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TERRA FIRMA CAPITAL CORPORATION



May 2019

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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:

- Borrowers - debt and equity solutions both in the U.S. and Canada; and
- Investors - the opportunity to participate in these investments and earn fixed income in a tax efficient manner typically on a monthly basis

Ticker Symbol	TSXV:TII
Share Price (May 28, 2019)	C\$0.52
Shares issued and outstanding basic (Q1 2019)	58.4 million
52 week Trading Range	C\$0.48-C\$0.67
Total assets (Q1 2019)	US\$144 million
FY 2018 EPS	C\$0.05
Q1 2019 EPS	C\$0.01
Book Value/Share basic/diluted (Q1 2019)	C\$0.89
Insider ownership	~29%



REAL ESTATE CAPITAL PROVIDER

Core Focus

- TFCC acts as principal lender (not broker)
- Primarily senior debt positions
- Targets high growth urban and suburban markets both in the U.S. and Canada
- Quality commercial and residential assets with a focus on land and project finance
- Repeat borrowers
- Less focus on income producing properties

INVESTMENT ACTIVITY



TFCC has funded over US\$435mm of real estate loans and investments in 114 transactions



TFCC has raised over US\$210mm from investors

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

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:

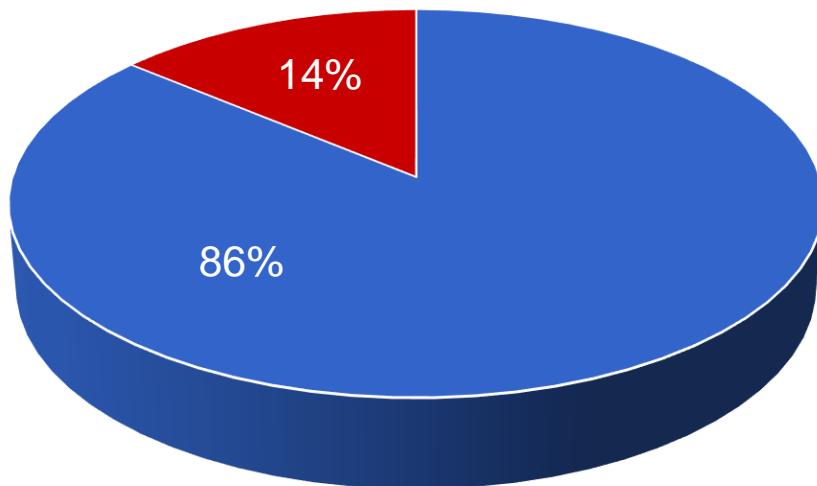
- Permanent need for non-bank capital
- Large segment of the Canadian & U.S. mortgage market is either not serviced by traditional bank lending or conservatively leveraged
- Limited availability of capital from conventional lenders allows TFCC the opportunity to provide creative structured debt products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

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

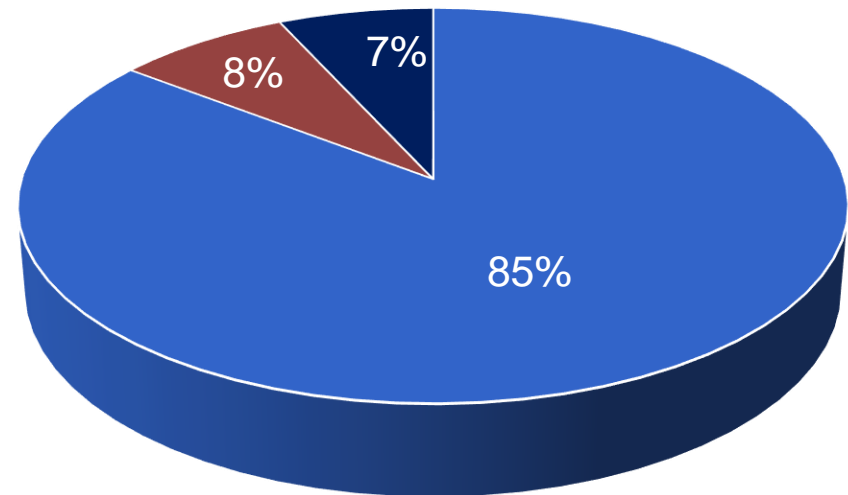
CURRENT PORTFOLIO BREAKDOWN – UPDATE

US Investments Vs. Canadian Investments



■ United States ■ Canada

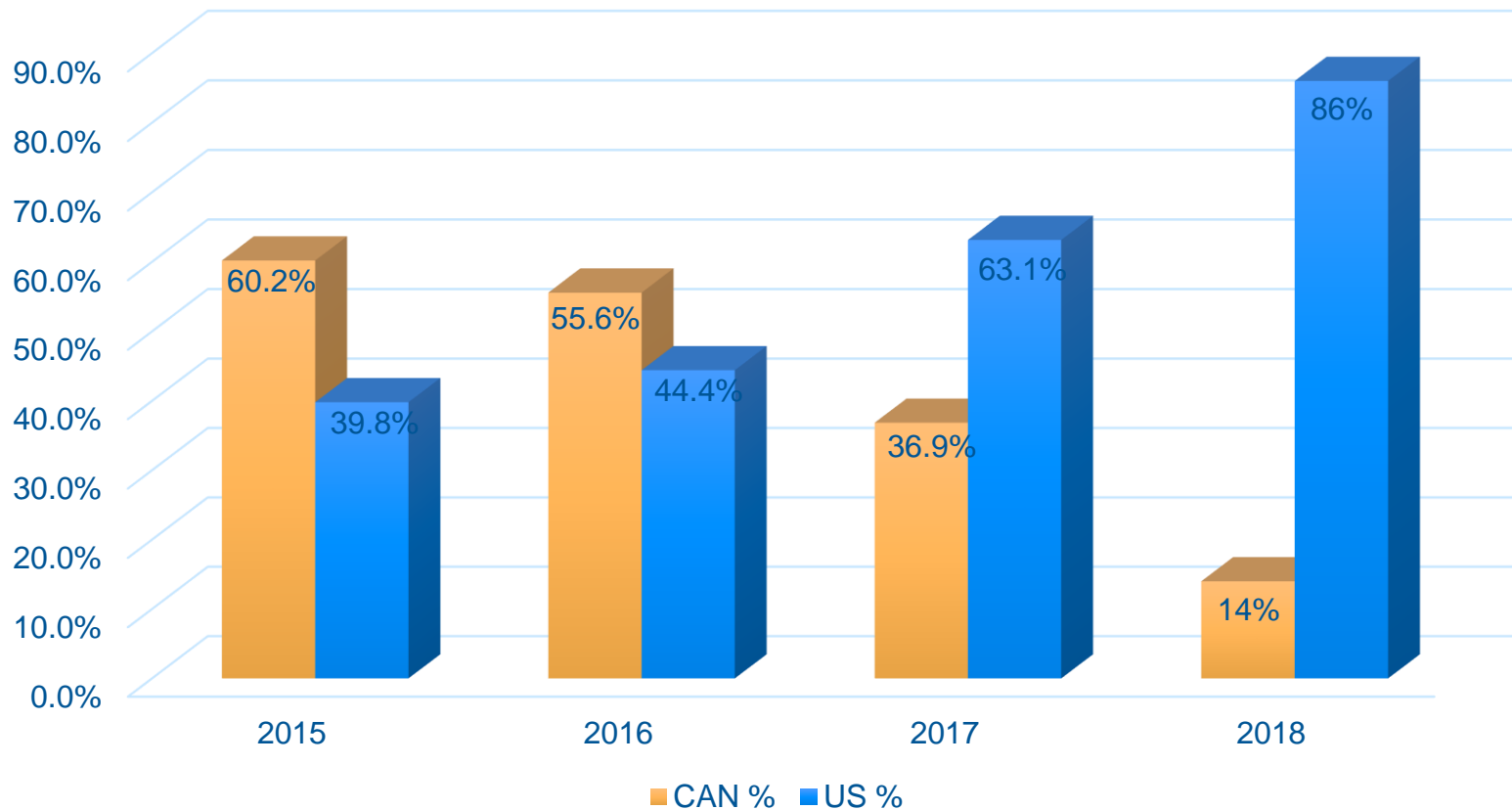
1st Mortgage Loans Vs. 2nd Mortgage Loans Vs. Other



■ 1st Mortgage ■ 2nd Mortgage ■ Other

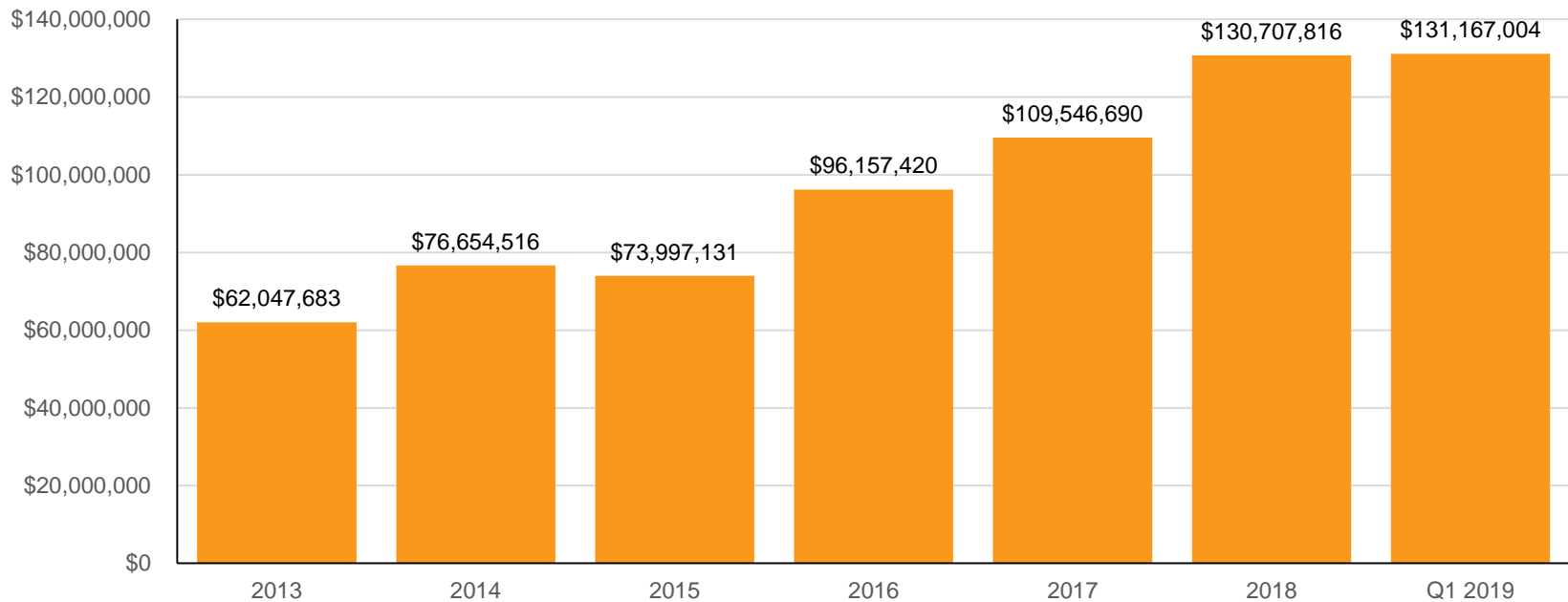
GEOGRAPHICAL PORTFOLIO BREAKDOWN

Canadian Investments Vs. U.S. Investments



INVESTMENT PORTFOLIO

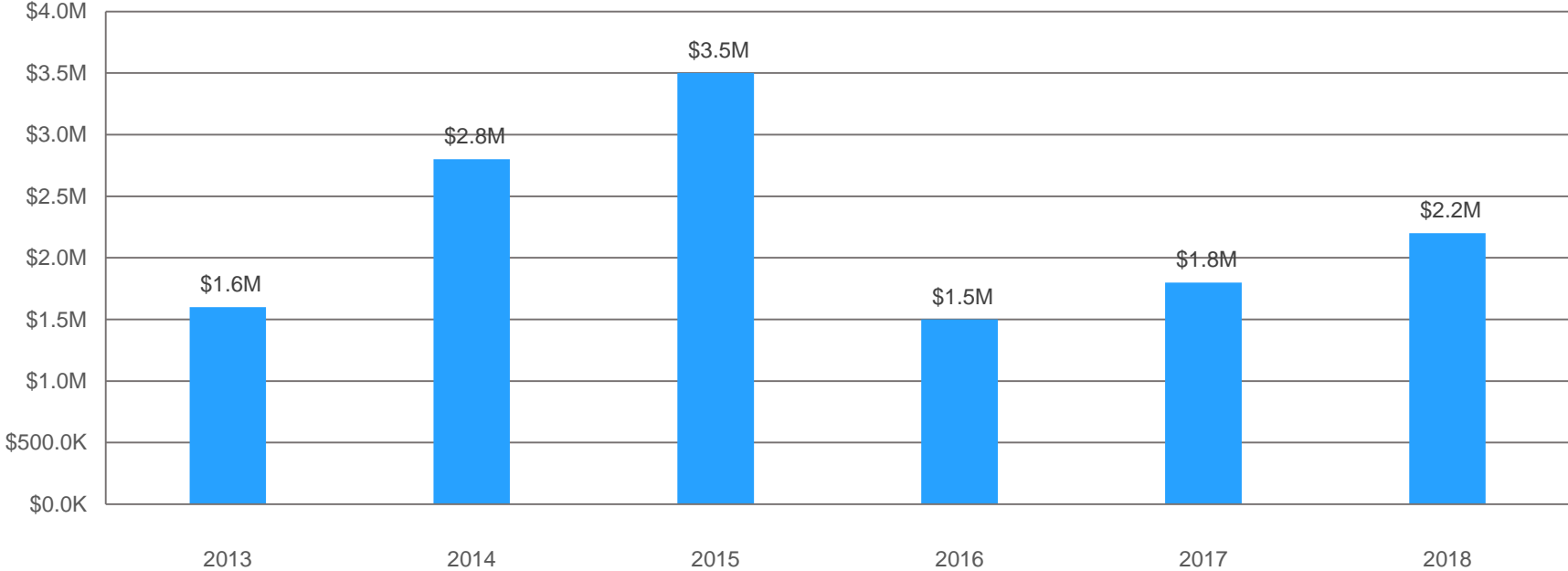
Total Investment Portfolio in US Dollars *(excludes Senior A tranches held by financial institutions)*



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

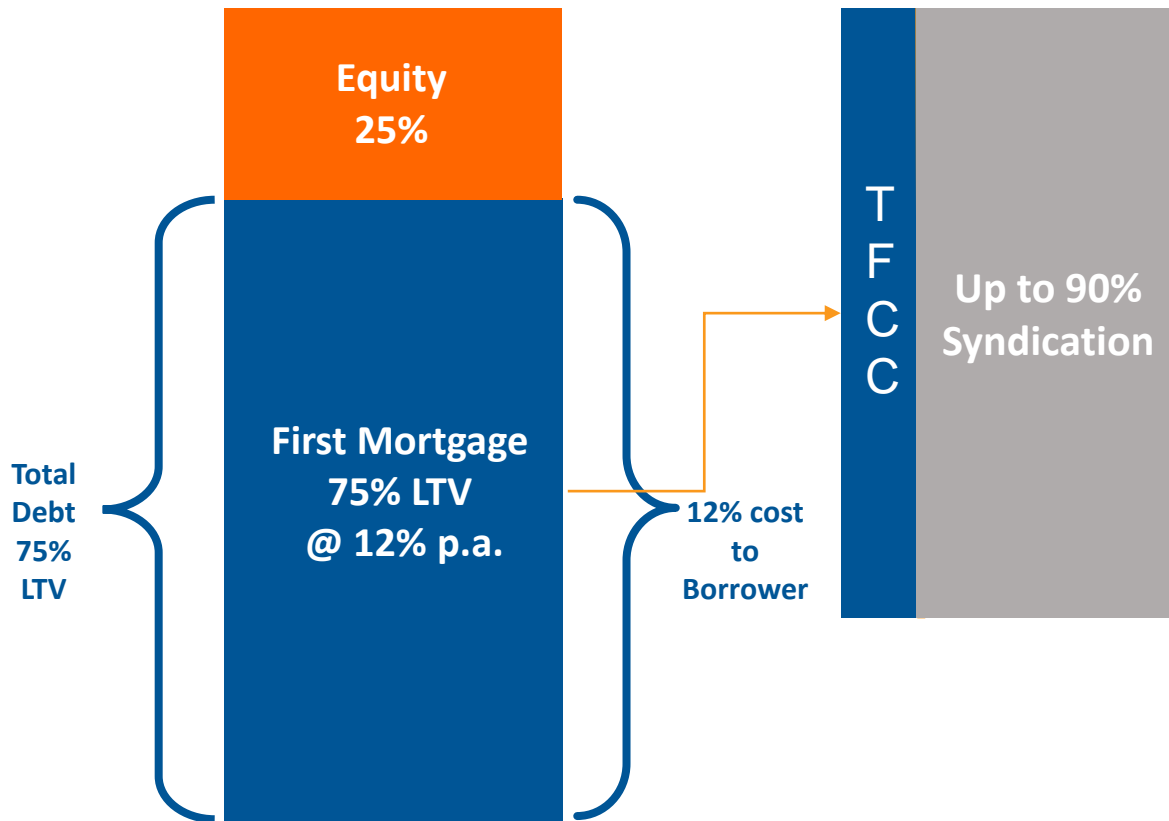
NET INCOME

Net Income (\$US)



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 90% retail investors
- The spread to the investor ranges from 2% to 3%
- 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 ~12% including fee (2 year term)

Overall IRR after syndication is 20% + including fee (2 year term)

SIMPLIFIED LOOK AT BUSINESS MODEL

Capital Source	Spread	Amount	Income Range	
Syndicate Investors	2% to 3%	US\$79MM • <i>As at Q1 2019</i>	US\$1.6MM	US\$2.4MM
Texas Capital	5% to 6%	US\$35MM • <i>Fully Drawn</i>	US\$1.8MM	US\$2.1MM
Invested Equity	11% to 13%	US\$39MM • <i>Fully Invested</i>	US\$4.3MM	US\$5.1MM
Total:			US\$7.7MM	US\$9.6MM
G & A (2018)			US\$3MM	

Note: Current corporate debt facility is not included as a capital source that earns a spread. While the spread is approximately 1% to 2%, the offset of the cost of carrying cash balances makes the income immaterial. This debt facility is primarily used to warehouse transactions and facilitate sponsor capital for the spreads listed above.

Q1 2019 SUMMARY

- Quarterly Revenue was up 39% year over year.
- TFCC has already originated loans and investments of US\$50MM in 2019. As of Q1 2019, unfunded commitments were US\$19MM and scheduled principal repayments were US\$34MM. As such, we expect significant growth in our assets by year end.
- The Company's deployment was flat in Q1 2019 largely because of slower transactional volumes in the market in the second half of the year and one large transaction failing to meet due diligence requirements.
- The company can now put Urbancorp in the rear view mirror with a final settlement on the pending litigation from Israel and only one defaulted loan remaining with a balance of \$2.4MM expected to be collected over the next few quarters.
- TFCC has originated approximately US\$250MM of transactions since commencing its US expansion 4 years ago. Repayments of US\$85MM have been received on those transactions. The company continues to build on its US track record of success and now has 86% of its investments in the US.

- Proven strength in TFCC targeted markets
- Significant growth opportunities – banks still not providing adequate support for development
- Less competition = outsized risk adjusted returns
- Diversification – TFCC currently active in 10 markets in the US
- Higher Yields for the same or better risk profile

SYNDICATION ACTIVITIES

Terra Firma has developed a robust syndication platform

- Raised over US\$210MM 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 10% to 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

SYNDICATION ACTIVITIES

- Total syndications outstanding Q1 2019 were US\$79MM compared to US\$54MM Q1 2018, representing 46% growth year over year
- Syndication demand remains strong
- Successful syndication of every offering to date
- Implemented new digital syndication platform which will streamline our syndication process and reporting process

SUMMARY TRACK RECORD

	Number of Deals	Value (\$US)	%
Matured Loans & Investments	91	\$266,174,000	61%
Current Loans (Commitments)	19	\$155,450,000	35%
Current Equity Investments (Commitments)	4	\$14,783,000	4%
Total Number of Transactions	114	\$439,555,000	100%
Defaulted Loans (Recovered) (Loans that all principal was recovered through enforcement proceedings)	4	\$19,947,000	5%
Loss or Write off of principal (in whole or in part)	2	\$3,146,000	0.72%

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

- Deployment of unfunded commitments and new originations over the year
- Utilizing lower cost of capital through the Texas Capital debt facility
- Increasing balance of syndication capital
- Less distraction and expenses associated with Urbancorp
- Strong pipeline in the US
 - ✓ Growing track record and visibility
 - ✓ New relationships formed
 - ✓ Strong repeat business
 - ✓ Success in US syndications

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, Trademark Communities and Haber Homes

Investment Committee

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

Investment Committee

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

Audit Committee

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

Governance Committee

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

Investment Committee

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 25 years of real estate experience primarily with the **Reichmann Family Group of Companies** (Canary Wharf) 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.



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.

The Terra Firma team has over 80 years of real estate experience

THANK YOU