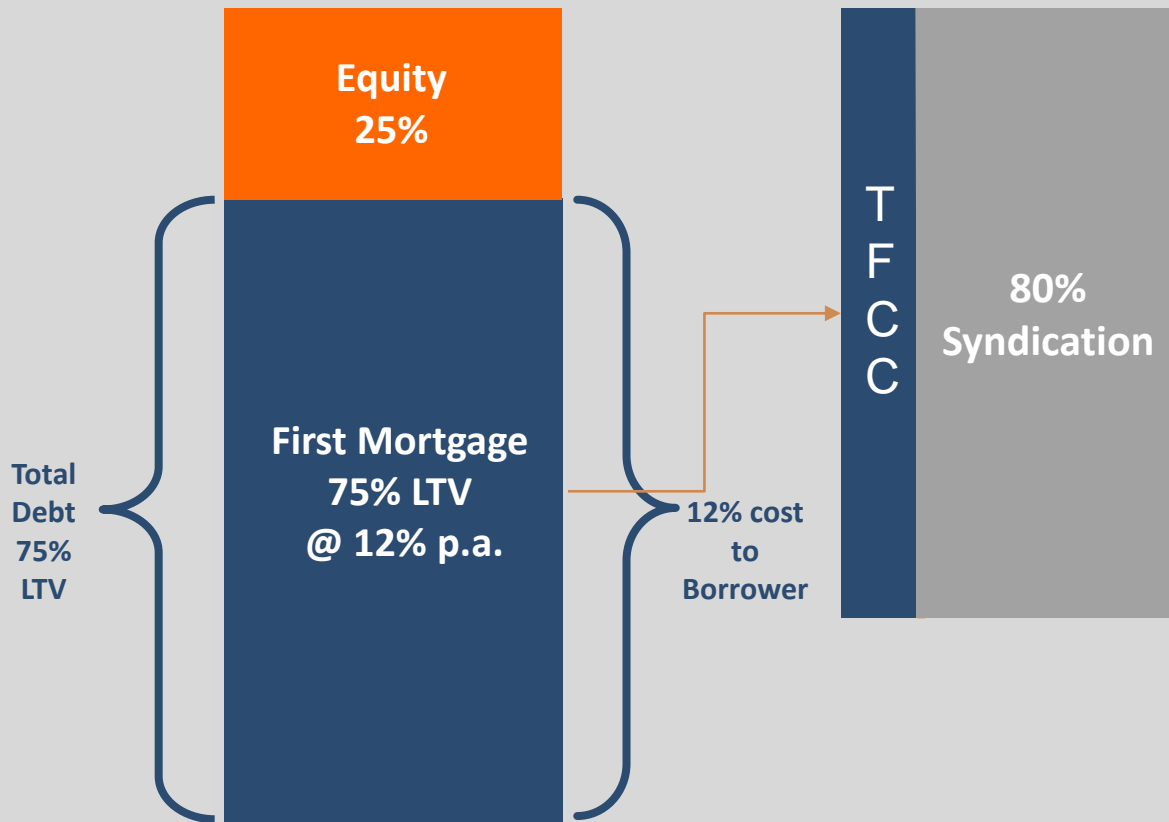
- Full service investment asset management and lending platform (fully licensed with FSCO)
- Established reputation and extensive contacts in the commercial real estate and mortgage lending community both in Canada and in the US.
- True partners with its clients in their real estate endeavor drives repeat 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

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 20% + including fee (2 year term)

Risk vs. Return

Terra Firma Investments have less risk than typical equity investments with similar returns:

- Lower LTV
- Equity subordination
- Security and registration on title
- Limited 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 \$200 million in third party capital from high net worth individuals
- TFCC generally funds loans from its balance sheet and recycles it with syndications with accredited investors
- TFCC generally retains approximately 20% of the deal and acts as Mortgage Administrator
- 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

2017 Highlights

- **Repositioned loan book and balance sheet to be stronger and more secure**
 - Repaid convertible debentures
 - Increased line of credit
 - Structured buy out on largest equity position
 - Substantial clarity on remaining non-performing loans through settlements and substantial completion of workout
- **Continued growth in assets and syndications**
 - Total investment assets have grown 25% year over year
 - Total syndications have grown 13% year over year
- **Continued to execute on business plan**
 - Identified additional sources of syndication capital
 - Grew pipeline of US transactions
- **Established strategic alliance with Great Gulf Group**

2017 SUMMARY

■ Net Income

- 2017 - \$1,523,805 (\$0.02EPS)
- 2017 - \$2,330,780 (\$0.04EPS) excluding unrealized FX loss of \$807K
- 2016 - \$1,406,895 (\$0.02 EPS)
- 2016 - \$2,038,010 (\$0.03 EPS) excluding unrealized FX loss of \$631K

■ Revenue

- \$14.7MM in 2017 vs. \$14.9MM in 2016 (-\$200K)
- \$3.0MM in Q4 2017 vs. \$3.4 MM in Q4 2016 (-\$400K)

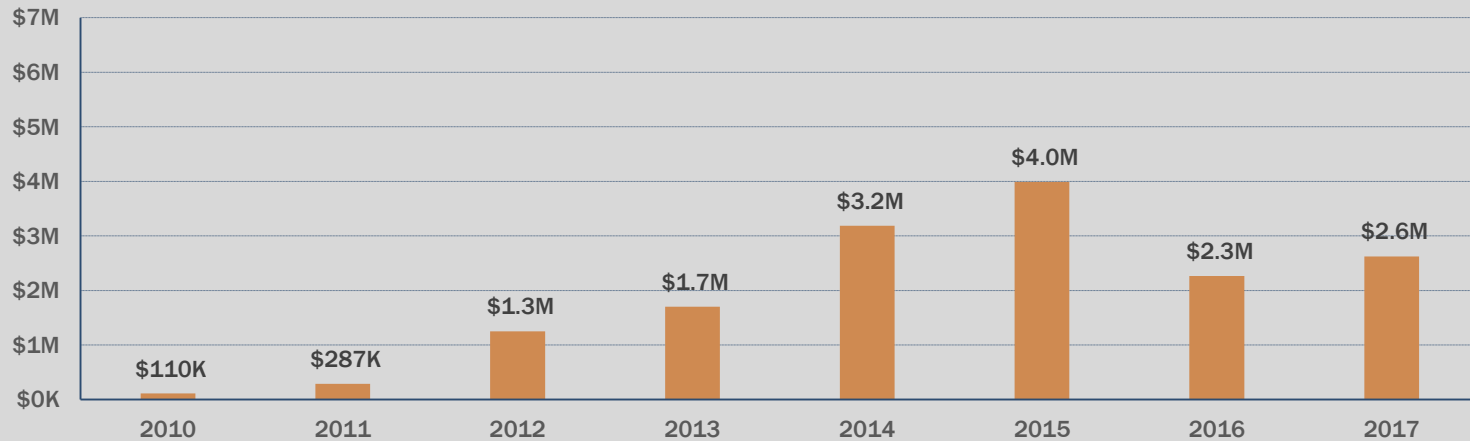
■ Change in Net Income

- \$1.5M in 2017 vs. \$1.4MM in 2016 (\$100K)
- \$889K in Q4 2017 vs. \$252K in Q4 2016 (+\$637K)

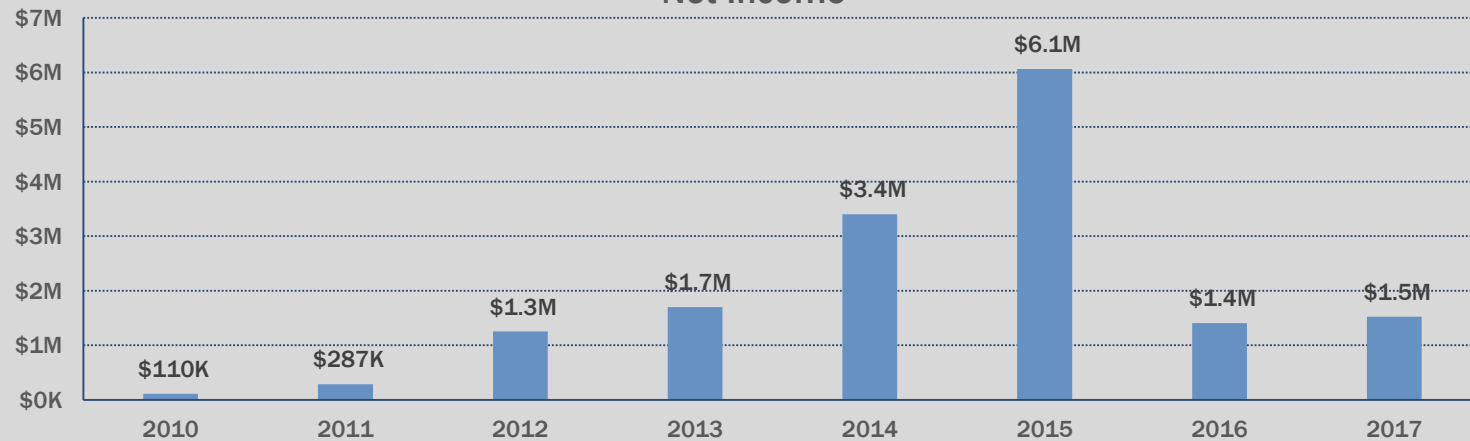
2017 Financial Performance

| In CND \$ | 2017 | 2016 |
|---|----------|----------|
| Revenue | \$14.7mm | \$14.9mm |
| Net Operating Income | \$2.1mm | \$2.1mm |
| Net Income | \$1.5mm | \$1.4mm |
| EPS – Basic | \$0.02 | \$0.02 |
| EPS – Diluted | \$0.02 | \$0.02 |
| Adjusted EPS - Basic & Diluted (adjusted for tax adjusted foreign exchange gain) | \$0.02 | \$0.02 |
| BV/share (Basic) | \$0.81 | \$0.80 |

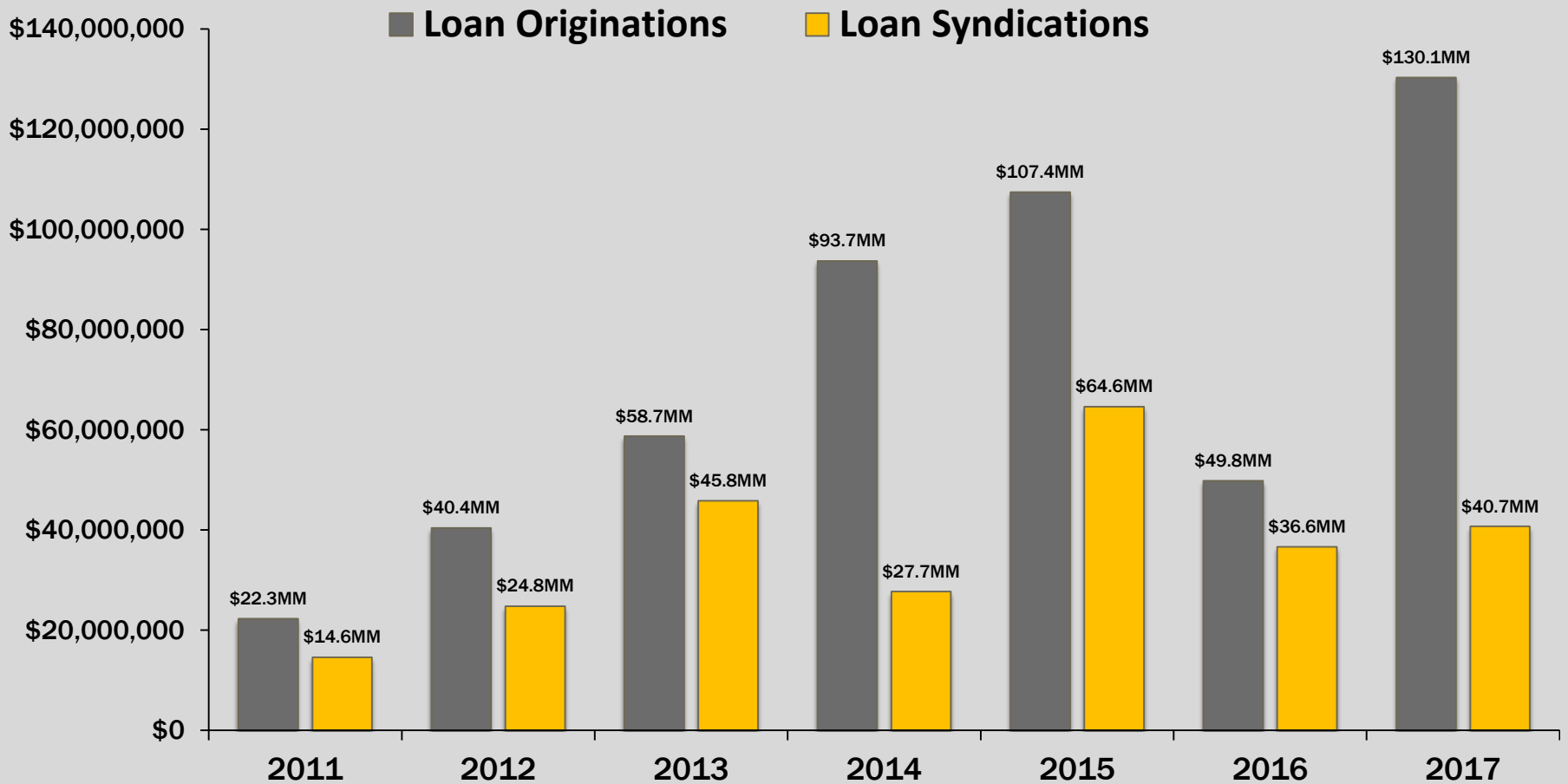
Net Income (Not Including FX)



Net Income

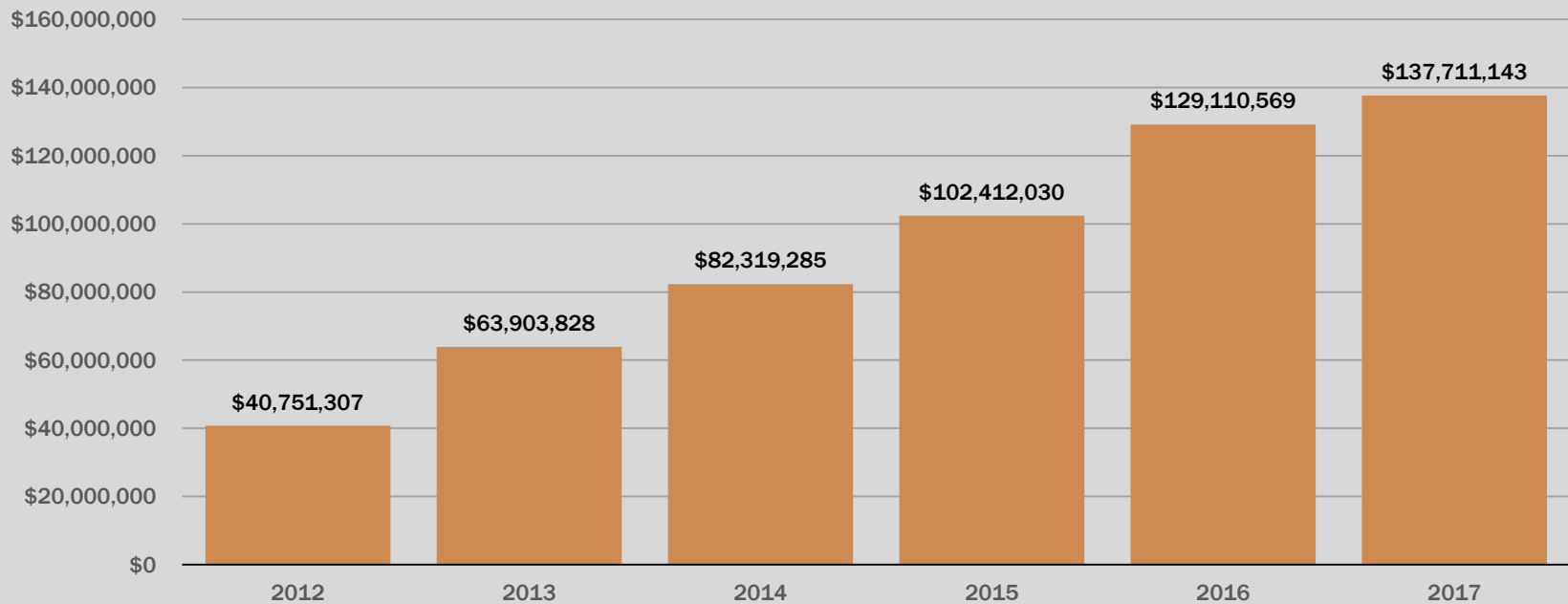


Loan Originations & Syndications Since 2011



INVESTMENT PORTFOLIO

Total Investment Portfolio
(excludes Senior A tranches held by financial institutions)



Investment portfolio includes all Loan & Mortgages Investments, Deposit, Investment Property, Land Under Development, Investment in Associates and Portfolio Investments

US Opportunity

- Proven rising market
- 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

Going Forward in 2018

TFCC forecasts stronger earnings going forward driven by the following factors:

- Repurposing capital returned on non-performing loans
- Repurposing capital returned 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
 - ✓ New relationships formed
 - ✓ Strong repeat business
 - ✓ Success in US syndications

Analyst Coverage

| Firm | Analyst |
|--------------------|------------------|
| Acumen Capital | Brian D. Pow |
| Beacon Securities | Vahan Ajamian |
| Cormark Securities | Jeff Fenwick |
| Paradigm Capital | Corey J. Hammill |

Senior Management Team

Glenn Watchorn – *President and Chief Executive Officer*

Glenn has over 25 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 20 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 Metrovia, Trademark 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

Jerry Patava – *Director*

Chief Executive Officer of Great Gulf Corp Chair with over 35 years of experience in the real estate and finance field. He is also the Chairman of Great Gulf's U.S. home building subsidiary, Ashton Woods Homes.



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THANK YOU