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# TERRA FIRMA CAPITAL CORPORATION

*Annual General Meeting*

*June 20, 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 June 18 <sup>th</sup> , 2018)	\$0.64
Shares issued and outstanding (basic) Q1 2018	62.6 million
Shares issued and outstanding (diluted) Q1 2018	72.6 million
52 week Trading Range	\$0.60 – \$0.79
Total Assets (Q1 2018)	\$148 million
Q1 2018 EPS (basic & diluted)	\$0.02/\$0.02
Book Value/Share (basic & diluted) (Q1 2018)	\$0.84/\$0.83
Insider Ownership	~30.1%

# TERRA FIRMA – REAL ESTATE CAPITAL PROVIDER

- **Core focus is on:**
  - Quality residential and commercial 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 the U.S. and Canada
  
- **Terra Firma provides customized real estate financing solutions which achieve “equity-like” returns in a debt structure:**
  - Offers a full spectrum of structured real estate financing solutions to developer/owner specific needs
  - Terra Firma investment will rank in priority to borrower’s equity
  - \$560mm in loan and investment originations in 106 transactions (since inception)
  - \$360mm of successful loan repayments
  - \$330mm in syndicated capital (cumulative since inception)

# 2017 HIGHLIGHTS

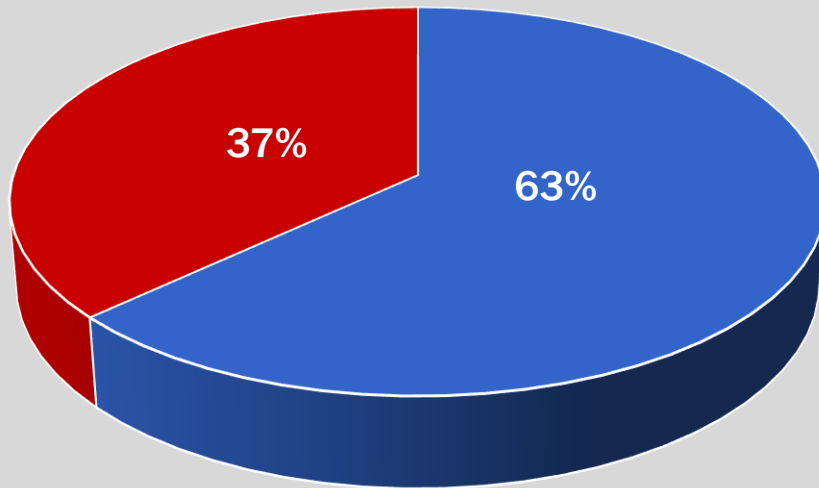
- **Repositioned loan book and balance sheet to be stronger and more secure**
  - Repaid convertible debentures
  - Increased line of credit
  - Structured accretive buy out on largest equity position
  - Substantial clarity on remaining non-performing loans through settlements and substantial completion of workout
  - Redeployed capital mostly into 1<sup>st</sup> mortgage loans
- **Continued growth in assets and syndications**
  - Total loan and investment portfolio have grown 25% year over year
  - Total syndications have grown 13% year over year
- **Established strategic alliance with Great Gulf Group**

# 2017 HIGHLIGHTS

- **Continued to execute on strategic plan**
  - US expansion has proven successful
    - TFCC has firmly established itself in 8 separate markets in the US and has become a “go to” capital provider for land financing
    - Substantially all of the Company’s originations and its existing robust pipeline are currently being generated in the US
    - Record originations in 2017 and are continuing to trend well this year
    - Zero defaults and successful repayments since entering the US market
- **Continued to grow investor base**
  - The company has successfully syndicated every loan investment that it has offered to its investor network

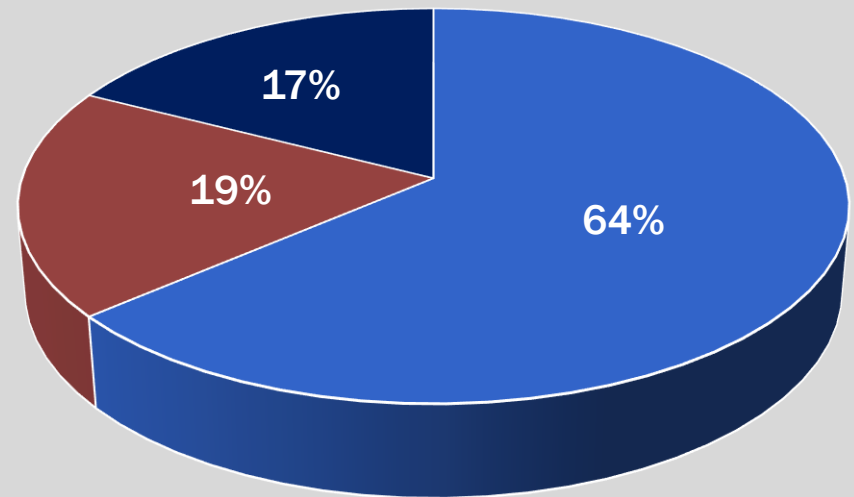
# CURRENT PORTFOLIO BREAKDOWN

US Investments Vs. Canadian Investments



■ United States ■ Canada

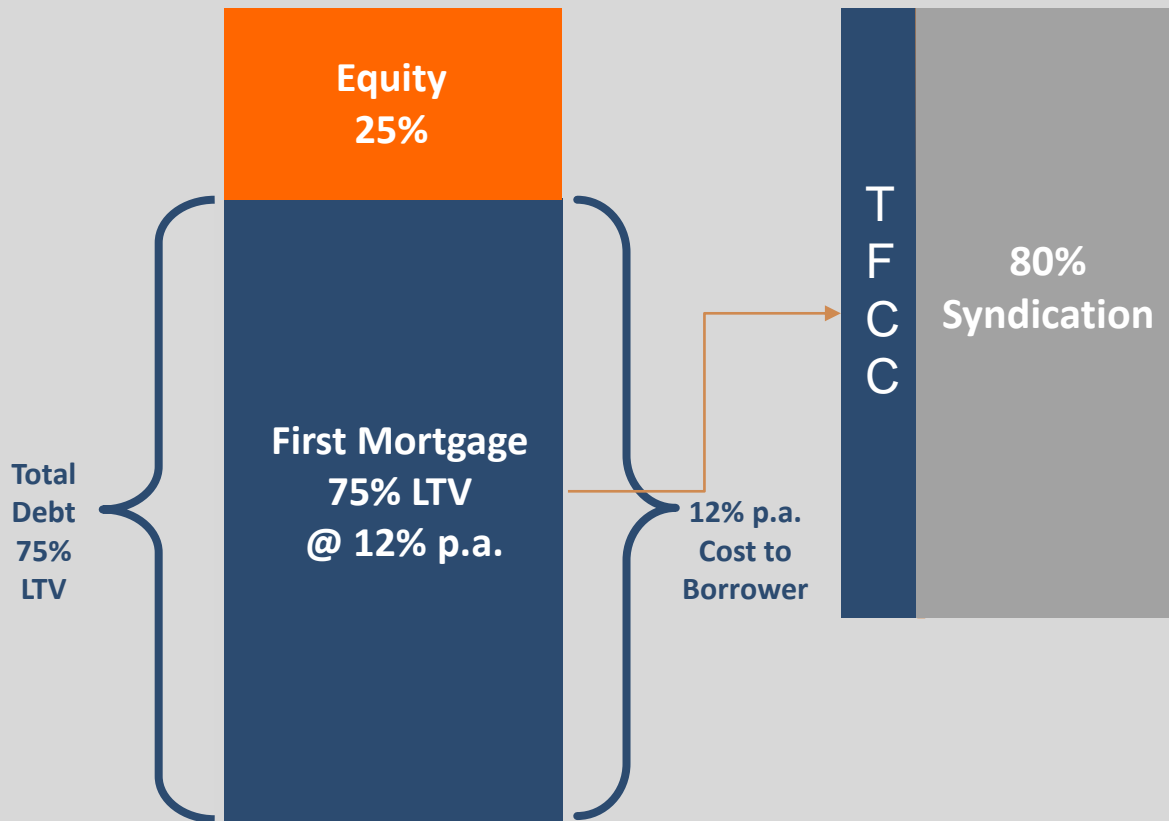
1st Mortgage Loans Vs 2nd Mortgage Loans and Other



■ 1st Mortgage ■ 2nd Mortgage ■ Other

# U.S. FIRST MORTGAGE LENDING PLATFORM

## Sample Financing Structure



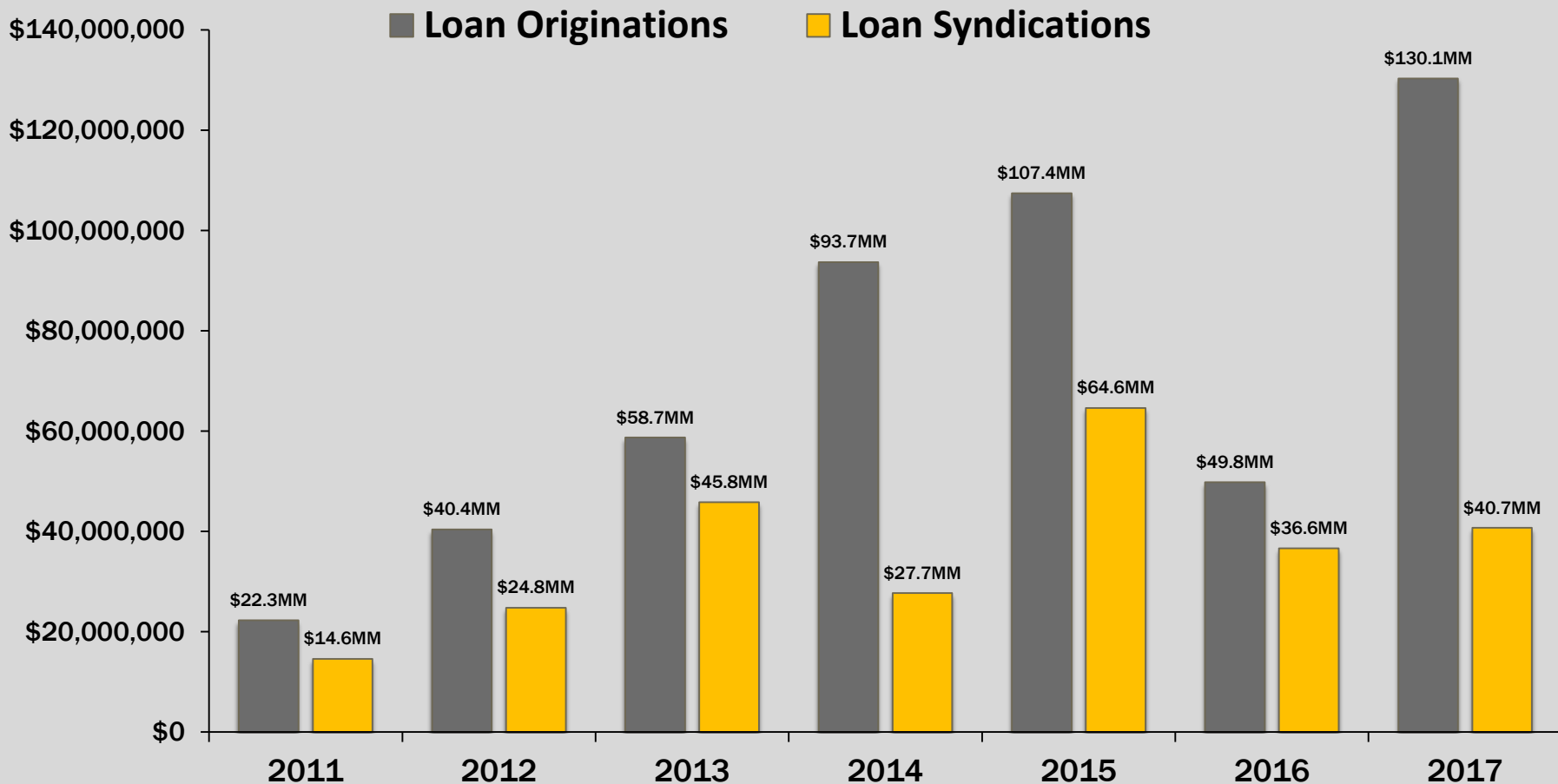
- TFCC originates total First Mortgage loan of 75% LTV at 12% p.a.+ 2% fee
- TFCC will then syndicate up to 80% to retail investors
- The spread to the investor ranges from 2% to 4% including fee and depending on duration
- The syndication has no recourse to TFCC
- Syndication market offers TFCC flexibility in capital allocation

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

*Overall IRR after syndication ~20% including fee (2 year term)*

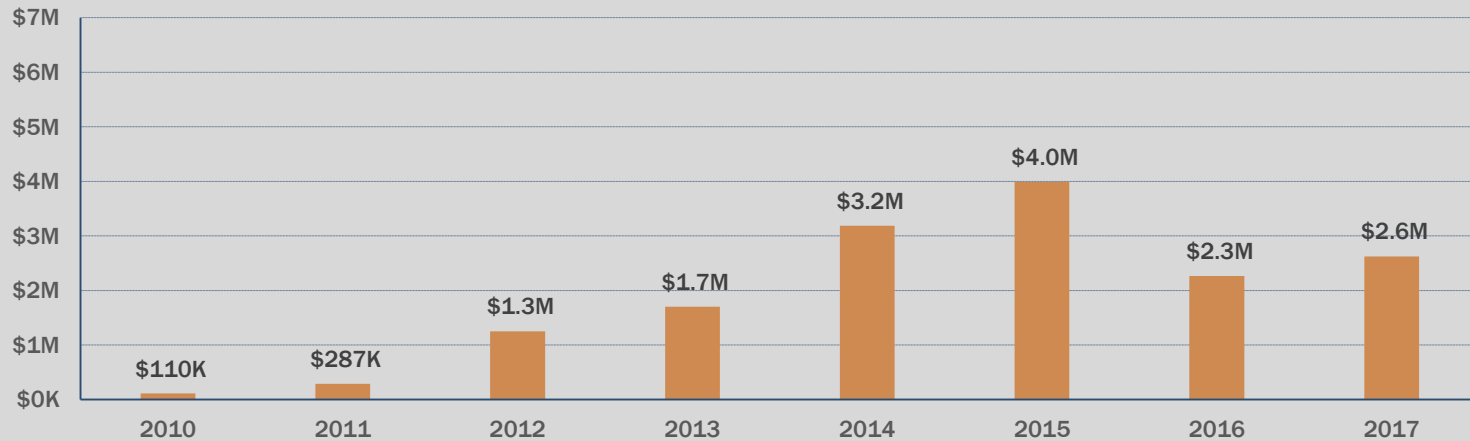


# LOAN ORIGINATIONS & SYNDICATIONS SINCE 2011

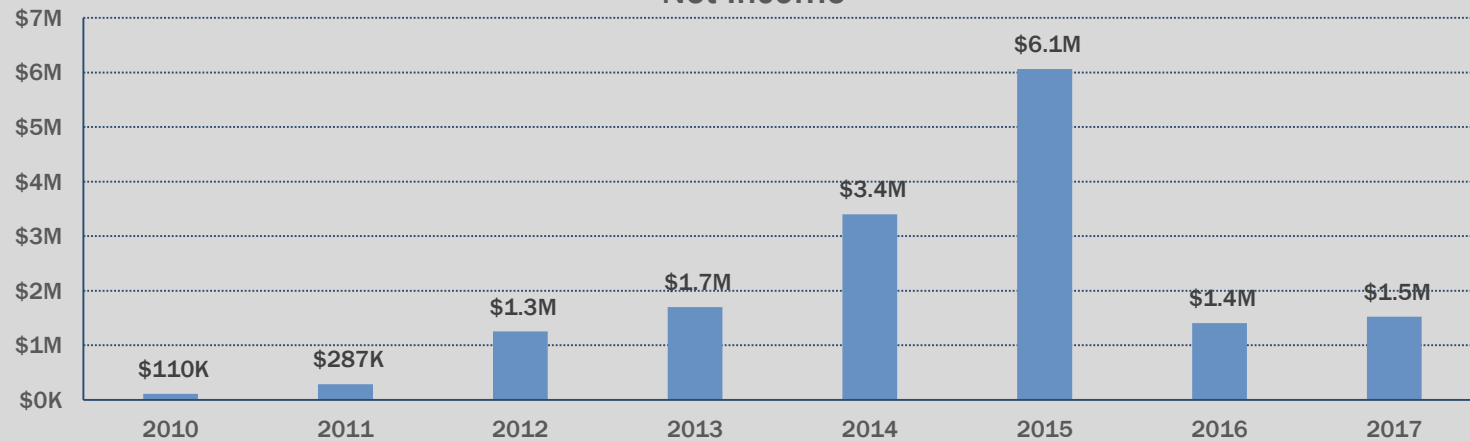


# NET INCOME

Net Income (Not Including FX)

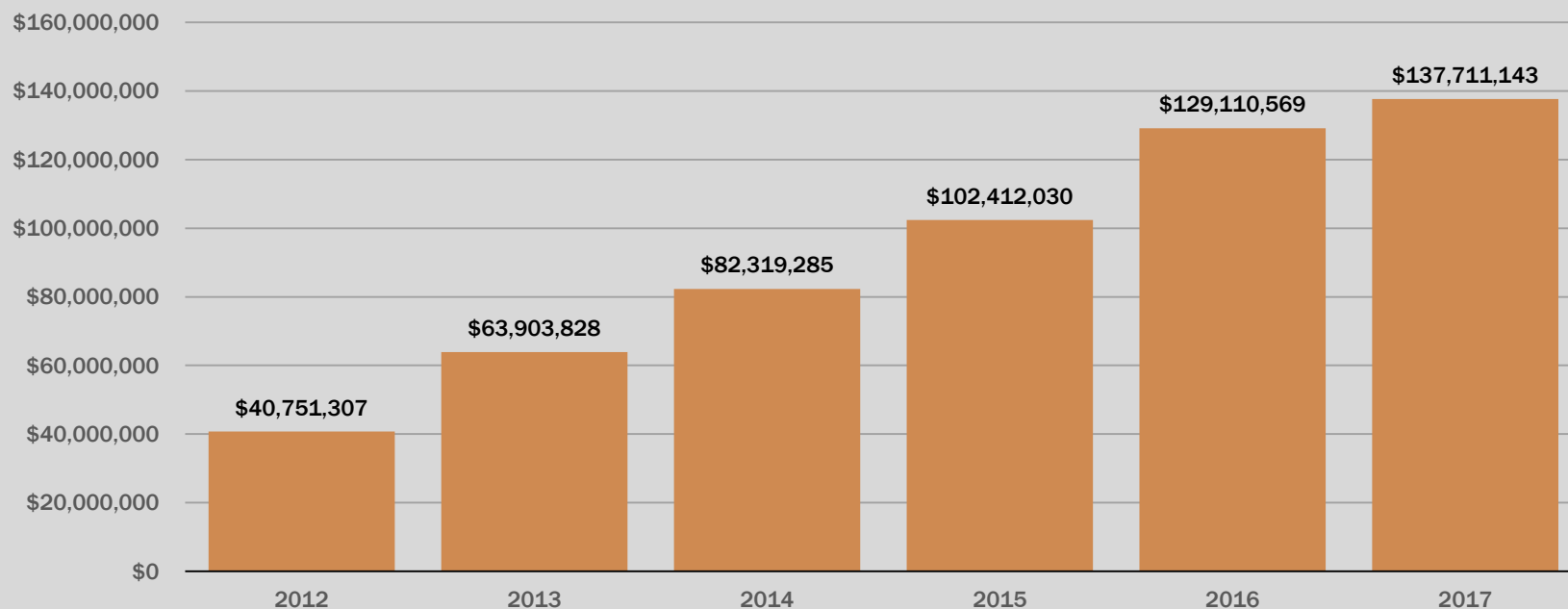


Net Income



# INVESTMENT PORTFOLIO

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



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

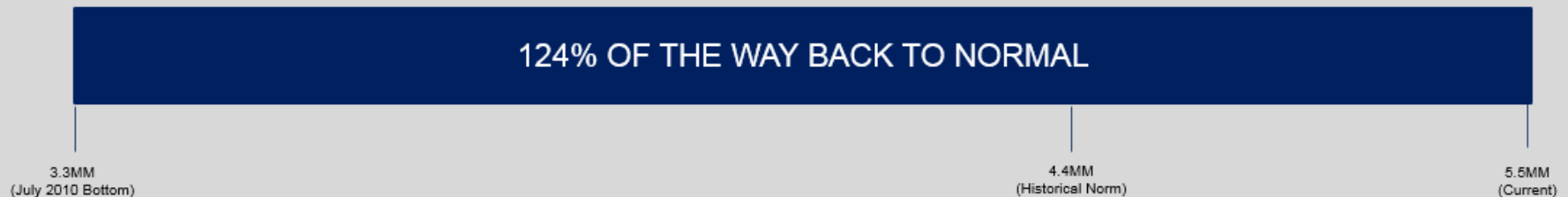
# WHY THE FUTURE LOOKS BRIGHT

- The strong US housing market continues to grow

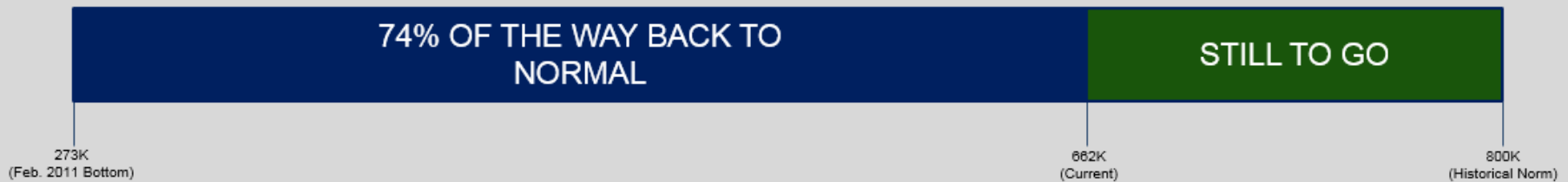
## CONSTRUCTION STARTS



## EXISTING HOME SALES



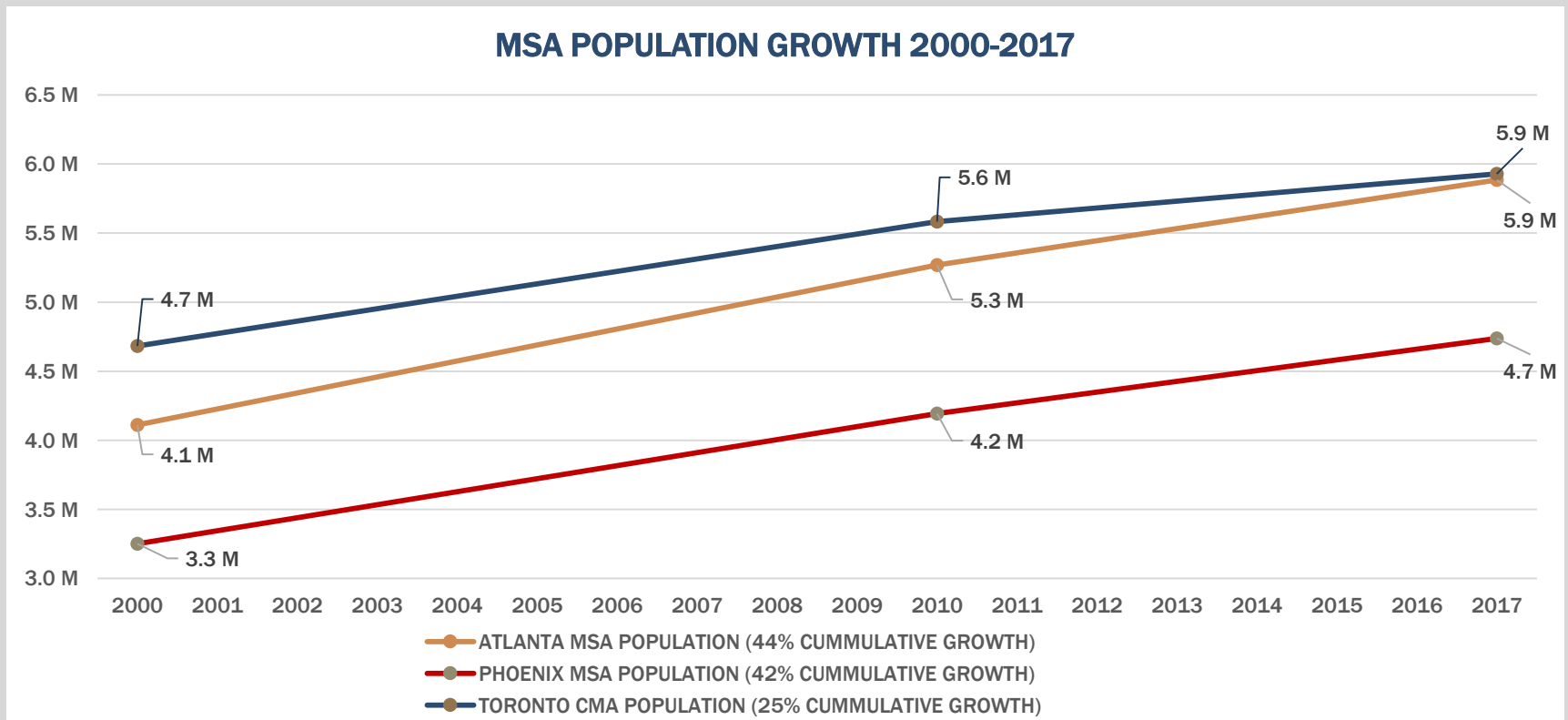
## NEW HOME SALES



# WHY THE FUTURE LOOKS BRIGHT

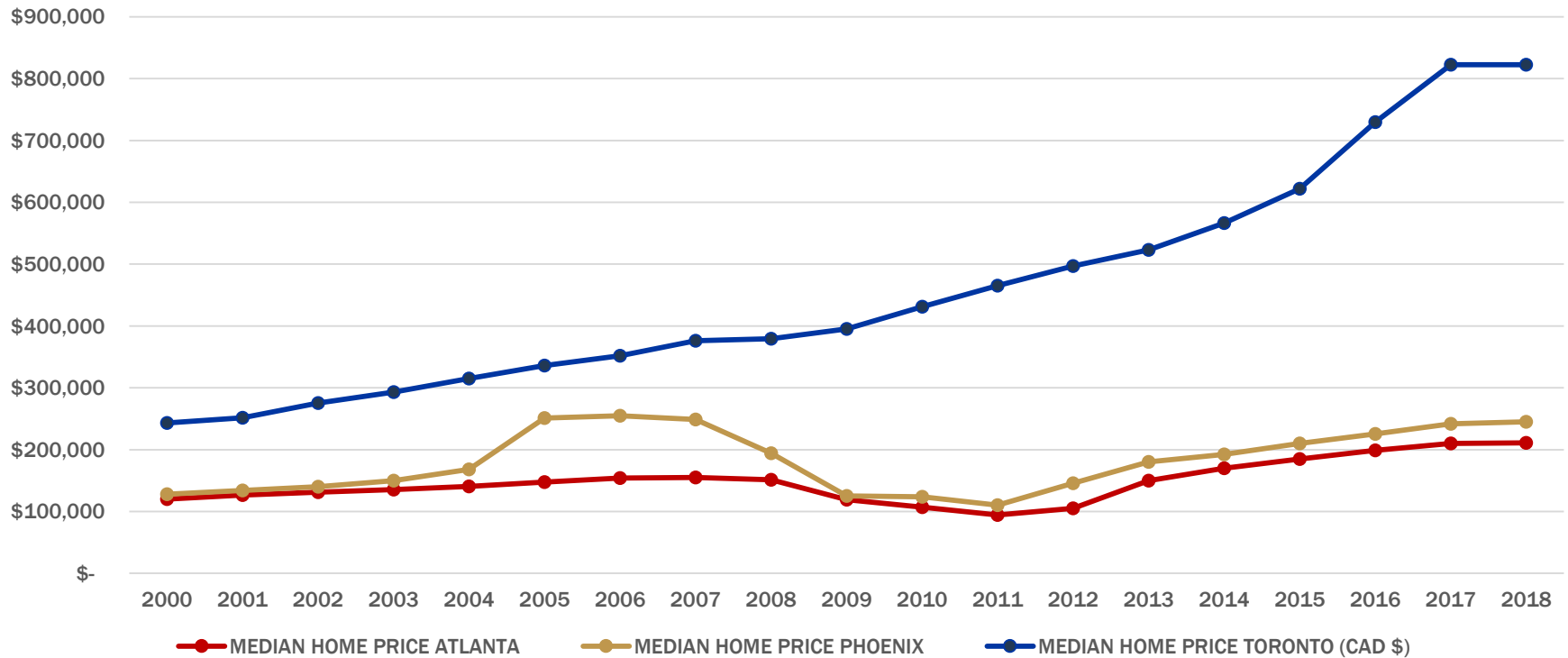
## ■ Why is TFCC “Trail Blazing” in the US?

- Two active TFCC U.S. markets to demonstrate relative population and pricing statistics to that of Toronto



# WHY THE FUTURE LOOKS BRIGHT

MEDIAN HOME PRICES



# WHY THE FUTURE LOOKS BRIGHT

- **Capital providers continue to undersupply the US market specifically for land development**
- **Earnings on the Rise**
  - Getting more fully deployed
  - Redeploying capital returned from assets not recording income
  - More fully syndicated
- **More consistent earnings with less volatility given the higher quality security and geographical diversification**
- **TFCC should be able to attract lower cost of debt given the higher quality security backing its loans**
- **TFCC target markets are being undersupplied relative to population growth**
- **CONCLUSION: BACK TO GROWTH IN INCOME, ASSETS AND PROFITABILITY**



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THANK YOU