



TRUST • INSIGHT • VISION

TERRA FIRMA CAPITAL CORPORATION



*Annual General
Meeting*

June 17, 2019

*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 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

Ticker Symbol	TSXV:TII
Share Price (June 14, 2019)	C\$0.60
Shares issued and outstanding basic (YE 2018)	58.4 million
52 week Trading Range	C\$0.48-C\$0.67
Total assets (YE 2018)	C\$192 million
FY 2018 EPS	C\$0.05
Q1 2019 EPS	C\$0.01
Book Value/Share basic/diluted (YE 2018)	C\$0.89
Insider ownership (YE 2018)	~29%



INVESTMENT ACTIVITY



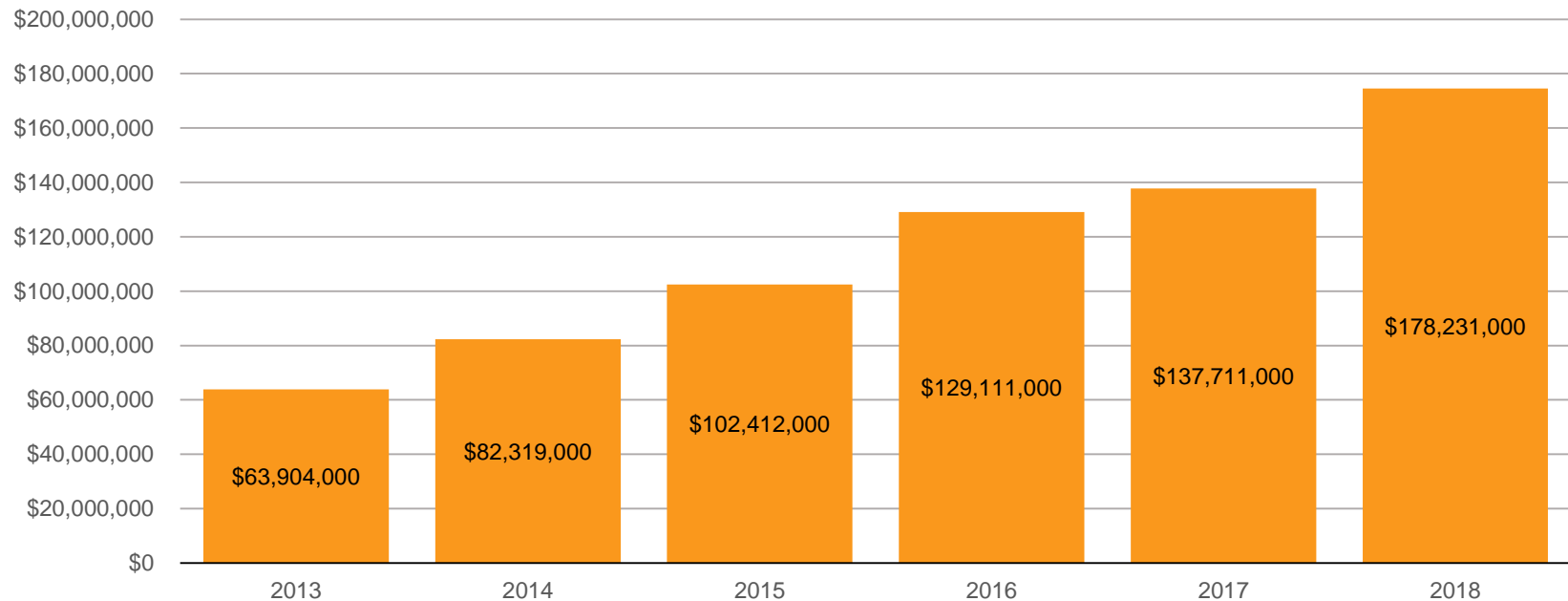
TFCC has funded over
CDN\$640mm of real estate
loans and investments in 119
transactions



TFCC has raised over
CDN\$376mm from investors

INVESTMENT PORTFOLIO

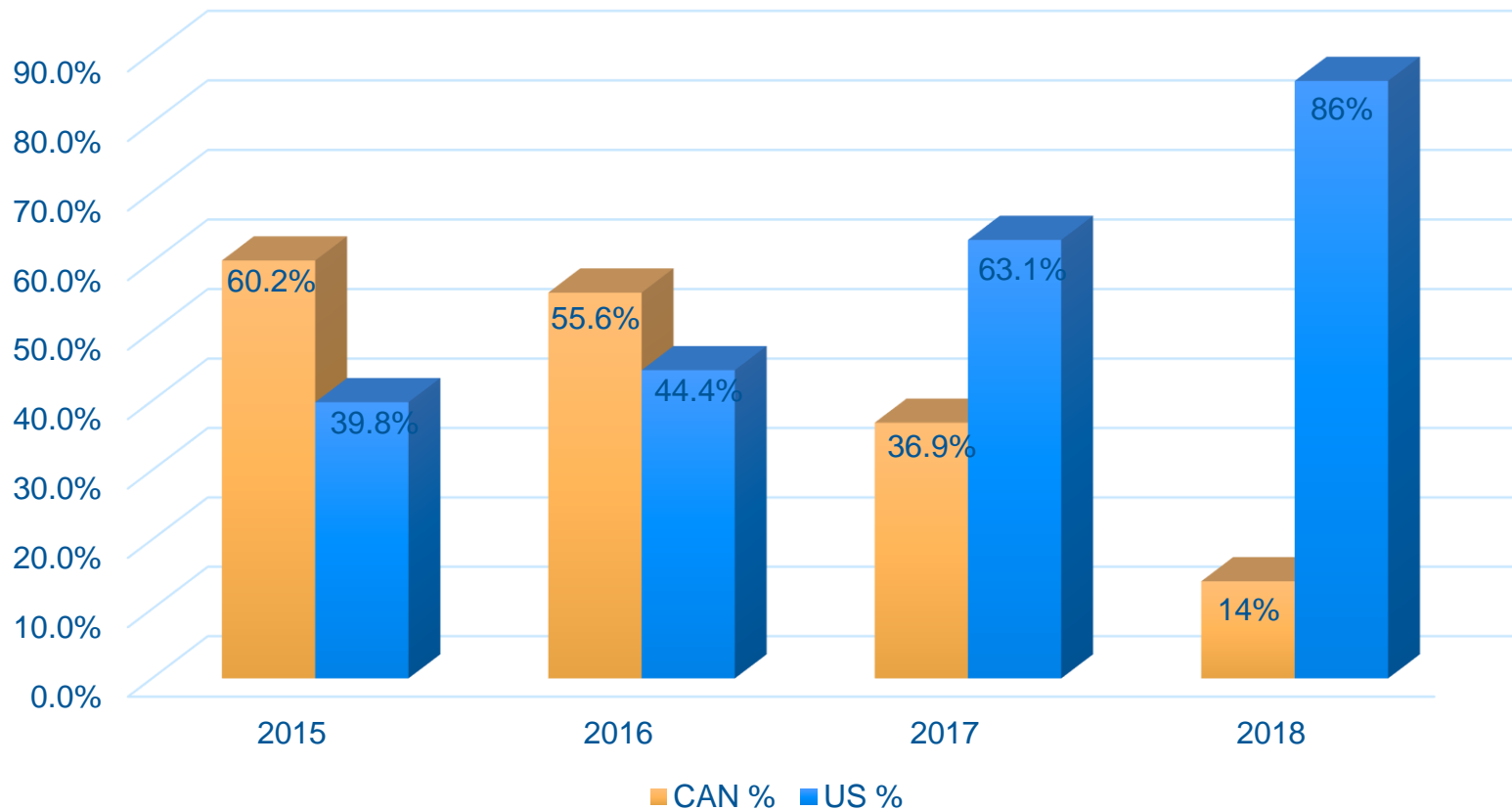
Total Investment Portfolio (\$CDN)
(excludes Senior A tranches held by financial institutions)



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

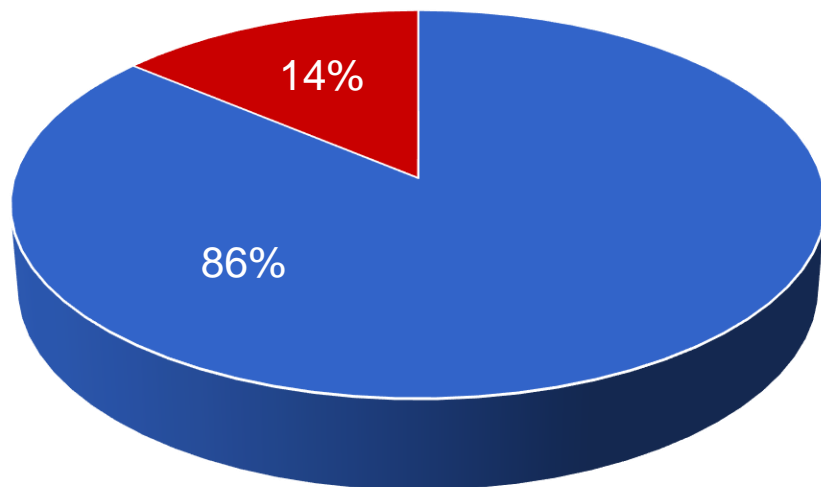
GEOGRAPHICAL PORTFOLIO BREAKDOWN

Canadian Investments Vs. U.S. Investments



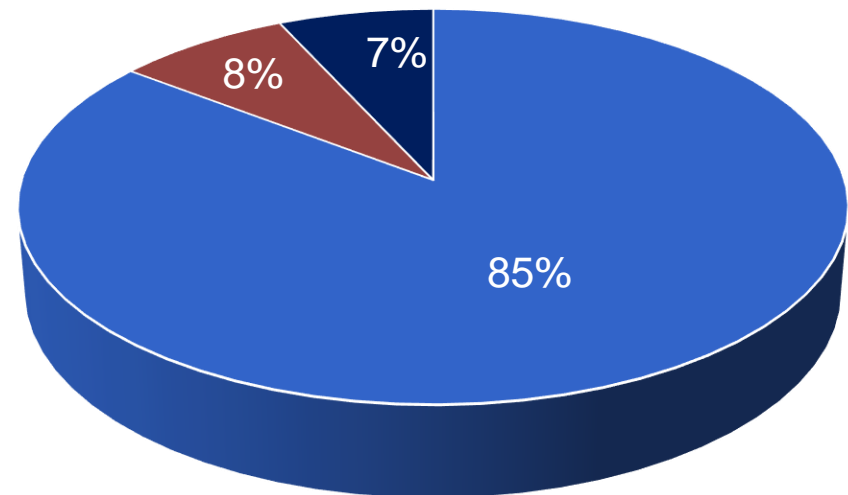
CURRENT PORTFOLIO BREAKDOWN – UPDATE

US Investments Vs. Canadian Investments



■ United States ■ Canada

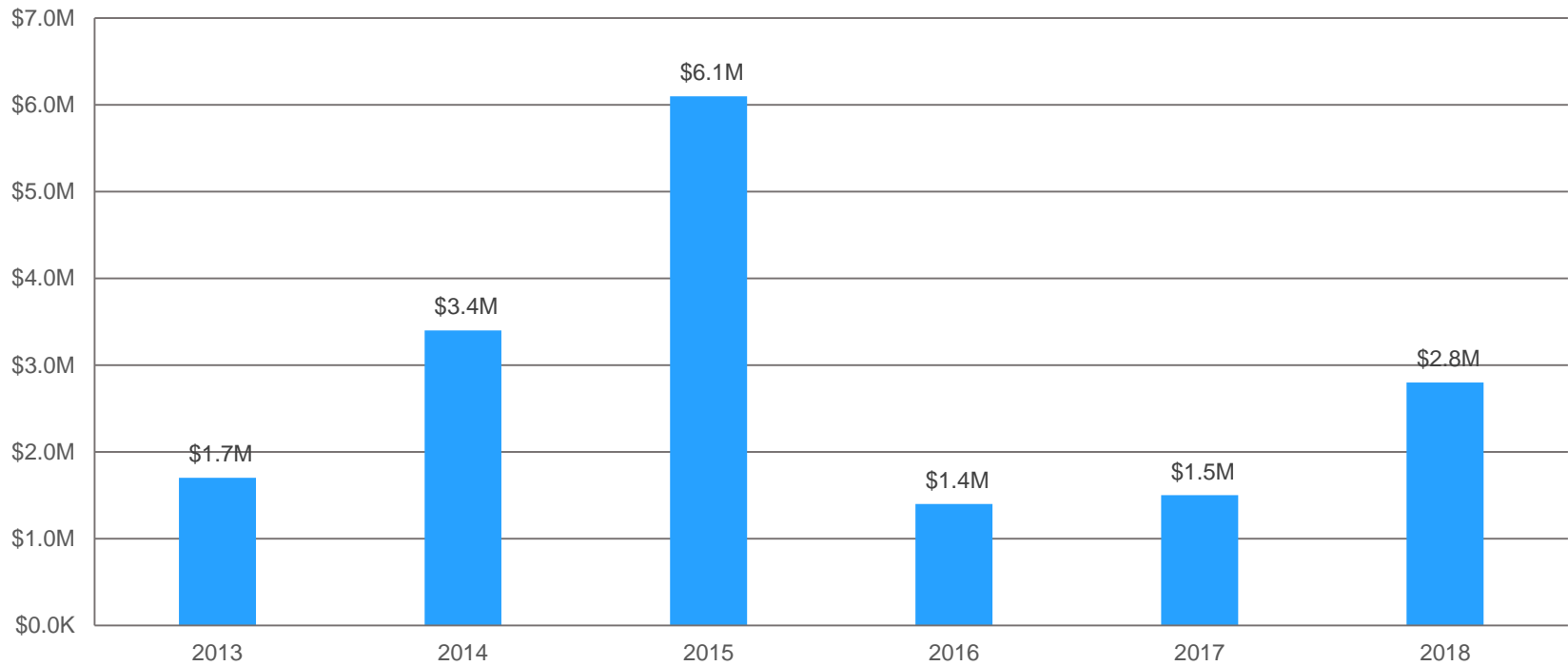
1st Mortgage Loans Vs. 2nd Mortgage Loans Vs. Other



■ 1st Mortgage ■ 2nd Mortgage ■ Other

NET INCOME

Net Income (\$CDN)



2018 HIGHLIGHTS

- **Continued Growth**

- Assets 42% growth in Loans and Mortgage Investments year over year
- Syndications 64% growth in Loan and Mortgage Syndications year over year
- Revenue 63% growth in quarterly revenue year over year
 19% growth in annual revenue year over year
- Earnings 180% growth in quarterly net income year over year
 87% growth in annual net income year over year

- **Secured Lower Cost Debt**

- US\$20MM Loan Facility with Texas Capital Bank (currently expanded to US\$35MM)

- **Continued Growth in TFCC's U.S. Presence and Track Record**

- TFCC has originated approximately CDN\$330MM of transactions in the U.S. since commencing our US expansion just over 4 years ago. Repayments of CDN\$114MM have now 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.

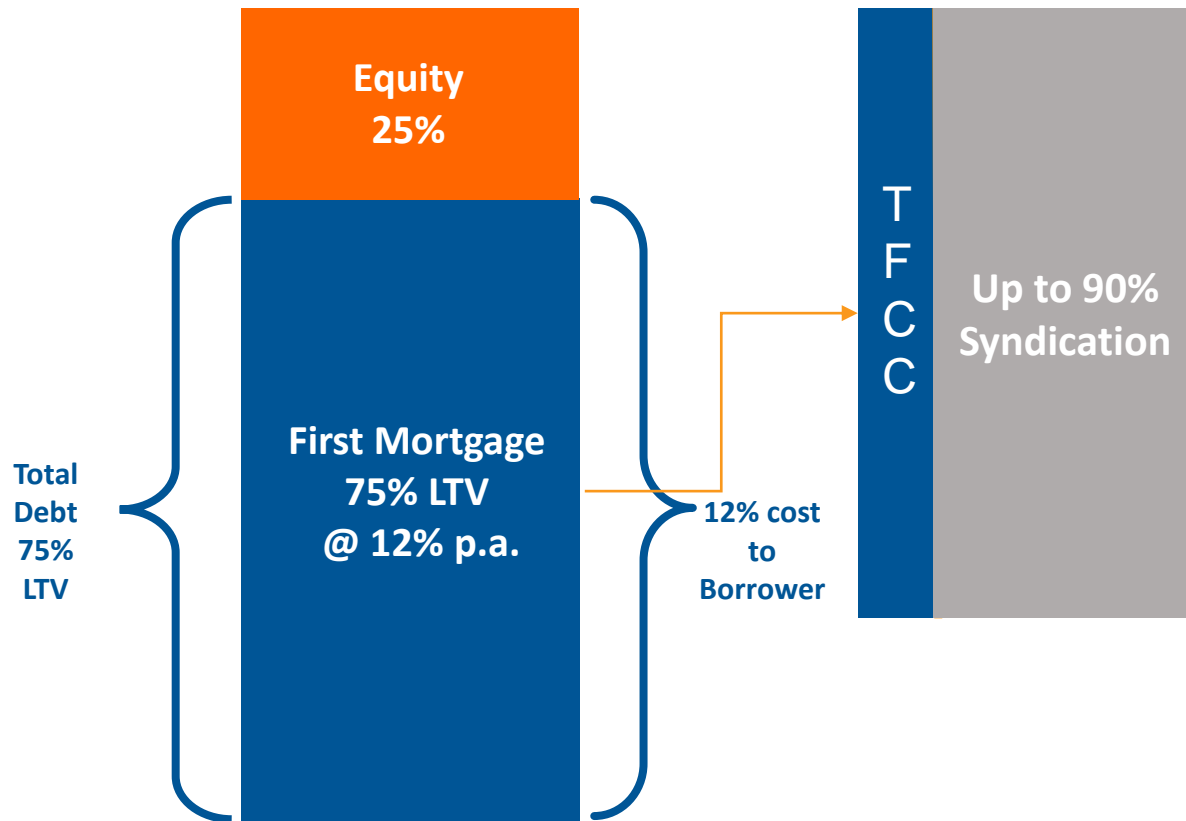
SUMMARY TRACK RECORD



	Number of Deals	Value (\$CDN)
Matured Loans & Investments	93	\$389,223,000
Current Loans (Commitments)	20	\$212,720,000
Current Equity Investments (Commitments)	5	\$38,728,000
Total Number of Transactions	119	\$640,671,000
Defaulted Loans (Recovered) (Loans that all principal was recovered through enforcement proceedings)	4	\$26,605,000
Loss or Write off of principal (in whole or in part)	2	\$4,196,000

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 (\$CDN) (FX =1.34)	Income Range (\$CDN) (FX =1.34)	
Syndicate Investors	2% to 3%	\$106MM (US\$79MM) <ul style="list-style-type: none"> As at Q1 2019 	\$2.1MM	\$3.2MM
Texas Capital	5% to 6%	\$47MM (US\$35MM) <ul style="list-style-type: none"> Fully Drawn 	\$2.4MM	\$2.8MM
Invested Equity	11% to 13%	\$52MM (US\$39MM) <ul style="list-style-type: none"> Fully Invested Book at Q1 2019 	\$5.7MM	\$6.8MM
Total:			\$10.2MM	\$12.8MM
G & A (2018)			\$4MM	

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.

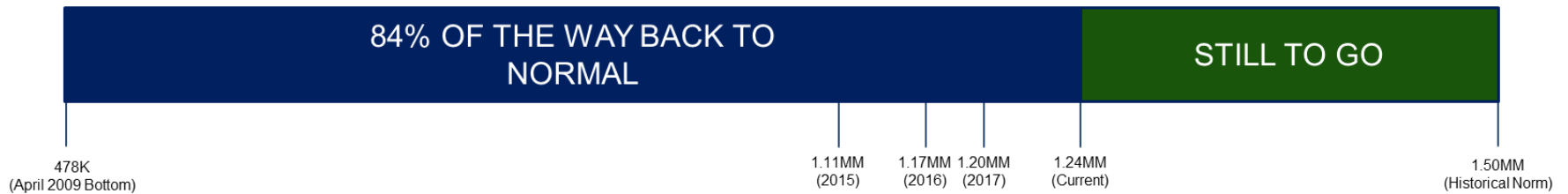
YTD 2019 SUMMARY

- **YTD originations expected to lead to significant growth in assets in 2019**
 - TFCC originations = CDN\$67MM to date in 2019
 - Unfunded commitments Q1 2019 = CDN\$26MM
 - Scheduled principal repayments for 2019 at Q1 2019 = CDN\$46MM
- **Secured larger debt facility with Texas Capital to help fund growth and provide a lower cost of capital**
- **Moved to \$US reporting**
- **Declared a Dividend**
- **Urbancorp in the rear view mirror**
 - Final settlement on the pending litigation
 - Only one defaulted loan remaining with a balance of CDN\$3.2MM expected to be collected over the next few quarters.
- **Implemented new technology system for interface, licensing and funding features which will streamline our syndication and reporting process.**

WHY THE FUTURE LOOKS BRIGHT

- The strong US housing market continues to grow

CONSTRUCTION STARTS



EXISTING HOME SALES



NEW HOME SALES



WHY THE FUTURE LOOKS BRIGHT

- US economy and housing market remain healthy
- Banks and Capital providers continue to undersupply the market for U.S. real estate development, especially for land development
- Growth in revenue, assets, syndicated investment in combination with lower cost debt and larger debt sources should result in higher earnings
- More consistent earnings growth with less volatility given the high quality of security and geographical diversification
- TFCC has been able to attract better debt sources given the higher quality security backing its loans

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

ACCREDIT NEW ACCOUNT

DASHBOARD

BROWSE INVESTMENTS

HOW IT WORKS

BROWSE INVESTMENTS

SORTED BY VIEW ALL

CATEGORIES SHOW ALL



Investment complete

710 Huron Road
Kitchener, Ontario, CAN



\$5,485,000

Mountain Views
Phoenix, AZ, USA



\$12,550,000

Beachwalk at Twincreeks
Jacksonville, FL, USA



Investment complete

710 Huron Road

Kitchener, Ontario, CAN

Category	Land Development
Term	2 Years
Total Amount	\$4,400,000
Total Raised (Including TFCC)	Sold Out • C\$4.4M
Security	Second Mortgage
Net Annual Return to Investors	11 %
Loan to Value	74%
Distributions	Monthly



\$5,485,000

Mountain Views

Phoenix, AZ, USA

Category	Land Development
Term	3 Years
Total Amount	\$5,885,000
Total Raised (Including TFCC)	\$5.5M of \$5.9M
Security	First Mortgage
Net Annual Return to Investors	8.5 %
Loan to Value	73.7%
Distributions	Monthly



\$12,550,000

Beachwalk at Twincreeks

Jacksonville, FL, USA

Category	Land Development
Term	3 Years
Total Amount	\$14,850,000
Total Raised (Including TFCC)	\$12.6M of \$14.9M
Security	First Mortgage
Net Annual Return to Investors	9 %
Loan to Value	62%
Distributions	Monthly

THANK YOU