



## TERRA FIRMA CAPITAL CORPORATION

### Notice of Annual Meeting of Shareholders

TAKE NOTICE that the Annual Meeting (the “**Meeting**”) of the shareholders of TERRA FIRMA CAPITAL CORPORATION (the “**Corporation**”) will be held at 22 St. Clair Avenue East, Suite 200, Toronto, ON, on the 25<sup>th</sup> day of June, 2020 at the hour of 2:00 pm (Toronto time) for the following purposes:

1. TO RECEIVE the consolidated financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon;
2. TO APPOINT auditors and to authorize the directors to fix their remuneration;
3. TO ELECT the directors of the Corporation for the ensuing year;
4. TO PASS an ordinary resolution ratifying the Corporation’s stock option plan; and
5. TO TRANSACT such other business as may properly come before the Meeting or any adjournment thereof.

A registered shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his or her duly executed form of proxy not later than 2:00 p.m. (Toronto time) on June 23, 2020 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

A form of proxy solicited by the management of the Corporation in respect of the Meeting is enclosed herewith, together with a copy of the management information circular of the Corporation relating to the Meeting.

The Corporation is actively monitoring the coronavirus disease 2019 (COVID-19) situation and is sensitive to the public health and travel concerns shareholders may have and the protocols that federal, provincial, and local governments have and may continue to impose. Shareholders are strongly encouraged to submit a form of proxy or voting instruction form in advance of the Meeting and not plan on attending the Meeting in person since, depending on the circumstances, the Corporation may not be able to accommodate in-person attendance by all or any eligible shareholders intending on doing so. Please monitor the Corporation’s website at [www.tfcc.ca](http://www.tfcc.ca) for updated information and the most current instructions, particularly if you would usually plan to attend the Meeting in person. DATED this 13<sup>th</sup> day of May 2020.

By Order of the Board

/s/ DOV MEYER

Dov Meyer  
Executive Chairman



**TERRA FIRMA CAPITAL CORPORATION  
MANAGEMENT INFORMATION CIRCULAR**

**as of May 13, 2020**

**ANNUAL MEETING OF SHAREHOLDERS, JUNE 25, 2020**

**THIS MANAGEMENT INFORMATION CIRCULAR (THE “CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF TERRA FIRMA CAPITAL CORPORATION (THE “CORPORATION”) OF PROXIES FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE AND AT ANY ADJOURNMENT OR ADJOURNMENTS THEREOF.** The mailing address of the principal executive office of the Corporation is 22 St. Clair Avenue East, Suite 200, Toronto, Ontario, M4T 2S3. The record date for shareholders of the Corporation who will be entitled to notice of the Meeting is the close of business on May 21, 2020 (the “Record Date”). Registered holders of common shares at the close of business on May 21, 2020 will be entitled to one vote for each common share held on each matter submitted to a vote at the Meeting.

**SOLICITATION OF PROXIES**

The cost of soliciting proxies will be borne by the Corporation. In addition to solicitation by mail, certain officers and directors of the Corporation may solicit proxies by telephone or personally at nominal cost. Proxy-related materials will be sent by the Corporation to registered holders and intermediaries holding on behalf of non-registered security holders of the Corporation but not directly to such non-registered holders. The Corporation intends to pay for such intermediaries to deliver proxy-related materials and Form 54-101F7 (the request for voting instructions) to “objecting beneficial owners”, in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

**SUBMISSION OF PROXIES**

A registered shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his or her duly executed form of proxy not later than 2:00 p.m. (Toronto time) on June 23, 2020 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting, at the offices of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

Registered shareholders who wish to attend the Meeting and vote in person should not complete or return the accompanying form of proxy. Such registered shareholders should register with Computershare Investor Services Inc. upon arrival at the Meeting and may be asked to present valid picture identification to gain admission to the Meeting.

**MANNER PROXIES WILL BE VOTED**

The shares represented by properly submitted form of proxy will be voted in favour or against, or withheld from voting, in accordance with the instructions of the shareholder as indicated on such form on any ballot that may be called for at the Meeting and, where a choice is specified in respect of any matter to be acted upon, the shares will be voted in favour or against, or withheld from voting, accordingly. **IN THE ABSENCE OF SUCH A SPECIFICATION, SHARES REPRESENTED BY A PROXY WILL BE VOTED IN FAVOUR OR AGAINST, OR WITHHELD FROM VOTING, IN THE DISCRETION OF THE PERSONS DESIGNATED IN THE PROXY.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice, and with respect to other matters which may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.**

## **ALTERNATE PROXY**

**Each shareholder has the right to appoint a person or company other than the person named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him or her and on his or her behalf at the Meeting or any adjournment thereof.** Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person or company whom such shareholder wishes to appoint as proxy or by duly completing another proper form of proxy, and duly depositing the same before the specified time.

## **REVOCABILITY OF PROXY**

A registered shareholder giving a proxy has the power to revoke it. Such revocation may be made by the shareholder attending the Meeting, by the shareholder duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or by written instrument revoking such proxy executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation, 22 St. Clair Avenue, Suite 200, Toronto, Ontario, M4T 2S3 at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

## **ADVICE TO NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to attend and vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased the shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“CDS”)), of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has distributed copies of the notice of meeting and this management proxy circular (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare Investor Services Inc.; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Non-Registered Holders should submit voting instructions to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder insert the Non-Registered Holder’s name in the blank space provided in the accompanying form of proxy. Such Non-Registered Holders should register with Computershare Investor Services Inc. upon arrival at the Meeting and may be asked to present valid picture identification and proof of share ownership to gain

admission to the Meeting. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

A Non-Registered Holder may revoke previously given voting instructions by contacting his or her Intermediary and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke voting instructions if it receives insufficient notice of revocation.

## RECORD DATE FOR NOTICE AND VOTING

Only shareholders of record at the Record Date, being the close of business on May 21, 2020, need be mailed notice of the Meeting. A quorum for the transaction of business at any meeting of shareholders is two persons present in person, each being either a shareholder entitled to vote thereat or a duly appointed proxy for a shareholder so entitled. A holder of shares of record as at the Record Date will be entitled to vote such shares in person or by proxy at the Meeting (subject in the case of voting by proxy to the timely deposit of his or her executed form of proxy with Computershare Investor Services Inc. as specified in the notice of the Meeting).

## OUTSTANDING SECURITIES AND VOTING RIGHTS

At the date hereof the Corporation has issued and outstanding 5,564,968 common shares, each of which carries one vote per share.

## PRINCIPAL SHAREHOLDERS

At May 13, 2020, to the knowledge of the directors and senior officers of the Corporation, the only persons or companies who beneficially owned or controlled or directed, directly or indirectly, common shares carrying more than ten percent (10%) of the voting rights attached to all of the issued and outstanding common shares of the Corporation were as follows:

Name	Number of Common Shares	Percentage of Class
Pathfinder Asset Management Limited <sup>(1)</sup>	836,500	15.0%

(1) The number of shares reported is based on the filing by Pathfinder Asset Management Limited dated April 10, 2019 under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), reporting ownership as at March 31, 2019.

## PARTICULARS OF MATTERS TO BE ACTED UPON

**(1) Audited Financial Statements** — The audited financial statements for the fiscal year ended December 31, 2019 together with the auditors' report thereon will be submitted to the shareholders at the Meeting. Receipt at such Meeting of the auditors' report and the Corporation's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein. Copies of the Corporation's financial statements for the fiscal year ended December 31, 2019, together with the report of the auditor's thereon, and management's discussion and analysis of the Corporation's financial condition and results of operations for the fiscal year ended December 31, 2019 are available upon request from the Corporation or can be accessed at [www.sedar.com](http://www.sedar.com).

**(2) Appointment of Auditors** — It is proposed that KPMG LLP ("KPMG") be appointed as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and that the directors be authorized to set the auditors' remuneration. KPMG was first appointed as auditor of the Corporation on November 27, 2013.

**Unless such authority is withheld, the representatives of management named in the accompanying form of proxy will vote the shares represented thereby in favour of appointing KPMG as the auditor of the Corporation until the next annual meeting of shareholders and authorizing the directors of the Corporation to fix their remuneration.**

**(3) Election of Directors** — Directors of the Corporation are elected annually by the shareholders. The articles of the Corporation provide that the number of directors to be elected shall be a minimum of 1 and a maximum of 20. The number of directors to be elected at the Meeting has been fixed at 5.

The term of office of all present directors of the Corporation expires at the Meeting. If, prior to the Meeting, any vacancies occur in the slate of proposed nominees herein submitted, the persons named in the accompanying form of proxy will vote the shares represented thereby in favour of election as directors any substitute nominee or nominees recommended by the management of the Corporation as well as in favour of the remaining proposed nominees. Management has been informed by each nominee that he is willing to stand for election and serve as a director. The term of office of each director will be from the date of the meeting at which he is elected until the next annual meeting or until his successor is elected or appointed.

Pursuant to an agreement (the “**Investor Rights Agreement**”) between the Corporation and GG North America Investments Limited Partnership, a member of the Great Gulf Group of companies (“**Great Gulf**”) dated August 15, 2017, provided that Great Gulf beneficially owns, directly or indirectly, at least 5% of the issued and outstanding common shares of the Corporation, Great Gulf shall be entitled to designate one nominee for election or appointment to the Board (the “**Great Gulf Nominee**”).

Shareholders can vote or withheld from voting on the election of each director on an individual basis.

**Unless such authority is withheld, it is intended that the persons named in the accompanying form of proxy will vote the shares represented thereby in favour of electing as directors the nominees named below.**

The following table set forth below identifies the name and residence of the persons proposed to be nominated for election by Shareholders as directors, their principal occupations, the date when they first became a director of the Corporation and the number of securities beneficially owned directly or indirectly controlled or directed by them. The statement as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, by the directors hereinafter named in each instance is based upon information furnished by the person concerned and is as at the date of this Circular:

<b>Name, Province of Residence</b>	<b>Principal Occupation or Employment<sup>(1)</sup></b>	<b>Date First Appointed</b>	<b>Number of Voting Securities Beneficially Owned Directly or Indirectly, Controlled or Directed at May 13, 2020<sup>(1)</sup></b>
Y. DOV MEYER <sup>(2)(3)(4)</sup> ..... Ontario, Canada	Executive Chairman Terra Firma Capital Corporation	June 2, 2016	410,8855
DR. CHRIS BART <sup>(3)(5)(6)</sup> ..... Ontario, Canada	Chairman and Chief Executive Officer, Bart & Company Inc., a strategy and governance consulting organization	August 17, 2007	54,514
PHILIP REICHMANN <sup>(4)(7)</sup> ..... Ontario, Canada	Founding Partner, RH Capital Partners Inc., a private equity investment firm	August 17, 2007	62,138
SEYMOUR TEMKIN <sup>(3)(5)(8)</sup> ..... Ontario, Canada	Consultant	November 8, 2011	12,466
JERRY PATAVA <sup>(4)(5)(9)(10)</sup> ..... Ontario, Canada	Chairman, Great Gulf, real estate development companies.	August 17, 2017	510,000 <sup>(11)</sup>

- (1) The information as to principal occupation or employment and common shares beneficially owned or controlled by the nominees, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees.
- (2) Executive Chairman of the Corporation.
- (3) Member of the Audit Committee.
- (4) Member of the Investment Committee.
- (5) Member of the Governance, Compensation and Nominating Committee (“GCNC”).
- (6) Chairman of the GCNC.
- (7) Acts as Lead Director.
- (8) Chairman of the Audit Committee.
- (9) Chairman of the Investment Committee.
- (10) Mr. Patava is the Great Gulf Nominee.
- (11) Mr. Patava is a Chairman of Great Gulf group of companies since January 2020. Great Gulf owns, controls or directs 500,000 Shares through GG North America Investments Limited Partnership. Mr. Patava owns 10,000 Shares.

**(4) Stock Option Plan** — Under the terms of the Corporation’s Stock Option Plan (as amended from time to time, the “Plan”), the Board of Directors of the Corporation (the “Board”) may from time to time, in its discretion, and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, exercisable for a period of up to seven years from the date of grant. The number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time (currently 556,496 common shares). The number of common shares reserved for issuance to any individual director or officer under the Plan shall not exceed 5% of the issued and outstanding common shares of the Corporation and the number of common shares reserved for issuance to any one consultant shall not exceed 2% of the issued and outstanding common shares. Each option and all rights thereunder expire at the expiry time set out in such option grant document, subject to the earlier termination in accordance with the provisions of the Plan (including upon a “Change of Control”, acceleration in connection a third party transaction, or upon a termination event such as the termination of a participant’s employment with the Corporation). A copy of the Plan is attached hereto as **Schedule A**.

On June 12, 2019, the Corporation granted a total of 44,000 stock options under the Plan to the President and Chief Executive Officer and the previous Chairman of the Corporation.

On January 6, 2020, the Corporation granted a total of 25,000 stock options under the Plan to an employee of the Corporation.

On April 6, 2020, the Corporation granted a total of 285,000 stock options under the Plan to named executive officers (the “NEOs”) and employees of the Corporation.

The policies of the TSX Venture Exchange require that the Plan receive shareholder approval yearly at the Corporation’s annual general meeting.

At the Meeting, shareholders will be asked to consider and, if thought fit, pass the following ordinary resolution:

*“BE IT RESOLVED that:*

- 1. The stock option plan of the Corporation dated March 23, 2016 (the “Plan”) in the form attached as **Schedule A** to the Management Information Circular accompanying the notice of this meeting be and is hereby ratified as the stock option plan of the Corporation.*
- 2. The 44,000 stock options granted by the Corporation on June 12, 2019, the 25,000 stock options granted by the Corporation on January 6, 2020 and the 285,000 stock options granted by the Corporation on April 6, 2020, are hereby ratified and approved and shall continue to be governed by the Plan;*
- 3. The Corporation be authorized to grant a total of up to an aggregate of 556,496 stock options exercisable for 556,496 common shares of the Corporation in accordance with the terms of the Plan;*
- 4. The  
Corporation reserve up to 556,496 common shares for issuance upon the exercise of such stock options and once exercised such common shares shall be issued as fully paid non-assessable shares in the Corporation;*
- 5. Any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal or otherwise) that may be necessary or desirable to give effect to this resolution.”*

In order to be passed, the foregoing resolutions must be approved by the affirmative vote of a simple majority of the votes cast by the shareholders who vote in person or by proxy at the Meeting. **The representatives of management named in the accompanying form of proxy intend, unless otherwise directed, to vote in favour of the resolution approving the stock option plan.**

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### General

The Corporation's Board and senior management consider sound corporate governance policies and practices to be central to the effective and efficient operation of the Corporation. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Corporation to disclose its corporate governance practices by providing in the Circular the disclosure required by Form 58-101F2. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") provides corporate governance guidelines for consideration by all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines.

### The Board of Directors

The Board is currently composed of five directors and has the overall responsibility for the affairs of the Corporation, including those matters set out in applicable corporate and securities laws. The Board facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board including meetings, or parts of meetings, at which only the independent members of the Board are present and through the leadership provided by the independent Lead Director. Further, the GCNC is composed entirely of independent directors, while the Audit Committee is composed of a majority of independent directors.

NP 58-201 recommends that the board of directors of every listed corporation should be constituted with a majority of individuals who qualify as "independent" directors within the meaning that term is given in NI 58-101, by reference to the applicable provisions of National Instrument 52-110 *Audit Committees* ("NI 52-110"). The applicable instruments provide that a director is "independent" if he or she has no direct or indirect "material relationship" with the Corporation, its subsidiaries and controlling shareholder, if any. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Of the proposed nominees, Dov Meyer as the Executive Chairman of the Corporation, is considered to be an executive officer of the Corporation and therefore is not considered to be "independent" of the Corporation within the meaning of NI 58-101. Each of the remaining four proposed nominees for election to the Board is considered by the Board to be "independent", within the meaning of NI 58-101. In assessing director independence and making the foregoing determinations, the circumstances of each director has been examined in relation to a number of factors.

### Directorships

None of the Corporation's current directors are directors of other the reporting issuers. Mr. Patava is a member of the Independent Review Committee of Fiera Capital.

### Nomination of Directors and Compensation

Subject to the Investor Rights Agreement, the Board (through the GCNC) is responsible for recommending the director nominees to the Corporation's shareholders for the next annual meeting of shareholders. In making its recommendations, the Board considers:

- a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- b) the competencies and skills that the Board considers each existing director to possess (including the personality and other qualities of each director);
- c) the qualifications of potential candidates identified by members of the Board, shareholders, management and others and assesses the competencies and skills each new nominee will bring to the Board;
- d) the appropriate size of the Board, with a view to facilitating effective decision-making; and
- e) whether or not each nominee can devote sufficient time and resources to his or her duties as a Board member.

The Board has a process to monitor the performance of individual Board members and their contributions (see "- Annual Evaluation and Skills Matrix Review").

## **Orientation and Continuing Education**

The Board ensures that, when vacancies occur, all new directors receive a comprehensive orientation to familiarize them with Corporation and its business and the role of the Board, the Committees and directors. The Board is responsible for ensuring new nominees fully understand the time commitment required of them as a director. Directors are provided with a copy of the Corporation's key policies, codes and mandates. Management provides new directors with general information on the Corporation and the new directors are given the opportunity to meet with senior executives to improve their understanding of the Corporation's business. New directors also receive a record of public information about the Corporation, minutes from recent Board and Committee meetings and other relevant information.

The Corporation encourages directors to attend conferences, seminars or courses on subjects pertinent to their role on the Board or that are important for enhancing their skills and abilities as directors and to further directors' knowledge and understanding of the nature and operation of the Corporation's business and affairs, with the cost of such programs being reimbursed by the Corporation. On an ongoing basis, senior management and the Board's advisors provide periodic presentations to the Board to ensure that directors are aware of our business and operations and industry trends and practices. Management also makes regular presentations to the Board on the Corporation's operations, business strategies, objectives and key issues.

The Board is to meet at least four times a year, and more frequently as circumstances require. All members of the Board are expected to be at all meetings

## **Board Evaluation and Skills Matrix Review**

The Corporation has not adopted term limits as the Board ensures adequate board renewal through a variety of initiatives, including an annual review of a skills matrix reflecting the skills of the directors (the "**Skills Matrix**") and bi-annual evaluations.

The Board and the GCNC review the Skills Matrix to ensure that the directors possess the requisite experience, expertise and business and operational insight for the effective stewardship of the Corporation.

The Board also monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and the Corporation in general. In addition, on a bi-annual basis (most recently in 2018), the Chair of the GCNC facilitates a formal evaluation of the performance and effectiveness of the Board as a whole and of each standing committee of the Board. As part of such process, each director completes a detailed questionnaire which requires them to assess of the role, responsibilities and effectiveness of, the Board as a whole, the Executive Chair, their applicable committees and its Chairs, the conduct of meetings and any improvements that could be made to enhance Board and committee effectiveness. The results of the evaluations are then reviewed by the GCNC which reports thereon to the Board.

## **Ethical Business Conduct**

The Corporation has a formal Code of Business Conduct and Ethics (the "**Code of Ethics**") for directors, officers and employees and requires the highest standards of professional and ethical conduct from its directors, officers, employees and consultants and believes that its reputation for honesty and integrity among its stakeholders is key to the success of its business. In that regard, to create a culture of honesty, integrity and accountability, discussion, on an informal basis, is had amongst the Board, management and employees respecting such matters as the retention of confidential information, the obligation to declare conflicts of interests, the exercise of fair dealing with suppliers and other third parties and the necessity to comply with applicable laws, regulations and rules. The Corporation requires that all directors, officers, and employees of the Corporation acknowledge that they have read and will comply with the Code of Ethics.

To complement the Code of Ethics, the Corporation has adopted a whistleblower policy, which serves as a guideline for employees and consultants of the Corporation to anonymously report concerns regarding questionable business practices or activities without fear of discrimination, retaliation, or harassment.

The Corporation also has a formal policy in respect of trading in securities by directors, officers, employees and Consultants (the "**Insider Trading Policy**"), which is designed to help ensure that directors, officers, employees and consultants of the Corporation: (i) comply with applicable insider trading and tipping laws and (ii) avoid embarrassment to the Corporation by prohibiting actions that could give the appearance of improper trading or



tipping. The Corporation requires that all directors, officers, employees and consultants of the Corporation acknowledge that they have read and will comply with the Insider Trading Policy.

## **Governance Oversight**

The GCNC regularly reviews new developments in corporate governance and makes recommendations to the Board on processes or policies which would enhance the overall effectiveness of the Board and its Committees and the performance of the Corporation. The GCNC reviewed the mandate of the Board, the charters of the Board's committees and the position descriptions for each of the Chair of the Board and the chairs of each of the Board's committees, and recommended certain changes which have been approved by the Board. The GCNC reviews and approves any reports required or recommended on corporate governance for inclusion in public disclosure documents.

## **Committees of the Board**

The Board has established the following standing committees of the Board, the (i) Audit Committee, (ii) GCNC and (iii) Investment Committee. With the exception of the Audit Committee and Investment Committees, all of the Committees are independent of management and report directly to the Board. From time to time, when appropriate, ad hoc committees of the Board may be appointed by the Board.

Committee members are appointed by the Board. The roles and responsibilities of each Committee are set out in its Board-approved written charters, which is reviewed annually by the Board and the GCNC. Committees have the authority to retain legal and other advisors as appropriate and the Executive Chairman of the Board is invited to attend all regularly scheduled Committee meetings as a guest.

The Audit Committee is comprised of Messrs. Temkin (Chair), Dr. Bart and Executive Chairman Meyer. Dr. Chris Bart and Seymour Temkin are independent, as that term is defined in NI 52-110. Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110 as each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the Corporation and annual external audits of the consolidated financial statements. The Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practises, financial information, accounting systems and procedures. For further information concerning the Audit Committee, including the disclosure required by NI 52-110, see "Directors and Management of the Company – Committees of the Board – Audit Committee" in the Corporation annual information form dated April 2, 2020 and available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), which disclosure is incorporated by reference herein.

The Investment Committee consists of (a) three voting Board members and (b) one non-voting, non-Board member. At any time, at least fifty percent of the members of the Investment Committee must be members of the Board. Messrs. Patava (Chair), Reichmann and Executive Chairman Meyer are the voting members and Mr. Watchorn is a non-voting member. For transactions or a series of transactions requiring less than \$2.5 million of the Corporation's capital, the Investment Committee must consult and receive approval from one of the voting members provided that notice of such approval is promptly provided to Mr. Patava, who in turn can veto the proposed transaction. For transactions or a series of transactions requiring greater than \$2.5 million (pre-syndication) and up to \$10.0 million of the Corporation's capital (pre-syndication), the Investment Committee must consult and receive approval from a majority of the voting members. The Board will ratify transactions or a series of transactions requiring greater than \$10.0 million of the Corporation's capital (pre-syndication), and all non-arm's length transactions.

The GCNC comprised of Dr. Bart (Chair) and Messrs. Temkin and Patava. The overall purpose of the GCNC is to assist the Board in maintaining high standards of corporate governance by developing, recommending and monitoring effective governance guidelines and procedures applicable to the Corporation, and by establishing the process for appointing and/or providing ongoing development for directors and senior management of the Corporation. Responsibilities include: reviewing the mandate of the Board and its committees; periodically reviewing and evaluating the performance of all directors, committees and the Board as a whole; recommending the Board candidates for Board membership; ensuring that an appropriate orientation program is available for new Board members; recommending education programs for Board members when deemed appropriate; reviewing annually the membership and chairs of all committees of the Board; and annually reviewing and recommending to

the Board regarding executive and director compensation. The members of the GCNC meet the independence requirements of the TSX Venture Exchange and applicable regulatory authorities.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

For the purposes of the Compensation Discussion and Analysis, a NEO means the following individuals: (a) the CEO of the Corporation (b) the Chief Financial Officer (“CFO”) of the Corporation (c) each of the Corporation’s three most highly compensated executive officers, other than the CEO and the CFO, at the end of the most recently completed financial year of the Corporation whose total compensation was, individually, more than \$150,000, and (d) any additional individual who would be a NEO under (e) but for the fact that the individual was neither an executive officer of the Corporation nor acting in a similar capacity as at the end of the most recently completed financial year. As at December 31, 2019, there were five NEOs of the Corporation: being Glenn Watchorn (President and CEO) (the “CEO”), Y. Dov Meyer (Executive Vice Chairman), Mano Thiyagarajah (CFO and Corporate Secretary) (the “CFO”), Carolyn Montgomery (Managing Director) and Seth Greenspan (Vice President).

### **Compensation Discussion and Analysis**

The following compensation discussion and analysis should be read together with the compensation tables and related disclosures in respect of the year ended December 31, 2019 set forth below:

The compensation program for all employees, including the NEOs plays an important role in recognizing the achievement of the Corporation’s short-term and long-term business objectives and guided by the following principles:

- a) rewarding employees and NEOs fairly and commensurately with their contributions when meaningful results that support the Corporations’ strategic goals and shareholder interests are achieved;
- b) attracting and retaining top quality executives by providing total compensation that is appropriate and competitive with that paid by other real estate financing or companies of comparable size;
- c) managing the costs of incentive programs while maintaining their purpose and benefits;
- d) keeping programs simple to communicate in order to promote understanding by employees and transparency with shareholders;
- e) ensuring good governance by developing compensation programs that do not encourage excessive risk taking; and
- f) appropriately balancing the Corporation’s short-term and long-term business and financial goals.

Upon the recommendation of the GCNC, the Board makes decisions on the compensation program of the Corporation with respect to executive officers and other senior employees. It is the responsibility of the Board to ensure that these compensation programs are reasonable and appropriate, meet their stated purpose and effectively serve the needs of the Corporation’s shareholders and the Corporation.

The Corporation’s executive compensation program is comprised of three primary components: base salaries and benefits, performance based annual incentives (in the form of cash bonus opportunities) and periodic grants of long-term incentives (in the form of share options and deferred share units), which may be subject to time-based and/or performance-based vesting requirements. The Corporation does not provide pension, group RRSP or other retirement benefits to its NEOs, other than that provided for under government mandated programs (e.g., the Canada Pension Plan).

Base salary and benefits are set with the intention of attracting and retaining top quality executives and to reflect an executive's primary duties and responsibilities. Decisions regarding base salary and benefits are independent from decisions regarding annual and long-term incentives, as it is the GCNC's view that an appropriate base salary and benefits package are core components of competitive compensation for highly capable executives. In evaluating appropriate pay levels and salary increases for the Corporation’s executives, the GCNC relies primarily on a subjective analysis, considering the achievement of the Corporation’s strategic goals, an executive’s level of responsibility and individual performance. The goal is to ensure that each NEO is paid competitively, taking into consideration the requirements of the position, the executive’s performance, knowledge, skills, experience and

internal equity and, where available, external pay practices from time to time. In 2019, no benchmark group was used with respect to external pay practices.

Taking into account the employment contracts of the CEO and the Executive Chairman, the GCNC reviews and makes recommendations to the Board with respect to corporate objectives and performance metrics relevant to the compensation of the CEO and Executive Chairman, evaluates the performance of the CEO and Executive Chairman in light of such objectives and performance metrics and recommends to the Board the compensation level of the CEO and Executive Chairman, based on this evaluation.

The CEO advises the GCNC and the GCNC provides feedback to the CEO regarding other NEOs compensation, annual incentive bonuses and long-term incentives.

The CGNC makes recommendations to the Board regarding compensation policies and guidelines for the NEOs, the compensation arrangements for the directors, and other senior executives in respect of such incentive compensation plan.

In making these recommendations, the GCNC takes into consideration the Corporation's strategy and business objectives by:

- a) emphasizing pay for performance by having a significant portion of executive compensation "at risk";
- b) directly aligning the interest of executives with the long-term interest of shareholders by awarding stock options at current market prices which have value to the executives only through stock appreciation over the long-run;
- c) providing compensation opportunities that attract and retain talented and committed executives on a long-term basis; and
- d) appropriately balancing the Corporation's short-term and long-term business and financial goals.

The Board periodically discusses the principal risks of the business and ensures the implementation of appropriate systems and controls to manage these risks given the context of the size of the Corporation. This would include risks associated with the Corporation's compensation practices. The Corporation is not of the view that the Corporation's compensation policies or practices might encourage an executive officer to take inappropriate or excessive risks and no risks have been identified as arising from the Corporation's compensation policies or practices that are reasonably likely to have a material adverse effect on the Corporation.

### **Executive Incentive Compensation Plan**

The Corporation maintains an executive incentive compensation plan (the "**Incentive Plan**") under which the Corporation's executive officers and certain other management personnel are eligible for annual cash bonus incentives and long term incentives based upon the achievement of specific individual operational goals and/or the achievement by the Corporation of its financial targets.

The Corporation's Incentive Plan is regularly reviewed the GCNC.

### **Annual Cash Incentive Compensation**

The Corporation uses annual cash incentive bonuses to motivate and reward the NEOs for achievements of specified levels of financial and/or individual performance. Awards may vary based on the individual's position and contributions to the Corporations' overall performance. Any annual cash incentive bonus payable is subject to the final approval of the Board.

In 2016, the GCNC and the CEO developed a bonus pool under the Incentive Plan, whereby an annual bonus pool is established in the amount of 20% of the adjusted pre-tax earnings, after attaining an 8% pre-tax return on the average book equity in the relevant year. The adjusted pre-tax earning is a non-IFRS measure, not specifically defined in IFRS, and is not the same as the "pre-tax earnings" standardized meaning prescribed by IFRS as it • [adds/subtracts] from IFRS pre-tax earnings. Key performance metrics are identified, and targets are set in order to gauge the results of actions undertaken by the CEO and the Executive Chairman The annual cash incentive award is designed to focus management's attention on key operational goals for the current fiscal year, and the incentive awards are determined after financial results for the relevant year have been finalized.

The allocation of the bonus pool is set to CEO (40%), Executive Chairman (30%) and other NEOs and senior employees (30%). 25% of each senior employee's bonus is based on achievement of certain targeted levels of performance goals established by the CEO, such as the performance of the Corporation and individual achievements during the year, subject to the Board's discretion.

The following table highlights the performance objectives and weightings used in determining the target bonus award and award range relating to the CEO and the Executive Chairman:

Criterion	Weight %	Minimum Threshold Target (50%)	Expected Target (100%)
Growth in adjusted pre-tax earnings as compared to previous year	38%	8%	12%
Growth in total assets as compared to previous year	37%	10%	20%
Discretionary portion (qualitative targets) <sup>(1)</sup>	25%	N/A	N/A
	100%		

**Notes:**

- (1) The evaluation of qualitative factors includes personal conduct, the vision and ability to create further growth, employee engagement, the ability to lead others, reputational management, and stewardship through varying economic conditions.

The CEO advises the GCNC and the GCNC provides feedback to the CEO regarding other NEOs annual incentive bonuses and long-term incentives.

*Employment Agreements*

For 2019, Mr. Watchorn's annual salary was \$402,608, subject to discretionary increases. Mr. Watchorn received a merit increase of 2% in 2019. Mr. Watchorn is also entitled to receive an additional bonus to be awarded provided that specified and predetermined targets are achieved.

For 2019, Mr. Meyer's annual base salary was \$400,000, subject to discretionary increases. Mr. Meyer did not receive an increase for 2019. Mr. Meyer is also entitled to receive an additional bonus to be awarded at the sole discretion of the Board.

For 2019, Mr. Thiyagarajah's annual base salary was \$255,000, subject to discretionary increases. Mr. Thiyagarajah received a merit increase of 2% in 2019. Mr. Thiyagarajah is also entitled to receive an additional bonus to be awarded at the sole discretion of the Board.

For 2019, Ms. Montgomery's annual base salary was \$218,484, subject to discretionary increases. Ms. Montgomery received a merit increase of 2% in 2019. Ms. Montgomery is also entitled to receive an additional bonus to be awarded at the sole discretion of the Board.

For 2019, Mr. Greenspan's annual base salary was \$160,000, subject to discretionary increases. Ms. Montgomery received a merit increase of 6.7% in 2019. Mr. Greenspan is also entitled to receive an additional bonus to be awarded at the sole discretion of the Board.

**Share-Based Incentive Compensation Plans**

The GCNC and the Board believe that share-based incentive compensation plans are the most effective way to align the interests of management with those of shareholders. The Corporation's share-based incentive compensation program currently consists of a stock options plan and a deferred share unit plan, which are used to incent management and directors to foster long-term shareholder value.

*Stock Options Plan*

It is the Corporation's belief that stock option grants provide an incentive that focuses the recipient's attention on managing the Corporation from the perspective of an owner with an equity stake in the business. These grants also focus operating decisions on long-term results that benefit the Corporation and long-term shareholders. The option grants to executive officers and directors offer the right to purchase common shares at their fair market value on the date of the grant. These options will have value only if the Corporation's share price increases. The number

of shares covered by each grant is intended to reflect the recipient's level of responsibility and past and anticipated contributions to the Corporation. Previous grants are taken into consideration when considering new grants.

The Board is responsible for making decisions with respect to option grants under the Stock Option Plan. In determining the size of individual stock option grants, the Board considers the recommendations of the CEO, other than with respect to any stock options to be granted to the CEO, and considers the aggregate number of Common Shares available under the Corporation's Stock Option Plan and the number of individuals to whom the Corporation wishes to grant stock options. The Board also considers the range of potential compensation levels that may be yielded by the grant of stock options. The Board reserves the discretion to consider any factors it considers relevant, including, but not limited to, any previous grants to NEOs or eligible employees, and to give all factors considered the relative weight it considers appropriate under the circumstances then prevailing, in reaching its determination regarding the size and timing of stock option grants.. No specific performance thresholds are used by the Board when determining grants of options. Instead, the Board makes determinations at its discretion based upon the overall performance of the Corporation and its activities throughout the year.

The Board considered no specific performance thresholds in awarding 20,000 stock option awards to Mr. Watchorn in 2019.

#### *Deferred Share Unit Plan*

In order to further align the interests of senior officers with shareholders' interests and the Corporation's values of behaving like an owner, continuously improving the Corporation and delivering results, so as to increase the value of the Corporation's shares going forward, the Board adopted a deferred share unit plan (the "**DSU Plan**").

Effective September 30, 2019, the Board modified the DSU Plan. Officers or employees can no longer elect to receive their annual bonus in DSUs. At the beginning of each year, the Board will determine which officers or employees will be eligible to participate in the DSU Plan and the dollar amount that can be contributed to the DSU Plan. Unless authorized by the Board, officers and employees will continue to receive their annual bonus in cash.

Prior to the amendment, officers or employees had an option to elect to receive up to 25% of their annual bonus in DSUs, having a market value equal to the portion of the annual bonus to be received in that form. DSUs granted pursuant to such an election are fully vested on the date of grant. In addition, when the officers and employees elected to receive their bonus in DSUs, the Company granted additional DSUs of up to 20% of the value of DSUs granted to them. The additional DSUs granted to the officers and employees vested 33.33% annually. The number of DSUs to be issued under the DSU Plan is determined by dividing the amount of the annual bonus elected to be deferred by the volume-weighted average trading price (the "**Market Price**") of the common shares of the Corporation (as reported by the TSX-V) for the five (5) trading days immediately preceding the date the DSUs are awarded. Each DSU may be redeemed for cash payment (rounded to the nearest cent) equal to the number of DSUs to be redeemed multiplied by the Market Price of a common share on the redemption date, net of any withholding taxes, upon the participant ceasing to hold any position with the Corporation (whether by termination, retirement or death).

#### **Hedging of Share-Based Compensation**

While the Corporation does not have a specific policy against it, to the Corporation's knowledge, NEOs and directors do not purchase financial instruments designed to hedge or offset a decrease in the market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the NEO or director.

## Summary Compensation Table

Name and Principal Position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
GLENN WATCHORN President and Chief Executive Officer <sup>(3)</sup>	2019	\$402,608	Nil	\$92,979	\$135,000	Nil	Nil	Nil	\$630,587
	2018	\$397,953	Nil	Nil	\$200,000	Nil	Nil	Nil	\$420,150
	2017	\$390,150	Nil	Nil	\$30,000	Nil	Nil	Nil	\$823,918
Y. DOV MEYER Executive Vice Chairman <sup>(3)</sup>	2019	\$400,000	Nil	Nil	\$100,000	Nil	Nil	Nil	\$500,000
	2018	\$400,000	Nil	Nil	\$28,000	Nil	Nil	Nil	\$428,000
	2017	\$400,000	Nil	Nil	\$95,000	Nil	Nil	Nil	\$495,000
MANO THIYAGARAJAH Chief Financial Officer	2019	\$255,000	Nil	Nil	\$65,000	Nil	Nil	Nil	\$320,000
	2018	\$250,000	Nil	Nil	\$75,000	Nil	Nil	Nil	\$325,000
	2017	\$235,000	Nil	\$49,422	\$50,000	Nil	Nil	Nil	\$334,442
CAROLYN MONTGOMERY Managing Director	2019	\$218,484	Nil	Nil	\$55,000	Nil	Nil	Nil	\$273,484
	2018	\$214,200	Nil	Nil	\$60,000	Nil	Nil	Nil	\$274,200
	2017	\$210,000	Nil	\$49,442	\$30,000	Nil	Nil	Nil	\$289,442
SETH GREENSPAN, Vice President	2019	\$160,000	Nil	Nil	\$50,000	Nil	Nil	Nil	\$200,000
	2018	\$150,000	Nil	Nil	\$60,000	Nil	Nil	Nil	\$210,000
	2017	\$120,000	Nil	\$39,554	\$20,000	Nil	Nil	Nil	\$179,554

### Notes:

- (1) Share-based awards include the DSU awards granted pursuant to the DSU Plan. The grant date Market Price is the same value as used for financial statement purposes.
- (2) These amounts represent the “grant date fair value” of options granted to the respective NEO, which have been determined by using the Black-Scholes model, a mathematical valuation model that ascribes a value to an option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. These values are consistent with the accounting values used in the Corporation’s financial statements.
- (3) Subsequent to the end of 2019, Mr. Meyer was appointed as an Executive Chairman of the Board, effective February 14, 2020, replacing Mr. Kaplan, who resigned from the Board.

### Outstanding Share-Based Incentive Compensation Awards

The following table sets forth all awards outstanding for the NEOs as of December 31, 2019:

Name	Option-Based Awards <sup>(1)</sup>				Share-Based Awards <sup>(2)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested <sup>(3)</sup> (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
Glenn Watchorn President & CEO	37,500	\$5.70	June 27, 2023	Nil	Nil	Nil	\$126,168
Y. Dov Meyer Executive Vice Chairman	90,588	\$8.50	May 10, 2020	Nil	Nil	Nil	\$376,930
Mano Thiyagarajah CFO & Secretary	2,500	\$8.50	May 10, 2020	Nil	Nil	Nil	\$161,213
	15,000	\$6.50	December 27, 2023	Nil			
	10,000	\$6.70	December 21, 2024	Nil			
Carolyn Montgomery Managing Director	2,500	\$8.50	May 10, 2020	Nil	Nil	Nil	\$84,543
	15,000	\$6.50	December 27, 2023	Nil			
	10,000	\$6.70	December 21, 2024	Nil			
Seth Greenspan Vice President	1,500	\$8.50	May 10, 2020	Nil	Nil	Nil	\$34,339
	15,000	\$6.50	December 27, 2023	Nil			
	8,000	\$6.70	December 21, 2024	Nil			

### Notes:

- (1) Stock options granted under stock options plan.

- (2) Deferred share units granted under deferred share unit plan.
- (3) The market value of the Corporation's common shares was \$5.60 on December 31, 2019, being the closing price for the common shares on the TSX Venture Exchange.

#### *Share-Based Incentive Compensation Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of all incentive plan awards vested or earned for the NEOs during the year ended December 31, 2019:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year<sup>(2)</sup> (\$)</b>
Glenn Watchorn President & CEO	\$40,431	Nil	\$135,000
Y. Dov Meyer Executive Vice Chairman	Nil	Nil	\$100,000
Mano Thiyagarajah CFO & Secretary	\$18,085	Nil	\$65,000
Carolyn Montgomery Managing Director	\$18,085	Nil	\$55,000
Seth Greenspan, Vice President	\$15,610	Nil	\$60,000

#### **Notes:**

- (1) The 30,000 stock options granted to NEOs on December 28, 2016, the 20,000 stock options granted to NEOs on December 21, 2017 and the 24,000 stock options granted to NEOs on June 12, 2019 vest equally on a quarterly basis over a three-year period. The 40,000 stock options granted to NEOs on August 23, 2018 vested immediately. Of the 20,000 stock options granted to NEOs on June 12, 2019, 50% vested immediately and the remainder vested equally on a quarterly basis over two quarters.
- (2) Annual non-equity incentive plan compensation is also included in the Summary Compensation Table, above.

#### **Pension Plan Benefits**

The Corporation has not implemented any form of pension plan or similar plan.

#### **Termination and Change of Control Benefits**

As of December 31, 2018, other than as set out in the employment agreement of Mr. Meyer, Mr. Watchorn and Mr. Thiyagarajah, there is no employment contract, compensatory plan or other arrangement in place with the NEOs of the Corporation, nor are there any agreements between the Corporation and the NEOs that provide for payment to the NEOs in connection with any termination, resignation, retirement, change in control of the Corporation or change in responsibilities of the NEOs.

Pursuant to the employment agreement between the Corporation and Mr. Watchorn, if his employment is terminated without cause or if a change of control occurs, Mr. Watchorn shall be entitled to a payment of an amount equal to the greater of a factor of 1.5 times (plus an additional factor of 0.2 for each completed year of service after December 31, 2015, to a maximum of 2.0 times) (a) the current base salary and the average annual bonus paid to Mr. Watchorn in the three prior fiscal years and (b) a lump sum payment of minimum of \$500,000 with calculation to include \$500,000 for each \$100 million of capital managed by the Corporation. Assuming Mr. Watchorn was terminated without cause at December 31, 2019, he would be entitled to a payment of \$982,695.

Pursuant to the employment agreement between the Corporation and Mr. Meyer, if his employment is terminated without cause or if a change of control occurs, Mr. Meyer shall be entitled to a payment of an amount equal to 24 months of his average total annual compensation for the three year period leading up to his termination. Assuming Mr. Meyer was terminated without cause at December 31, 2019, he would be entitled to a payment of \$857,333.

Pursuant to Mr. Thiyagarajah's employment agreement, in the event of his termination without cause, Mr. Thiyagarajah shall be paid in payment equal to 18 months' base salary and his average annual bonus. Assuming Mr. Thiyagarajah was terminated without cause at December 31, 2019, he would be entitled to a payment of \$243,750.

## DIRECTOR COMPENSATION

During fiscal 2019, the Corporation paid \$100,000 to the Executive Chairman of the Board and \$62,500 to the Chair of the Audit Committee, \$56,250 to the Chair of the GCNC and \$43,750 to a director serving on two committees, including the lead director position. Mr. Meyer, as Executive Vice Chairman, does not receive any separate compensation for his service on the Board.

Until September 30, 2019, directors, other than Executive Chairman and Executive Vice Chairman received 50% of their annual director retainer as an equity component in the form of DSUs.

The following table details all compensation provided to directors of the Corporation for the year ended December 31, 2019:

Name	Fees Earned <sup>(1)</sup> (\$)	Share based awards <sup>(2)</sup> (\$)	Options based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Y. Dov Meyer <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Kaplan <sup>(3)</sup>	\$100,000	Nil	\$77,483	Nil	Nil	Nil	\$177,483
Seymour Temkin	\$43,750	\$18,750	Nil	Nil	Nil	Nil	\$62,500
Dr. Chris Bart	\$40,625	\$15,625	Nil	Nil	Nil	Nil	\$56,250
Philip Reichmann	\$34,375	\$9,375	Nil	Nil	Nil	Nil	\$43,750
Jerry Patava	\$34,375	\$9,375	Nil	Nil	Nil	Nil	\$43,750

### Notes:

- (1) Nominal fees earned as annual retainer. Prior to September 30, 2019, other than Mr. Kaplan, directors must receive a minimum of 50% of their annual retainer in the form of DSUs. Other than Mr. Kaplan, all directors ultimately elected to receive DSUs in lieu of the fees shown in this column.
- (2) Amounts shown in this column represent the value of DSUs representing the minimum 50% of the annual retainer of each director (other than Mr. Kaplan) that that must be received in the form of DSUs, as well as the Corporation's matching contribution, pursuant to the DSU Plan. For greater certainty, amounts shown in this column do not include the value of DSUs paid in lieu of fees. See footnote 1 above. The grant date Market Price is the same price as used for financial statement purposes.
- (3) Mr. Meyer did not receive any compensation for serving as a director. His compensation as an officer is set out above in Summary Compensation Table. Subsequent to the end of 2019, Mr. Meyer was appointed as an Executive Chairman of the Board, effective February 14, 2020, replacing Mr. Kaplan, who resigned from the Board.

The Board determines the compensation of the directors of the Corporation based on the recommendation of the GCNC. The GCNC believes that the directors of the Corporation should be compensated in a form and amount which is appropriate, and which is customary for comparable organizations, having regard for such matters as time commitment, responsibility and trends in director compensation. In reaching this opinion, the GCNC sought the assistance and advice of an independent executive compensation consultant.

### *Deferred Share Unit Plan*

The Board previously adopted a DSU Plan.

Effective September 30, 2019, the Board modified the DSU Plan. Directors no longer can elect to receive their annual retainer in DSUs. At the beginning of each year, the Board will determine which board members will be eligible to participate in the DSU Plan and the dollar amount that can be contributed to the DSU Plan. Unless authorized by the Board, the directors will continue to receive their annual retainer in cash.

Prior to the amendment, the Board determined the amount, timing, and vesting conditions associated with each award of DSUs. Except for Executive Chairman, each eligible director, was obligated to contribute, on the last day of each quarter, a minimum of 50% and elect to receive up to 100% of their annual retainer in DSUs with the balance, if any, to be paid in cash. In addition, when the directors elected to receive more than 50% of their fees in DSUs, the Company granted additional DSUs equal to 50% of the value of the DSUs that are over the 50% minimum received by them. Of the additional DSUs granted by the Company to the directors, 50% vested in six months from the date of grant and 50% of the additional DSUs vested in 12 months from the date of grant. The number of DSUs to be issued under the DSU Plan is determined by dividing the amount of the retainer or annual bonus elect to be deferred as the basis for the award by the Market Price of the common shares. Each DSU may be redeemed for cash payment (rounded to the nearest cent) equal to the number of DSUs to be redeemed multiplied by



the Market Price of a common share on the redemption date, net of any withholding taxes, upon the participant ceasing to be a director of the Corporation (whether by termination, retirement or death).

*Outstanding Share-Based Compensation Awards for Directors*

The following table sets forth all share-based awards outstanding for each of the directors of the Corporation (other than the NEOs, whose disclosure with respect to the plan awards is set out above) as of December 31, 2019:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
John Kaplan	20,000 40,000	7.70 6.40	March 31, 2022 August 23, 2022	Nil Nil	Nil	Nil	\$72,828
Seymour Temkin	Nil	Nil	N/A	Nil	879	\$4,922	\$282,744
Dr. Chris Bart	Nil	Nil	N/A	Nil	791	\$4,430	\$250,555
Philip Reichmann	Nil	Nil	N/A	Nil	655	\$3,668	\$215,566
Jerry Patava	Nil	Nil	N/A	Nil	549	\$3,074	\$61,589

**Notes:**

- (1) The market value of the Corporation's common shares was \$5.60 on December 31, 2019, being the closing price for the common shares on the TSX Venture Exchange.

*Share-based Compensation Awards for Directors – Value Vested or Earned During the Year*

The following table sets forth the value of all incentive plan awards vested or earned for each director of the Corporation (other than the NEOs, whose disclosure with respect to incentive plan awards is set out above) during the year ended December 31, 2019:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Kaplan	Nil	Nil	Nil
Seymour Temkin	Nil	Nil	Nil
Dr. Chris Bart	Nil	Nil	Nil
Philip Reichmann	Nil	Nil	Nil
Jerry Patava	Nil	Nil	Nil

**Notes:**

- (1) Value of options granted in prior years and vested in 2019.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER THE SHARE-BASED INCENTIVE COMPENSATION PLANS

The following table sets forth information, as at December 31, 2019 in respect of the Corporation's share-based incentive compensation plans under which equity securities of the Corporation are authorized for issuance, aggregated in accordance with all such plans previously approved by the Corporation's shareholders and all equity plans not yet approved by the Corporation's shareholders. The stock option plan referenced above, will be presented for shareholder approval at the Corporation's annual general meeting per the policies of the TSX Venture Exchange.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders <sup>(1)</sup>	351,089	\$6.95	205,407
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>351,089</b>	<b>\$6.95</b>	<b>205,407</b>

### Notes:

- (1) The number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### Aggregate Indebtedness

As of the date hereof and during the year ended December 31, 2019, there was no indebtedness owing personally to the Corporation in connection with the purchase of securities or other indebtedness by any current or former executive officers, directors or employees of the Corporation.

### Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

As of the date hereof, there was no indebtedness owing personally to the Corporation under any securities purchase or other programs of the Corporation by any individuals who at any time during the year ended December 31, 2019 were directors, executive officers or proposed nominee directors of the Corporation or associates of the foregoing.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains liability insurance for directors and officers of the Corporation and its subsidiaries. The policy provides insurance for directors and officers of the Corporation in respect of losses arising from claims against them for certain of their acts, errors or omissions in their capacity as directors or officers. Additionally, the Corporation is also insured against any loss arising out of any liability that it may be required or permitted by law to pay to directors or officers in respect of such claims. The policy does not distinguish between the liability insurance for its directors and officers, the coverage being the same for both groups.

The policy limit for such insurance coverage is \$10 million in each policy year with no deductible for individual directors or officers and a deductible of \$25,000 for the Corporation per occurrence. The premium for the 12-month period ending May 31, 2020, is \$36,409, which was paid by the Corporation. The premium is not allocated between the directors and officers as separate groups.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this circular, no informed person, proposed nominee for election to the Board, or any associate or affiliate of such informed person or proposed nominee has had any material direct or indirect interest in any transaction with the Corporation since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would or will materially affect the Corporation or any of its subsidiaries.

## **NORMAL COURSE ISSUER BID**

On November 23, 2018, the Corporation renewed the Corporation's normal course issuer bid (the "NCIB"), under which the Corporation to purchase for cancellation up to 4,186,319 common shares (subject to adjustment for the Corporation's 10:1 stock consolidation), at market prices, through the facilities of the TSX-V (or by other means as may be permitted by the TSX-V). The NCIB expired on November 26, 2019. A copy of the Corporation's Notice of Intention filed with the TSX-V can be obtained, without charge, by contacting the Corporation.

## **OTHER MATTERS COMING BEFORE THE MEETING**

Management of the Corporation knows of no other matter to come before the Meeting other than as set forth in this Circular and in the notice of meeting. Should any other matters properly come before the Meeting; the common shares represented by the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting by proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, the Corporation will provide to any person or company, upon receipt of a request by the CFO of the Corporation, a copy of: (i) the consolidated comparative financial statements of the Corporation for its fiscal year ended December 31, 2019, and the report of its auditors thereon, along with Management's Discussion and Analysis ("MD&A"); (ii) annual information form for its fiscal year ended December 31, 2019, (iii) interim financial statements released subsequent to the date hereof; and (iv) this circular. Financial information is provided in the Corporation's comparative consolidated financial statements and related MD&A as well as its annual information form for fiscal year ended December 31, 2019.

The contents of this Circular and the sending thereof to each director, the auditors and the shareholders of the Corporation and to the appropriate governmental agencies, have been approved by the Board.

By Order of the Board

/s/ DOV MEYER

Dov Meyer  
Executive Chairman

May 13, 2020

## SCHEDULE "A"

### SHARE OPTION PLAN OF TERRA FIRMA CAPITAL CORPORATION

#### 1. Interpretation

In this Plan, the following terms shall have the following meanings:

- (a) “**Administrators**” means the Board, or such other persons as may be designated by the Board from time to time;
- (b) “**Affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario);
- (c) “**Associate**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario);
- (d) “**Board**” means the Board of Directors of the Corporation;
- (e) “**Black Out Period**” means the period during which the directors, officers and other employees of the Corporation or its Subsidiaries cannot trade the Shares pursuant to the Corporation or its Subsidiaries’ policy respecting restrictions on trading which is in effect at such time;
- (f) “**Control**” means, in relation to a company, a company whose voting securities of the first-mentioned company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of another person or company or by or for the benefit of the other companies, or the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned company, and “**Controlled**” shall have a corresponding meaning;
- (g) “**Corporation**” means Terra Firma Capital Corporation and its successors;
- (h) “**Common Shares**” means common shares in the capital of the Corporation;
- (i) “**Consultant**” has the meaning ascribed thereto in Policy 4.4 – *Incentive Stock Options* of the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, in the Exchange Policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (j) “**Eligible Person**” means any director, senior officer or Employee of the Corporation or any of its Subsidiaries or a Consultant or Management Company Employee, in each case as determined by the Administrators from time to time;
- (k) “**Employee**” has the meaning ascribed thereto in Policy 4.4 – *Incentive Stock Options* of the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, in the Exchange Policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (l) “**Event of No Fault Termination**” means the termination of employment of the Participant with the Corporation or a Subsidiary of the Corporation:
  - (i) without cause; or
  - (ii) on the death of the Participant;

- (m) **“Event of Termination”** means:
- (i) the termination of employment with cause of the Participant with the Corporation or a Subsidiary of the Corporation (excluding, for greater certainty, termination of employment arising from the death of the Participant);
  - (ii) the voluntary termination of employment of the Participant, retirement, resignation or leaving of employment with the Corporation or a Subsidiary of the Corporation (except on death, and except for the purpose of entering into employment with the Corporation or a Subsidiary of the Corporation); or
  - (iii) a Participant who is not an Employee of the Corporation ceasing to be a director or officer of, or advisor or Consultant to, the Corporation or any Subsidiary of the Corporation;
- (n) **“Exchange”** means the TSXV or, if the Common Shares are not then listed and posted for trading on the TSXV, in the Exchange Policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (o) **“Exchange Policies”** means the policies of the TSXV set forth in the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, the policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (p) **“Expiry Time”** means 3:00 p.m. (Toronto time) on the applicable day;
- (q) **“Insider”** has the meaning ascribed thereto in Policy 1.1 – *Interpretation* of the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, in the *Securities Act* (Ontario);
- (r) **“Investor Relations Activities”** has the meaning ascribed thereto in Policy 1.1 – *Interpretation* of the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, in the Exchange Policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (s) **“Management Company Employee”** has the meaning ascribed thereto in Policy 4.4 – *Incentive Stock Options* of the TSXV Corporate Finance Manual or, if the Common Shares are not then listed and posted for trading on the TSXV, in the Exchange Policies of such other Exchange on which the Common Shares are then listed and posted for trading;
- (t) **“Market Price”** means the volume weighted average trading price of the Common Shares on the Exchange for the five (5) trading days immediately preceding the date of the grant;
- (u) **“Option”** means an option granted to a Participant hereunder the Plan to purchase Shares;
- (v) **“Optioned Shares”** means the Shares issuable pursuant to an exercise of Options;
- (w) **“Participant”** means such Eligible Persons or certain corporations controlled by such individuals or family trusts as determined by the Administrators from time to time who are granted or who hold Options to purchase Shares pursuant to the Plan;
- (x) **“Person”** includes an individual, partnership, unincorporated association, organization, syndicate, body corporate, joint venture, trust and a trustee, executor, administrator or other legal or personal representative, the Crown and any other entity recognized by law;
- (y) **“Plan”** means this Share Option Plan, as it may be amended from time to time;

- (z) “**Shares**” means the Common Shares, or such other class of voting and fully participating shares as may be agreed to by the Board or the Administrators;
- (aa) “**Subsidiary**” has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (bb) “**TSXV**” means the TSX Venture Exchange;
- (cc) “**Unvested Options**” means Options that have not yet become exercisable by a Participant to purchase Shares;
- (dd) “**Vested Options**” means Options that have become exercisable by a Participant to purchase Shares; and
- (ee) “**Voting Shares**” means the Common Shares and such other class or classes of Shares of the Corporation that have the right to vote at a meeting of shareholders of the Corporation.

## 2. Purpose

The purpose of the Plan is to advance the interests of the Corporation and its shareholders by: (i) providing to the directors, senior officers and Employees of, and advisors and Consultants to, the Corporation and its Subsidiaries a performance incentive for continued and improved service with the Corporation and its Subsidiaries; (ii) enhancing such persons’ contribution to the future success of the Corporation by encouraging capital accumulation and share ownership; and (iii) increasing the ability of the Corporation and its Subsidiaries to attract, motivate and retain such persons as well as new directors, officers, Employees, advisors and Consultants.

## 3. Shares Subject to the Plan

- (a) The shares subject to the Plan shall be the Shares.
- (b) Options may be granted for authorized and unissued Shares, provided that,
  - (i) the aggregate number of Shares reserved for issuance upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares in the capital of the Corporation;
  - (ii) the aggregate number of Shares reserved for issuance at any time to any one Eligible Person shall not exceed 5% of the number of Shares outstanding on a non-diluted basis at such time, less the total of all Shares reserved for issuance to such Eligible Person pursuant to any other share compensation arrangement of the Corporation or its Affiliates (collectively, the “**Corporate Group**”);
  - (iii) the aggregate number of Shares issuable (or reserved for issuance) to Insiders of the Corporate Group under the Plan or any other share compensation arrangement of the Corporate Group, cannot at any time exceed 10% of the issued and outstanding Shares of the Corporation;
  - (iv) the aggregate number of Shares issued to Insiders of the Corporate Group under the Plan or any other share compensation arrangement of the Corporate Group, within a one-year period, cannot exceed 10% of the issued and outstanding Shares; and
  - (v) the aggregate number of Shares issued to any one Consultant or to all persons conducting Investor Relations Activities under the Plan within a one-year period cannot, for each Consultant and for all persons conducting Investor Relations Activities in the aggregate, exceed 2% of the issued and outstanding Shares.
- (c) Optioned Shares that are cancelled or not purchased as a result of Options having terminated or expired, for any reason, without being fully exercised shall not be counted for purposes of

Section 3(b) and shall be available for subsequent Options. No fractional Shares may be purchased or issued under the Plan.

- (d) Options issued or granted to persons conducting Investor Relations Activities must vest in stages over 12 months with no more than 25% of the Options vesting in any three-month period.
- (e) All Options granted pursuant to this Plan shall be subject to the Exchange Policies.

4. Administration of the Plan

- (a) The Plan shall be administered by the Administrators. Subject to the provisions hereof and the Administrators' duty to act without unfair prejudice or oppressiveness to a Participant or holder of Options under the Plan, the Administrators shall have full and final power and authority to:
  - (i) adopt policies, rules and regulations and prescribe forms and procedures for implementing the Plan;
  - (ii) determine the eligibility of persons to participate in the Plan, when Options to eligible persons shall be granted, the number of Shares subject to each Option and the vesting period for each Option;
  - (iii) interpret and construe the provisions of the Plan;
  - (iv) subject to regulatory requirements (including, without limitation, shareholder approval if required by the Exchange), prescribe, amend, rescind, make exceptions and waive to the Plan and its rules and regulations in circumstances which they determine to be exceptional; and
  - (v) take such other steps as they determine to be necessary or desirable to give effect to the Plan.
- (b) All decisions and interpretations of the Board respecting the Plan and all Options granted hereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives.

5. Option Agreement

All Options granted hereunder shall be evidenced by an agreement between the Corporation and the Participant substantially in the form of the attached Schedule 1.

6. Grant of Options

Subject to the terms of the Plan, the Administrators may, from time to time, grant Options to Participants to purchase that number of Shares on such terms, conditions and limitations that the Administrators, in their sole and absolute discretion, determine.

7. Grants to Employees, Consultants or Management Company Employees

If Options are granted to a Participant who is an Employee, Consultant or Management Company Employee, the Corporation shall represent that such Participant is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be, and is otherwise eligible to participate under the Plan, at the time such Options are granted.

8. Exercise Price

Except as otherwise agreed by the Administrators, the exercise price per Share of each Option shall be no lower than: (i) if the Common Shares are then listed and posted for trading on the TSXV, the greater of \$0.20 and the Discounted Market Price (as determined under the Exchange Policies); or (ii) if the foregoing clause (i) were not

applicable, the Market Price, per Share on the date that the grant of the Option is approved. In all case, the exercise price per Share shall not be less than that permitted under the applicable Exchange Policies at such time.

9. Term of Option

The term of each Option shall be determined by the Administrators, provided that no Option shall be exercisable after seven years from the date on which it is granted. Each Option and all rights thereunder shall expire at the Expiry Time, subject to earlier termination in accordance with the Plan (including, without limitation, Sections 12, 13 and 18 hereof).

10. Black Out Period Extension

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, the expiry date of such Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes (other than Section 9) under the Plan. Notwithstanding any other provision continued herein, the ten business day period referred to in this Section 10 may not be extended by the Board or the Administrators.

11. Vesting

Except as otherwise provided herein (including, without limitation, Sections 3(d), 12 and 19 hereof), the Shares subject to each Option shall become available for purchase by the Participant on the date or dates determined by the Administrators when the Option is granted.

12. Change of Control

If an offer is made to purchase outstanding voting Shares of the Corporation and it is accepted by a sufficient number of holders of such Shares to constitute the offeror a shareholder of the Corporation being entitled to exercise more than 50% of the voting rights attached to the outstanding voting Shares (provided that prior to the offer, the offeror was not entitled to exercise more than 50% of the voting rights attached to the outstanding voting Shares) or if there is a consolidation, merger or amalgamation of the Corporation with or into any other corporation whereby the voting shareholders of the Corporation immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the voting Shares of the consolidated, merged or amalgamated corporation, including a sale whereby all or substantially all of the Corporation's undertakings and assets become the property of any other corporation, then a Participant shall be entitled to exercise his or her Option with respect to all of the Shares subject to the Option and not yet purchased thereunder, notwithstanding any determination by the Administrators pursuant to Section 10 hereof with respect to the Option.

In addition, if an offer is made to purchase 50% or more of the outstanding voting Shares of the Corporation, a Participant shall be entitled to exercise his or her Option with respect to all of the Shares subject to the Option and not yet purchased thereunder and tender such Shares into such offer, conditional upon the take-up of Shares under such offer.

If the Shares are not taken up under such offer, the Option shall remain outstanding on the same terms and conditions and any funds tendered on the conditional exercise of the Option shall be returned to the Participant forthwith.

13. Acceleration on Transaction with Third Party

Notwithstanding anything else contained herein, the Administrators may, in connection with any transaction involving the Corporation or its shareholders (including, without limitation, an offering of securities), determine to accelerate the vesting of all issued and outstanding Options to render the Shares subject to the Option to become immediately available for purchase by the Participant, and to determine that the Options shall terminate no less than ten (10) business days following such date of vesting.



14. Option Confirmation

Upon the grant of each Option, a stock option confirmation, substantially in the form of Schedule 2, shall be delivered by the Administrators to the Participant in question.

15. Exercise of Option

- (a) Except as set forth in Section 18 or as otherwise determined by the Administrators, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, senior officer, Employee, advisor or Consultant of the Corporation or its Subsidiaries,
- (b) Subject to this Section 15 and any provisions of this Plan that accelerate or affect vesting, an Option may be exercised at any time, or from time to time, during its term as to some or all of the number of whole Shares that are then available for purchase. A Participant electing to exercise an Option shall give written notice of the election to the Administrators, substantially in the form of Schedule 3 or in any other form acceptable to the Administrators, and the full aggregate amount to be paid for the Shares to be acquired pursuant to the exercise of an Option shall accompany the written notice.
- (c) Upon actual receipt by the Administrators of written notice and a wire transfer, certified cheque or bank draft for the full aggregate exercise price, the appropriate number of Optioned Shares shall be issued and registered in the name of the Participant exercising the Option and the Corporation shall use reasonable efforts to deliver, or cause the registrar and transfer agent of the Optioned Shares to deliver, to the Participant (or as otherwise directed by the Participant) a certificate representing such Optioned Shares.

16. Certain Adjustments

Appropriate adjustments, as regards Options granted or to be granted, in the number of Shares that are available for purchase and/or in the purchase price for such Shares under the Plan and to the maximum number of Shares available for issuance under the Plan shall be made by the Administrators, acting reasonably, to give effect to the number of Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than cash dividends) or other changes in the capital stock of the Corporation that the Administrators may, in their discretion, consider relevant for purposes of ensuring that the rights of the Participants are not prejudiced thereby (including amalgamations, mergers, reorganizations, liquidations and similar material transactions).

17. Shareholder Approval

In the event that the Administrators seek a reduction in the exercise price per Share of any Options where the recipient of the Options is an Insider of the Corporation at the time of the proposed reduction, the Corporation will obtain disinterested shareholder approval in respect of such reduction prior to such reduction taking force and effect.

18. Effect of Termination on Participation in the Plan

- (a) Upon the occurrence of an Event of Termination, the right of the relevant Participant to exercise Vested Options shall cease immediately without taking into account any notice or severance period to which the Participant may be entitled whether by contract or at law.
- (b) Upon the occurrence of an Event of No Fault Termination, the Vested Options granted to the relevant Participant may be exercised only before the earlier of the following:
  - (i) the Expiry Time on the expiry date of the Vested Option; and
  - (ii) the Expiry Time on the date that is:

- (1) 90 days following the date of the Event of No Fault Termination (which date shall be calculated without reference to any notice or severance period to which the Participant may be entitled whether by contract or at law);
  - (2) 30 days following the date of the Event of No Fault Termination (which date shall be calculated without reference to any notice or severance period to which the Participant may be entitled whether by contract or at law) if the Participant was engaged in Investor Relations Activities; or
  - (3) one calendar year from the date of the Event of No Fault Termination if the Event of No Fault Termination is the death of the Participant.
- (c) Upon the occurrence of an Event of Termination or Event of No Fault Termination, all Unvested Options granted to the relevant Participant shall terminate immediately.

19. Transferability

- (a) The interest of any Participant in the Plan (including, without limitation, in respect of Options granted hereunder and the Shares underlying any such granted Options) is personal to the Participant, and except as expressly provided for in this Section 19 with respect to a Participant's death, may not be assigned or transferred and may not be made subject to execution, attachment or similar process otherwise than by will or by the laws of descent and distribution.
- (b) Options may be exercised by the Participant, Trust or Personal Holding Corporation and, upon the Participant's death, the legal representative of his or her estate or any other person who acquires his or her rights in respect of an Option by bequest or inheritance.
- (c) A person exercising an Option may subscribe for Shares only in his or her own name, on behalf of a Trust established for his or her sole benefit, in the name of his or her Personal Holding Corporation or in his or her capacity as a legal representative.

20. Amendments to and Administration of the Plan

- (a) The provisions of this Plan (including without limitation, the form of certificate evidencing the Options or any instrument to be executed pursuant to the Plan) may be amended at any time and from time to time without the consent of the Participants or other Eligible Persons upon the approval of the Administrators, in its sole and absolute discretion, including, without limitation, as follows:
  - (i) amendments of a "housekeeping" nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (ii) amendments necessary to comply with the provisions of applicable law or the applicable Exchange Policies;
  - (iii) amendments to the vesting provisions of any Option;
  - (iv) amendments to the termination provisions of any Option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of Section 10);
  - (v) amendments to introduce a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
  - (vi) amendments to add a deferred or restricted share unit or any other provision that results in Participants receiving securities while no cash consideration is received by the Corporation;

- (vii) amendments to add a form of financial assistance and any amendment to a financial assistance provision that is adopted;
- (viii) amendments to the definition of Eligible Persons or otherwise relating to the eligibility of any Participant;
- (ix) amendments respecting the administration of the Plan;
- (x) amendments necessary to suspend or terminate the Plan; and
- (xi) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable Exchange Policies,

provided however, that the Administrators will not, without the approval of the shareholders of the Corporation, amend the Plan in any manner that requires shareholder approval, and no amendment to the Plan may be made without: (i) obtaining the consent of the Participant if such amendment would adversely alter or impair the existing rights of such Participant in respect of Options granted to, or Shares that have been acquired under the Plan prior to the date of such amendment by, such Participant; and (ii) if applicable, obtaining any required regulatory approval to such amendment.

- (b) The Plan, as amended, shall govern the rights and obligations of the Corporation and the Participants with respect to all then outstanding Options.

#### 21. Termination of Plan

The Administrators may suspend, discontinue or terminate this Plan at any time without the consent of the Participants or other Eligible Persons, in the Administrators sole and absolute discretion. If the Plan is so suspended, discontinued or terminated, no further Options shall be granted, but the Options then outstanding shall continue in full force and effect in accordance with the provisions of this Plan.

#### 22. Compliance with Statutes and Regulations

The granting of Options and the sale and delivery of Shares under this Plan shall be carried out in compliance with applicable statutes and with the regulations of governmental authorities and applicable stock exchanges, including without limitation, statutory “hold” periods for the distribution of securities pursuant to applicable securities laws. If the Administrators determine in their discretion that, in order to comply with any such statutes or regulations, certain action is necessary or desirable as a condition of or in connection with the granting of an Option or the issue or purchase of Shares under an Option, that Option may not be exercised in whole or in part unless that action shall have been completed in a manner satisfactory to the Administrators.

#### 23. Right to Employment or Other Relationship

Nothing in the Plan or any Option (including, without limitation, the selection of any person as a Participant and the granting of any Option) shall: (A) confer upon any person any right to continue as a director, officer, Employee, advisor, Consultant or otherwise in the employ of the Corporation or any Subsidiary thereof; (B) be construed, interpreted or otherwise deemed to be a guarantee of any such right; or (C) affect in any way the right of the Corporation or any Subsidiary thereof to discharge, terminate or otherwise cease his or her employment or relationship with the Corporation or any Subsidiary, as the case may be, at any time for any reason whatsoever, with or without cause.

#### 24. Application of Policies

Notwithstanding any other provision of the Plan, each Participant shall be subject to the terms and restrictions contained in the Corporation’s policies on trading of securities of the Corporation, including without limitation, any applicable Black Out Periods, as same may be amended, modified, supplemented, replaced or restated from time to time, in connection with any withdrawal, sale, disposition or other transfer of Shares under the Plan.

25. Rights of Participants

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation or any of its Subsidiaries in respect of any Shares issuable upon exercise of any such Option until such Shares have been paid for in full and issued to such person in accordance with the Plan. Participation in the Plan by a Participant shall be voluntary.

26. Rights to Issue Other Securities

The Corporation shall not by virtue of this Plan or any Options be in any way restricted from declaring and paying stock dividends, issuing further Shares or other securities, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

27. No Liability

None of the Corporation, the Administrators, any member of the Board or committee thereof, or any officer, agent, representative or advisor to the Corporation shall be liable to any Participant for any loss resulting from (1) a decline in the market value of any Shares purchased by a Participant pursuant to the Plan, (2) any change in the market price of the Shares between the date of grant and the time of purchase of the Shares pursuant to any such grant and/or (3) any exercise of discretion by the Corporation, the Administrators, the Board or any committee thereof pursuant to the terms hereof.

28. Successor Corporation

The Plan applies without any further formality or action to any corporation resulting from the amalgamation of the Corporation with one or more other corporations.

29. Currency

Unless otherwise specified, all references to amounts of money in the Plan refer to Canadian currency.

30. Governing Law

The Plan, and any and all determinations made, and actions taken in connection with the Plan, shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

31. Subject to Approval

To the extent a provision of the Plan requires regulatory approval, which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in full force and effect.

**ADOPTED** this 23<sup>rd</sup> day of March, 2016.

**TERRA FIRMA CAPITAL CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory

**SCHEDULE 1**  
**AGREEMENT**

This agreement is entered into this ● day of ●, ● between Terra Firma Capital Corporation (the “**Corporation**”) and ● (the “**Participant**”) pursuant to the share option plan (the “**Plan**”) adopted by the Corporation as of May 20, 2011.

Pursuant to the Plan and in consideration of \$1.00 paid and service provided to the Corporation by the Participant, the Corporation agrees to grant options (“**Options**”) and issue Common Shares of the Corporation (the “**Shares**”) to the Participant in accordance with the terms of the Plan. The grant of the Options and the terms thereof are confirmed by the Option Confirmation attached to this agreement.

The granting and exercise of the Options and the issue of Shares are subject to the terms and conditions of the Plan, as amended from time to time, which terms and conditions are incorporated into and form an integral part of this agreement.

By executing this agreement, the Participant confirms and acknowledges that he or she has not been induced to enter into this agreement or acquire any Option by expectation of employment or continued employment with the Corporation.

This agreement shall be binding upon and enure to the benefit of the Corporation and its successors and assigns.

**TERRA FIRMA CAPITAL CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Witness

\_\_\_\_\_  
[PARTICIPANT]

**SCHEDULE 2**

**OPTION CONFIRMATION**

TO: ● (the “Participant”)

Pursuant to the share option plan (the “Plan”) adopted by Terra Firma Capital Corporation (the “Corporation”) as of May 20, 2011, and an agreement between the Corporation and the Participant dated \_\_\_\_\_, the Corporation confirms the grant to the Participant of the sole and exclusive right and option (the “Option”) to acquire all or any part of \_\_\_\_\_ Common Shares (the “Shares”) of the Corporation at any time and from time to time on or before 4:00 p.m. (Toronto time) on \_\_\_\_\_ at an exercise price of \$ \_\_\_\_\_ per Share. The Option is non-assignable and non-transferable.

The granting and exercise of this Option are subject to the terms and conditions of the Plan. It is also a condition of this grant of the Option that the TSX Venture Exchange accepts notice of this grant.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20●.

**TERRA FIRMA CAPITAL CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory

The undersigned Participant hereby acknowledges and agrees to the foregoing this \_\_\_\_\_ day of \_\_\_\_\_, 20●.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
[PARTICIPANT]

**SCHEDULE 3**

**ELECTION**

TO: **TERRA FIRMA CAPITAL CORPORATION.** (the “**Corporation**”)

Pursuant to the share option plan (the “**Plan**”) of the Corporation adopted as of May 20, 2011, the undersigned elects to purchase \_\_\_\_\_ Common Shares (the “**Shares**”) of the Corporation which are subject to an option granted on \_\_\_\_\_, \_\_\_\_\_, and encloses a certified cheque/bank draft payable to the Corporation in the aggregate amount of \$ \_\_\_\_\_, being \$ \_\_\_\_\_ per Share.

The undersigned requests that the Shares be issued in his, her or its name as follows in accordance with the terms of the Plan:

\_\_\_\_\_  
(Print name as name is to appear on share certificate)

The undersigned acknowledges that he or she has not been induced to purchase the Shares by expectation of employment or continued employment with the Corporation.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20●.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Participant’s Signature  
Print Name:

