

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement (this “**Prospectus Supplement**”), together with the short form base shelf prospectus dated October 10, 2017 (the “**Base Prospectus**”) to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the Base Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States of America (the “**United States**”) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada (except Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Atrium Mortgage Investment Corporation at 20 Adelaide Street East, Suite 900, Toronto, Ontario, Canada M5C 2T6, Telephone (416) 867-1053, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus dated October 10, 2017

NEW ISSUE

July 11, 2018



ATRIUM MORTGAGE INVESTMENT CORPORATION

\$30,000,000

5.50% Convertible Unsecured Subordinated Debentures due December 31, 2025

This Prospectus Supplement qualifies the distribution (the “**Offering**”) of \$30,000,000 aggregate principal amount of 5.50% convertible unsecured subordinated debentures (the “**Debentures**”) of Atrium Mortgage Investment Corporation (the “**Corporation**”, “**we**”, “**our**” or “**us**”) in denominations of \$1,000 and multiples thereof at a price of \$1,000 per Debenture (the “**Offering Price**”). See “Plan of Distribution”. The Debentures will bear interest at an annual rate of 5.50% payable semi-annually in arrears on the last day of June and December of each year (or the immediately following business day if any interest payment date would not otherwise be a business day), with the first interest payment occurring on December 31, 2018. The first interest payment on the Debentures will include accrued and unpaid interest for the period from the closing of the Offering to, but excluding, December 31, 2018. The maturity date of the Debentures is December 31, 2025 (the “**Maturity Date**”). The payment of the principal and accrual of interest on the Debentures will be subordinated in right of payment to the prior payment in full of all our existing and future senior indebtedness. On the Maturity Date, the Debentures may, at our option, be repaid in cash or our common shares (the “**Shares**”). Further particulars concerning the Debentures are set out under “Description of the Debentures”.

As a mortgage investment corporation, we are a non-bank provider of residential and commercial real estate mortgages. See “Summary Description of the Business”. We were formed under the *Business Corporations Act* (Ontario). Our registered and head office is located at 20 Adelaide Street East, Suite 900, Toronto, Ontario, Canada M5C 2T6.

Debenture Conversion Privilege

Each Debenture will be convertible into Shares at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and, if called for redemption, the business day immediately preceding the date specified by us for redemption of the Debentures, at a conversion price of \$15.60 per Share, being a conversion rate of 64.1026 Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the trust indenture, as supplemented, governing the terms of the Debentures (the “**Conversion Price**”). Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the last interest payment date to and including the last record date set by us for determining the holders of Shares entitled to receive a dividend on the Shares occurring prior to the date of conversion. In the event that we suspend regular dividends, then a Debenture holder will be entitled to receive accrued and unpaid interest thereon for the period from the last interest payment date to, but excluding, the date of conversion. Further particulars concerning the conversion privilege are set out under “Description of the Debentures – Conversion Privilege”.

Our outstanding Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “AI”. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-

Allotment Option (as defined herein)) being distributed under this Prospectus Supplement under the symbol “AI.DB.D”, and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before October 8, 2018. On July 9, 2018, the last full trading day prior to the announcement of the Offering, the closing price of the outstanding Shares on the TSX was \$12.99. On July 10, 2018, the last full trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding Shares on the TSX was \$12.97.

There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus Supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See “Forward-Looking Statements” and “Risk Factors”.

The Debentures may not be redeemed by us prior to December 31, 2021, except in the event of the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On and after December 31, 2021 and prior to December 31, 2023, the Debentures may be redeemed by us, in whole or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the Current Market Price (as defined herein) on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after December 31, 2023 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at our option at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice.

Subject to any required regulatory approvals and provided that no Event of Default (as defined herein) has occurred and is continuing, we may, at our option, elect to satisfy our obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured, on not more than 60 days’ and not less than 40 days’ prior notice, by issuing that number of freely-tradeable Shares obtained by dividing the principal amount of the Debentures that are to be redeemed or that have matured, as the case may be, by 95% of the Current Market Price on the fifth trading day preceding the date fixed for redemption or the Maturity Date, as applicable. Any accrued and unpaid interest thereon will be paid in cash. See “Description of the Debentures – Payment on Redemption or Maturity”. In addition, subject to any required regulatory approvals and provided that no Event of Default has occurred and is continuing, freely-tradeable Shares may be issued to the Debenture Trustee (as defined herein) and sold, with the proceeds used to satisfy the obligation to pay interest on the Debentures. See “Description of the Debentures – Interest Payment Election”.

Within 30 days following the occurrence of a Change of Control, we will be required to make an offer to purchase the Debentures for a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon to, but excluding, the date of purchase. Holders of Debentures may accept this offer in whole or in part. See “Description of the Debentures – Change of Control of the Corporation”.

Offering Price: \$1,000 per Debenture

	<u>Price to Public</u>	<u>Underwriters’ Fee</u> ⁽¹⁾	<u>Net Proceeds to the Corporation</u> ⁽²⁾
Per Debenture	\$1,000	\$40	\$960
Total ⁽³⁾	\$30,000,000	\$1,200,000	\$28,800,000

- Notes:
- (1) We have agreed to pay the Underwriters a fee equal to 4.0% of the aggregate gross proceeds of the Offering, equal to \$40 per Debenture, including any Debentures sold pursuant to the exercise of the Over-Allotment Option (as defined herein). See “Plan of Distribution”.
 - (2) Before deducting the expenses of the Offering, estimated to be \$250,000, which, together with the Underwriters’ fee, will be payable from the proceeds of the Offering.
 - (3) We have granted to the Underwriters an option to purchase up to an additional \$4,500,000 aggregate principal amount of the Debentures at a price of \$1,000 per Debenture (the “**Over-Allotment Option**”) exercisable at the Underwriters’ sole option and without obligation, in whole or in part, at any time up to 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the “Price to Public”, “Underwriters’ Fee” and “Net Proceeds to the Corporation” (before deducting the estimated expenses of the Offering) will be \$34,500,000, \$1,380,000 and \$33,120,000, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	\$4,500,000 aggregate principal amount of Debentures	Up to 30 days after the closing of the Offering	\$1,000 per Debenture

TD Securities Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., GMP Securities L.P., Industrial Alliance Securities Inc. and Raymond James Ltd. (collectively, the “**Underwriters**”), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by Fogler, Rubinoff LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

The Offering Price and the terms of the Debentures was determined by negotiation between us and the Underwriters with reference to prevailing market conditions. The Underwriters propose to offer the Debentures initially at the Offering Price. **After a reasonable effort has been made to sell all of the Debentures at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Debentures remaining unsold. Any such reduction will not affect the proceeds received by us. See “Plan of Distribution”.**

Subscriptions for the Debentures will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is intended that the closing of the Offering will occur on or about July 18, 2018 or such other date as may be agreed upon by us and the Underwriters but in any event, no later than July 25, 2018 (the “**Closing Date**”).

Certificates representing the aggregate principal amount of the Debentures will be issued in registered form only to CDS Clearing and Depository Services Inc. (“**CDS**”) and will be deposited with CDS on the Closing Date. No certificates evidencing the Debentures will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Debentures will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. See “Plan of Distribution”.

The Underwriters may, in connection with the Offering and subject to applicable laws, effect transactions which stabilize or maintain the market price for the Debentures at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Each of TD Securities Inc. and National Bank Financial Inc. is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to the Corporation under a revolving operating credit facility (the “Operating Facility”). Consequently, we may be considered to be a connected issuer of TD Securities Inc. and National Bank Financial Inc. under applicable Canadian securities legislation. We intend to use the full amount of the net proceeds of the Offering to repay existing indebtedness under the Operating Facility (and such amount will then be available to be drawn by us under the Operating Facility, as required, for general corporate purposes, particularly funding future mortgage loans). See “Relationship Between the Corporation and Certain Underwriters” and “Use of Proceeds”.

The Debentures are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Investing in the Debentures involves certain risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described herein under the heading “Risk Factors” and elsewhere in this Prospectus Supplement and in the documents incorporated by reference in this Prospectus Supplement. In the event that prospective purchasers receive Shares upon the conversion, redemption or repayment at maturity of the Debentures in accordance with their terms, prospective purchasers are advised that a return on an investment in Shares is not comparable to the return on an investment in a fixed-income security and, in such circumstance, the recovery of your initial investment is at risk and the anticipated return on your investment will be based on certain performance assumptions. Although we intend to make distributions of our available cash to the holders of Shares (the “**Shareholders**”), these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors disclosed in our continuous disclosure documents, including the financial performance of the properties in our mortgage portfolio, our debt covenants and obligations, our working capital requirements and our future capital requirements. In addition, the market value of the Shares and the Debentures may decline if we are unable to meet our cash distribution targets in the future, and that decline may be significant. An investment in Shares is subject to certain risk factors. See “Risk Factors”.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this Prospectus Supplement, which describes certain terms of the securities that the Corporation is offering and also adds to and updates certain information contained in the Base Prospectus and the documents incorporated by reference therein. The second part, the Base Prospectus, gives more general information, some of which may not apply to the Debentures offered hereunder. Defined terms or abbreviations used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Base Prospectus.

Readers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Base Prospectus. We have not authorized any person to provide different or additional information. The Debentures may be sold only in those jurisdictions where offers and sales are permitted. This Prospectus Supplement is not an offer to sell or a solicitation of an offer to buy the Debentures in any jurisdiction where it is unlawful. The information contained in this Prospectus Supplement, the Base Prospectus or any documents incorporated by reference herein or therein is accurate only as of the date of this Prospectus Supplement, the Base Prospectus or the date of the document incorporated by reference herein or therein, as applicable, regardless of the time of delivery of this Prospectus Supplement or of any sale of the Debentures.

Unless the context otherwise permits, indicates or requires, all references in this Prospectus Supplement to the “Corporation”, “we”, “our”, “us” and similar expressions are references to Atrium Mortgage Investment Corporation and the business carried on directly or indirectly by it. All dollar amounts and financial information in this Prospectus Supplement and any document incorporated by reference herein or therein is presented in Canadian dollars unless otherwise indicated. Unless otherwise indicated, all financial information included or incorporated by reference in this Prospectus Supplement and the documents incorporated by reference herein and therein has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS”), and as set out in Part I of the *Handbook* of the Canadian Institute of Chartered Accountants.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Supplement and the Base Prospectus, and in certain documents incorporated by reference herein or therein, constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. As well as those factors discussed in the section entitled “Risk Factors” in this Prospectus Supplement, these risks and uncertainties include, among other things: the completion of the Offering; use of proceeds from the Offering; the nature of our investments; sensitivity to interest rates; changes in real estate values; risks related to mortgage defaults; foreclosure and related costs; reliance on our manager; environmental matters associated with our business; availability of investments; potential conflicts of interest; borrowing risks; limited sources of borrowing; risks related to the replacement or renewal of mortgages comprising our mortgage portfolio; the composition of our mortgage portfolio; subordinated and subsequent debt financing; reliance on borrowers; no guarantees or insurance; litigation risks; ability to manage growth; changes in legislation; cyber risk; qualification as a mortgage investment corporation; the market for Shares and Debentures; the unpredictability and volatility of the market price of the Shares and Debentures; payment of

dividends; potential dilution; limitations on the ownership and repurchases of shares of the Corporation; and tax amendments. Readers are cautioned that the foregoing list is not exhaustive.

While we believe that the expectations reflected in the forward-looking statements contained in this Prospectus Supplement and the Base Prospectus, and in the documents incorporated by reference herein or therein, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included, or incorporated by reference, in such documents should not be unduly relied upon. These statements speak only as of the date of this Prospectus Supplement, the Base Prospectus or as of the date specified in the documents incorporated by reference herein or therein, as the case may be. Except as required by law, we do not assume any obligation to update the aforementioned forward-looking statements. Our actual results could differ materially from those anticipated in the aforementioned forward-looking statements, as applicable, including as a result of the risk factors set forth elsewhere in this Prospectus Supplement, the Base Prospectus and our filings with the securities regulatory authorities which are available on SEDAR at www.sedar.com.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Prospectus solely for the purposes of the Offering of the Debentures. Other documents are also incorporated or deemed to be incorporated by reference into the Base Prospectus and reference should be made to the Base Prospectus for full particulars. See “Documents Incorporated by Reference” in the Base Prospectus. Information has also been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar regulatory authorities in Canada (except Québec). Copies of these documents incorporated by reference may be obtained on request without charge from the Secretary of the Corporation at our head office located at 20 Adelaide Street East, Suite 900, Toronto, Ontario, Canada M5C 2T6, telephone (416) 867-1053 or by accessing these documents through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR), at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus Supplement or in any other subsequently filed document that is also incorporated by reference in this Prospectus Supplement, the following documents of the Corporation filed with the securities commissions or similar regulatory authorities in Canada (except Québec) are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Base Prospectus:

- (a) our annual information form for the year ended December 31, 2017 dated February 8, 2018 (the “**Current AIF**”);
- (b) our management information circular dated March 6, 2018 relating to our annual meeting of shareholders held on April 26, 2018;
- (c) our audited consolidated financial statements and the notes thereto as at December 31, 2017 and 2016 and for the twelve-month periods then ended, together with the auditors’ report thereon;
- (d) our management’s discussion and analysis as at and for the year ended December 31, 2017;
- (e) our unaudited interim consolidated financial statements and the notes thereto as at March 31, 2018 and 2017 and for the three-month periods then ended;
- (f) our management’s discussion and analysis as at and for the three months ended March 31, 2018 (“**Current MD&A**”);
- (g) our material change reports dated March 13, 2018 and March 28, 2018, respectively, with respect to the offering of our Shares for total gross proceeds of \$34,500,000;
- (h) our material change reports dated July 9, 2018 and July 10, 2018, respectively, with respect to the Offering and the increase in the size of the Offering; and
- (i) the template version of the term sheets dated July 9, 2018 and July 10, 2018, respectively, filed on SEDAR in connection with the Offering (collectively, the “**Term Sheets**”).

Documents referenced in any of the documents incorporated by reference in this Prospectus Supplement and Base Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this Prospectus Supplement or the Base Prospectus are not incorporated by reference in this Prospectus Supplement and the Base Prospectus. Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information form, annual financial statements and the auditors’ report thereon, interim financial statements, management’s discussion and analysis, material change reports (except confidential material change reports), business acquisition reports and information circulars, filed by us with securities commissions or similar authorities in Canada (except Québec) after the date of this

Prospectus Supplement and before the termination of the distribution under the Offering are deemed to be incorporated by reference in this Prospectus Supplement and the Base Prospectus.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement, the Base Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document incorporated or deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus Supplement or the Base Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Term Sheets do not form part of this Prospectus Supplement or the Base Prospectus to the extent that the contents of the Term Sheets have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any “template version” of “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed on SEDAR in connection with this Offering after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheets) is deemed to be incorporated into this Prospectus Supplement and the Base Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fogler, Rubinoff LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) in force as of the date hereof, provided the Shares are listed on a “designated stock exchange” in Canada as defined in the Tax Act (which currently includes the TSX) on the Closing Date, the Debentures will, as at the Closing Date, and the Shares issuable upon conversion, redemption or maturity of the Debentures would, if issued on such date, be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans (“**DPSPs**”) (except, in the case of the Debentures, a DPSP to which we, or an employer that does not deal at arm’s length with us, has made a contribution), registered disability savings plans (“**RDSPs**”), registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSAs**” and, collectively, “**Plans**”). The Debentures will also be qualified investments for such Plans if the Debentures are listed on a designated stock exchange.

The Shares will also be qualified investments for such Plans if the Corporation qualifies as a “mortgage investment corporation (within the meaning of subsection 130.1(6) of the Tax Act) (a “**MIC**”) throughout a taxation year and further provided that at any time in the relevant calendar year, the Corporation does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer, or a subscriber under, or a holder of, the Plan, or of any other person who does not deal at arm’s length with that person.

Notwithstanding that the Debentures, and the Shares issuable upon conversion, redemption or maturity of the Debentures, may be a qualified investment for a TFSA, RRSP, RDSP or RRIF, the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of a RESP, as the case may be, which acquires Debentures or the Shares issuable upon conversion, redemption or maturity of the Debentures will be subject to a penalty tax under the Tax Act if such Debentures or Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, RRSP, RDSP, RESP or RRIF. Debentures, and the Shares issuable upon conversion, redemption or maturity of the Debentures, will not be a prohibited investment for a TFSA, RRSP, RDSP, RESP or RRIF provided the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of a RESP, as applicable, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation. A “significant interest” of a shareholder of the Corporation generally means ownership by the shareholder, either alone or together with persons with which the shareholder does not deal at arm’s length for purposes of the Tax Act, of 10% or more of the issued shares of any class of the capital stock of the Corporation. In addition, the Shares will not be a prohibited investment if they are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP, RDSP, RESP or RRIF. **Holders and annuitants should consult their own tax advisors to ensure that the Debentures, and the Shares issuable upon conversion, redemption or maturity of the Debentures, would not be a prohibited investment for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF in their particular circumstances.**

ATRIUM MORTGAGE INVESTMENT CORPORATION

We were incorporated under the *Business Corporations Act* (Ontario) on July 30, 2001 and we do not have any subsidiaries. We became a reporting issuer in each of the provinces of Canada (except Québec) on August 29, 2012. Our registered and head office is located at 20 Adelaide Street East, Suite 900, Toronto, Ontario, Canada M5C 2T6.

Our authorized capital consists of an unlimited number of Shares, of which, as at the date hereof, there were 36,202,907 Shares issued and outstanding. Our outstanding Shares, 5.25% convertible unsecured subordinated debentures due June 30, 2020 (the “**5.25% Debentures**”), 6.25% convertible unsecured subordinated debentures due March 31, 2019 (the “**6.25% Debentures**”), 5.50% convertible unsecured subordinated debentures due September 30, 2021 (the “**5.50% Debentures**”) and 5.30% convertible unsecured subordinated debentures due June 30, 2024 (the “**5.30% Debentures**”) are listed and posted for trading on the TSX under the symbols “AI”, “AI.DB”, “AI.DB.A”, “AI.DB.B” and “AI.DB.C”, respectively.

SUMMARY DESCRIPTION OF THE BUSINESS

General

We are a mortgage lender that fills the lending gap caused by the limited number of financial institutions operating in Canada. We lend in major urban centres where the stability and liquidity of real estate are at the highest levels. We are qualified as a MIC and our articles of incorporation, as amended, restrict us from making any investment or conducting any activity that would result in us failing to qualify as a MIC.

We focus on loans that cannot be placed with financial institutions but that represent an acceptable underwriting risk. Our policy is that the weighted average loan-to-value ratio of our mortgage portfolio, as a whole, at the time of underwriting each loan in our portfolio, may not exceed 75%. A typical loan in our portfolio has an interest rate of 7.75% to 10% per annum, a one or two-year term and monthly interest-only mortgage payments. Our lending parameters are as follows:

- first or second mortgages on income-producing real estate up to a maximum of 85% of appraised value;
- mortgages on residential and commercial properties up to a maximum of 75% of appraised value;
- loans on single-family residences up to 75% of appraised value;
- construction loans up to a maximum of 90% of cost; and
- loans to condominium corporations.

Mortgage loan amounts are generally \$300,000 to \$30,000,000. For loan amounts in excess of \$30,000,000, we generally co-lend with financial institutions or private lenders.

Generally, we fund mortgages secured by all types of residential and commercial real property located in Canada, subject to compliance with our investment policies. See “Description of the Business – Investment Objectives and Policies” in the Current AIF for a detailed description of our investment policies. The types of properties that we finance include residential houses, small multi-family residential properties comprised of six or fewer units, residential apartment buildings, mixed-use residential apartments and store-front properties, commercial properties, residential and commercial land and development sites and development and construction projects. We also invest in short-term bridge financing for residential and commercial real estate. Non-conventional mortgages do not represent a substantial proportion of the portfolio, and are only considered when there are other mitigating factors which reduce the risk profile to acceptable levels.

As of July 10, 2018, four of our mortgages were in default with amounts outstanding of \$17,983,000. We believe that adequate reserves have been established to cover any potential losses. Generally, a default occurs under a mortgage if the borrower fails to make any payment thereunder when due (including principal, interest and realty taxes) or fulfill any of the covenants set out therein when required (including covenants relating to, among other things, the provision and maintenance of security and insurance, disposition restrictions on the subject mortgaged property and the provision of financial statements of the borrower and any guarantor(s), environmental site assessment reports and soil tests); in our opinion, a material adverse change occurs in the financial position of the borrower and/or any guarantor(s) and/or the subject mortgaged property given as security; or if any of the representations or warranties made by the borrower in its application for the mortgage, the mortgage documentation or in any document or certificate delivered pursuant to the mortgage document is incorrect in a material respect.

Our investment objectives are to preserve our Shareholders’ equity and to provide our Shareholders with stable and secure dividends from our investments in mortgage loans within the criteria mandated for a MIC. Working within conservative risk parameters, we endeavour to maximize income and dividends through the sourcing and efficient management of our mortgage investments. To achieve these objectives, we benefit from the experience of our manager, Canadian Mortgage

Capital Corporation (the “**Manager**”), and its subsidiaries and affiliates in originating, underwriting, syndicating and servicing mortgage loans.

Governance

Our board of directors (the “**Board**”) is responsible for general oversight of our business and affairs. The seven members of the Board are Mark L. Silver (Chair), Peter P. Cohos, Robert H. DeGasperis, Robert G. Goodall, Andrew D. Grant, Maurice (Maish) Kagan and Nancy H.O. Lockhart. The Manager and its subsidiaries and affiliates originate and underwrite all mortgage loans on our behalf, service our mortgage portfolio and supervise our day-to-day management and operations.

The Manager and its subsidiaries and affiliates seek out, review and present us with mortgage loan opportunities that are consistent with our investment policies and objectives and service such mortgage loans on our behalf. The Manager has successfully originated, underwritten and serviced mortgage investments on behalf of numerous investor clients and financial institutions since 1994. The underwriting, investment and operating policies adopted by the Manager have proven to be well suited to the market serviced by the Manager and form the basis for our investment policies and objectives.

Dividends

We intend to continue, at all times, to qualify as a MIC. As a MIC, we are entitled to deduct in computing our income all taxable dividends (other than capital gains dividends) paid to Shareholders in the year and in the first 90 days of the following taxation year, provided that such dividends are not deductible by us in the immediately preceding taxation year. In order to maintain our status as a MIC, we must continually meet all of the criteria enumerated in the relevant section of the Tax Act throughout such taxation year. Accordingly, it is our intention to make distributions to the extent necessary to reduce our taxable income each year to nil so that no tax is payable by us under Part I of the Tax Act. To the extent that we realize a capital gain in a year in excess of applicable capital losses, we intend to elect to have dividends to be capital gains dividends to the maximum extent allowable.

Our Board has adopted a dividend policy pursuant to which we intend to make monthly cash distributions by way of dividends to holders of Shares of record at the close of business on the last business day of each month. The monthly dividend during 2015 was set at \$0.07 per Share (a rate of \$0.84 per annum), which was increased during 2016 to \$0.071667 per Share (a rate of \$0.86 per annum), which was increased during 2017 to \$0.073333 per Share (a rate of \$0.88 per annum) and, effective January 1, 2018, was increased to \$0.075 per Share (a rate of \$0.90 per annum). Each monthly dividend will be paid within 14 days after the dividend record date. In addition, there may be an additional (thirteenth) special dividend to holders of Shares of record at the close of business on December 31 of each year payable within 90 days of the dividend record date. For each year ending December 31, we intend to pay a special dividend equal to our taxable income for that fiscal year and capital gains dividends equal to twice our taxable capital gains for that fiscal year, less dividends previously declared for that fiscal year.

The dividend policy includes the discretion of the Board to change the record date, declare dividends from time to time as determined by the Board, and to vary the amount paid depending on, among other things, our earnings, financial requirements, the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends and other conditions existing at such future time. Under the terms of the Operating Facility, upon the occurrence and continuance of an event of default, no dividends are permitted to be made by us.

The aggregate of the cash dividends declared per Share in respect of the years ended December 31, 2017 and 2016 were \$0.92 and \$0.96, respectively.

See the sections entitled “General Development of the Business” and “Description of the Business” in the Current AIF for a detailed description of our business and our investment strategies.

USE OF PROCEEDS

The net proceeds to the Corporation from the issue and sale of the Debentures, after payment of the Underwriters’ fee of \$1,200,000 and the expenses of the Offering estimated to be \$250,000, will be approximately \$28,550,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after payment of the Underwriters’ fee of \$1,380,000 and the expenses of the Offering estimated to be \$250,000) will be approximately \$32,870,000.

We intend to use the full amount of the net proceeds of the Offering to repay our indebtedness under the Operating Facility, which as at the close of business on July 10, 2018, had an outstanding balance owing of \$190,512,000 (and such amount will then be available to be drawn by us under the Operating Facility, as required, for general corporate purposes, particularly

funding future mortgage loans). Our indebtedness under the Operating Facility was used by us for the purpose of providing funding for our general corporate purposes, and in particular funding certain of our existing mortgage loans.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated for the twelve month periods ended December 31, 2017 and March 31, 2018 and are derived from our audited and unaudited financial information for the twelve-month periods ended December 31, 2017 and March 31, 2018.

Our net income before interest and other bank charges, interest on convertible debentures and taxes (collectively, “**interest expense**”) for the twelve-month periods ended December 31, 2017 and March 31, 2018 were \$41,788,000 and \$43,070,000, respectively. Our interest expense for the twelve-month periods ended December 31, 2017 and March 31, 2018 were \$12,729,000 and \$13,242,000, respectively, for an earnings coverage ratio of 3.3 times and 3.3 times, respectively.

After giving effect to the Offering, and before any exercise of the Over-Allotment Option, our pro forma earnings before interest and other bank charges, interest on convertible debentures and taxes for the twelve-month periods ended December 31, 2017 and March 31, 2018 were \$41,788,000 and \$43,070,000, respectively. After giving effect to the Offering, and before any exercise of the Over-Allotment Option, the pro forma interest expense for the twelve-month periods ended December 31, 2017 and March 31, 2018 were \$13,602,000 and \$14,090,000, respectively, resulting in a pro forma earnings coverage ratio of 3.1 times and 3.1 times, respectively.

Earnings coverage is equal to net income before interest and other bank charges, interest on convertible debentures and taxes divided by interest expense. The pro forma earnings coverage ratio includes the interest expense on all our debt securities in the calculation assuming that the full principal amount of such debt securities would be characterized as debt and borrowing costs would be characterized as interest expense in our financial statements.

These earnings coverage ratios reflect historical earnings adjusted for the net impact of interest on the Debentures, as noted. The earnings coverage ratios herein have been determined on the assumption that the net proceeds of the Offering (calculated by deducting from the gross proceeds of the Offering, the Underwriters’ fee and the estimated expenses of the Offering but before any exercise of the Over-Allotment Option) are all applied to repay indebtedness under the Operating Facility.

The pro forma earnings coverage set forth above: (i) has been prepared in accordance with Canadian disclosure requirements using financial information that was prepared in accordance with IFRS; (ii) give effect to the issuance of the Debentures under this Prospectus Supplement as of the beginning of the applicable period; (iii) assume there are no additional earnings derived from the use of the net proceeds of the Offering; and (iv) do not purport to be indicative of earnings coverage ratios for any future periods.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at March 31, 2018 both before and after giving effect to the Offering:

<u>Designation</u>	<u>Authorized</u>	<u>As at March 31, 2018 before giving effect to the Offering</u>	<u>As at March 31, 2018 after giving effect to the Offering</u>
Operating Facility ⁽¹⁾	\$210,000,000	\$142,818,000	\$114,268,000 ⁽⁵⁾
5.25% Debentures ⁽³⁾	\$34,500,000	\$32,500,000	\$32,500,000
6.25% Debentures ⁽³⁾	\$34,500,000	\$31,766,000	\$31,766,000
5.50% Debentures ⁽³⁾	\$40,250,000	\$40,250,000	\$40,250,000
5.30% Debentures ⁽³⁾	\$25,300,000	\$25,300,000	\$25,300,000
Debentures ⁽²⁾⁽³⁾	\$34,500,000	–	\$30,000,000
Shares ⁽⁴⁾	Unlimited	\$375,167,000 (35,757,773 Shares)	\$375,167,000 (35,757,773 Shares)

Notes:

- (1) We have an Operating Facility with Canadian chartered banks with a total maximum financing capacity of \$210,000,000. At any time during the term, we have the one-time right to increase the operating facility by up to \$30 million (such that the total maximum availability would be \$240,000,000). The Operating Facility is for a term ending January 11, 2020. The amount which may be drawn under the Operating Facility is limited to the lesser of: (i) \$210,000,000; and (ii) 50% of the value of our qualified first mortgages. We may repay amounts owing under the Operating Facility at any time without penalty and, in the event the amount owing under the Operating Facility exceeds the maximum lending value therein at any time, we must repay the excess within five banking days.

Advances under the Operating Facility are subject to certain conditions of drawdown, and may be made by way of Canadian prime rate loans, overdraft, bankers acceptances or letters of credit. All outstanding amounts under the Operating Facility must be repaid by the earlier of January 11, 2020 and the occurrence of an event of default under the Operating Facility. The Operating Facility is typically renewed annually for a two year period. The interest rates payable by us under the Operating Facility vary based upon the type of borrowing. The Operating Facility is secured by a general security agreement over all of our assets and a pledge of our mortgage portfolio and contains certain financial covenants that must be maintained. The financial covenants contained in the Operating Facility require that we maintain our Shareholder equity in excess of \$300,000,000, the amount of all of our debt will not be in excess of 50% of the value of all of our assets as set out in our consolidated statement of financial position, the ratio of our earnings before interest expenses and taxes (and less any non-cash deductions and any actual loan loss in excess of balance sheet provisions) for the preceding 12 months to interest expensed for such period not be less than 3:1 and the ratio of our senior debt to the value of all of our assets as set out in our consolidated statement of financial position of not more than 0.35:1. To date, we have always complied with the foregoing covenants. See "Relationship Between the Corporation and Certain Underwriters".

- (2) Before deducting the Underwriter's fee and the expenses for the Offering. Excludes up to \$4,500,000 principal amount of Debentures which may be issued on exercise of the Over-Allotment Option. See "Plan of Distribution".
- (3) Represents the face value of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures, the 5.30% Debentures and the Debentures, respectively, without deducting the fair value of the conversion option (being the equity component of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures, the 5.30% Debentures and the Debentures). In accordance with IFRS, each of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures and the 5.30% Debentures are, and the Debentures will be, included as a liability, net of the fair value of the conversion feature, which is included as equity, and net of issue costs. The equity portion of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures, the 5.30% Debentures and the Debentures is \$398,000, \$153,000, \$512,000, \$260,000 and \$308,000, respectively (net of issue costs or, in the case of the Debentures only, net of estimated issue costs of \$250,000). The portion of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures, the 5.30% Debentures and the Debentures classified as a liability will be accreted by a charge to interest expense over the applicable term.
- (4) As at March 31, 2018, there were 35,951 Shares issuable in connection with vested deferred share units and income deferred share units under our deferred share incentive plan.
- (5) Assumes that the net proceeds of the Offering, after payment of the Underwriters' fee of \$1,200,000 and the expenses of the Offering estimated to be \$250,000 and before any exercise of the Over-Allotment Option, are applied to repay indebtedness under the Operating Facility.

There have been no material changes in our equity or loan capital structure since March 31, 2018, other than: (a) we issued 25,222 Shares on April 12, 2018, 25,261 Shares on May 11, 2018 and 24,465 Shares on June 12, 2018, in each case, under our dividend reinvestment plan; (b) we issued 360,000 Shares on April 9, 2018 upon the exercise of the over-allotment option granted pursuant to our public offering of Shares completed March 28, 2018; (c) we issued 7,092 Shares on May 25, 2018 under our deferred share incentive plan; (d) we issued 3,094 Shares on June 28, 2018 under our employee share purchase plan; and (e) additional net advances (up to the close of business on July 10, 2018) of \$47,694,000 of indebtedness under the Operating Facility (such that, as at the close of business on July 10, 2018, there was \$190,512,000 of indebtedness under the Operating Facility).

DESCRIPTION OF SHARE CAPITAL

Authorized Capital

Our authorized capital consists of an unlimited number of Shares, of which, as at the date hereof, there were 36,202,907 Shares issued and outstanding.

Shares

Holders of Shares are entitled to receive: (i) notice of and to attend and vote at all meetings of our shareholders and each Share has the right to one vote in person or by proxy at all meetings of shareholders of the Corporation; (ii) dividends as and when declared by our Board from time to time out of our moneys properly applicable to the payment of dividends, and the amount per Share of each such dividend is determined by our Board at the time of declaration; and (iii) our remaining property upon our liquidation, dissolution or winding up, or other distribution of our assets among our shareholders by way of repayment of capital, whether voluntary or involuntary.

Restriction on the Business of the Corporation

Our articles of incorporation, as amended, provide that we may not make any investment or conduct any activity that would result in our failing to qualify as a MIC.

Limitation on Ownership

In order to maintain our status as a MIC, our articles of incorporation, as amended, provide that no shareholder may hold at any time, directly or indirectly, either alone or together with a person "related" to the shareholder (within the meaning of the

Tax Act, a “**Related Person**”), more than 25% of any class or series of the issued shares of the Corporation. With the assistance of information provided by our transfer agent and registrar, the Manager will monitor the foregoing limitation on ownership and advise our Board of any potential circumstances in which this limitation may be exceeded.

In the event that, as determined by our Board in its sole discretion, any transaction affecting our shares (each a “**Triggering Transaction**”), if completed, would cause any shareholder(s) (each an “**Automatic Repurchase Shareholder**”), either alone or together with Related Persons, to hold more than 25% of any class or series of our issued shares, that portion of the shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued shares of any class or series of shares (the “**Repurchased Shares**”) will, immediately prior to the completion of a Triggering Transaction, automatically be repurchased and cancelled by us (an “**Automatic Repurchase**”) without any further action by us or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to: (a) if such shares are listed for trading on an exchange or market, the volume weighted average trading price of the particular class or series of shares for the five consecutive trading days ending immediately preceding the date of the Triggering Transaction; or (b) if such shares are not listed for trading on an exchange or market, such price as determined by our Board acting reasonably and in good faith and in consultation with the credit committee (if any) of our Board. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder at the time of the Automatic Repurchase.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures and is subject to, and qualified in its entirety by, reference to the terms of the trust indenture dated June 13, 2017, as supplemented by a first supplemental indenture to be dated as of the Closing Date (collectively, the “**Indenture**”), in each case, between us and AST Trust Company (Canada) (the “**Debenture Trustee**”), as trustee, pursuant to which the Debentures will be created and issued and which shall set forth the terms and conditions relating to the Debentures. This summary does not purport to be complete and for full particulars, reference should be made to the Indenture. When used in this Prospectus Supplement, the following terms have the respective meanings set forth below:

“**Change of Control**” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of an aggregate of 66⅔% or more of the outstanding Shares, or securities convertible into or carrying the right to acquire 66⅔% or more of the Shares;

“**Current Market Price**” means, with respect to us at any date, the price per Share equal to the Weighted Average Price at which the Shares have traded on the TSX, or such other recognized stock exchange or over-the-counter market upon which the Shares are listed from time to time, during a period of 20 consecutive trading days, ending on the fifth trading day preceding such date;

“**Interest Payment Date**” means, in respect of the Debentures, the last day of June and December in each year while the Debentures are outstanding (or the immediately following business day if any such date would not otherwise be a business day), commencing on December 31, 2018; and

“**Weighted Average Price**” means, with respect to the Shares, for any period, the amount obtained by dividing the aggregate sale price of all Shares sold on the TSX or such other recognized stock exchange or over-the-counter market upon which the Shares are listed from time to time by the total number of Shares so sold.

Debentures, Interest Rate and Maturity

The Debentures will be issued under and governed by the Indenture and will be in the aggregate principal amount of \$30,000,000 (plus up to an additional \$4,500,000 aggregate principal amount of Debentures which may be issued upon exercise of the Over-Allotment Option). We may, from time to time, without the consent of the holders of the Debentures, issue additional debentures of the same series or of a different series under the Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the closing of the Offering and will mature on December 31, 2025. The Debentures are repayable in full on the Maturity Date, subject to the prior redemption thereof. The Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof. There will be 30,000 Debentures issued, subject to up to an additional 4,500 Debentures being issued pursuant to the exercise of the Over-Allotment Option. At the closing of the Offering, the Debentures will be available for delivery in book-entry form only, subject to certain exceptions, through the facilities of CDS. Subject to certain exceptions, holders of beneficial interests in Debentures will not have the right to receive physical certificates evidencing their ownership of Debentures. See “Book-Entry, Delivery and Form”. No fractional Debentures will be issued.

The Debentures will bear interest from and including the date of issue at 5.50% per annum. Interest is payable semi-annually, in arrears, on the last day of June and December in each year (or the immediately following business day if any interest payment date would not otherwise be a business day), commencing on December 31, 2018. The first interest payment will include interest accrued from, and including, the Closing Date to, but excluding, December 31, 2018.

The principal amount of the Debentures will be payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by delivery of Shares as further described under “Payment upon Redemption or Maturity” and “Redemption and Purchase”. The interest on the Debentures will be payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by delivery of Shares to the Debenture Trustee to sell for cash proceeds to satisfy the interest in accordance with the Indenture as described under “Share Interest Payment Election”.

The Debentures will be direct obligations of the Corporation and will not be secured by any mortgage, pledge, hypothecation or other charge and will be subordinated to our other liabilities as described under “Subordination”. The Indenture does not and will not restrict us from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging our properties to secure any indebtedness.

Conversion Privilege

Each Debenture will be convertible into fully paid and non-assessable Shares, at the option of the holder, at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date and, if called for redemption, the business day immediately preceding the date fixed for redemption of the Debentures, at the Conversion Price, subject to adjustment upon the occurrence of certain events as described in the Indenture. No adjustment will be made for dividends or other distributions on Shares issuable upon conversion; however, holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the last Interest Payment Date thereon (or the date of issuance of the Debentures if no interest has yet been paid by us): (a) in the event that regular dividends on the Shares have not been suspended, to, and including, the last record date set by us for determining Shareholders entitled to receive a dividend on the Shares occurring prior to the date of conversion; or (b) in the event that regular dividends on the Shares have been suspended, to, but excluding, the date of conversion, and such holders shall become holders of record of Shares on the business day immediately after the date of conversion. Notwithstanding the foregoing, no Debenture may be converted on an Interest Payment Date that is not the same day as the Maturity Date or during the five business days preceding any such Interest Payment Date. Holders of Debentures surrendered for conversion on an Interest Payment Date or during the five preceding business days shall not become the holders of record of Shares until the business day following such Interest Payment Date.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price upon the occurrence of certain events, including: (a) the subdivision or consolidation of the outstanding Shares; (b) the distribution of Shares to holders of Shares by way of distribution or otherwise other than an issue of securities to holders of Shares who have elected to receive dividends or other distributions in securities of the Corporation in lieu of receiving cash dividends or other distributions paid in the ordinary course; (c) the issuance of options, rights or warrants to holders of Shares entitling them to acquire Shares or securities convertible into Shares at less than 95% of the then Current Market Price; and (d) the distribution to all holders of Shares of any securities or assets (other than Shares, cash dividends or other distributions and equivalent distributions in securities paid in lieu of cash dividends or other distributions in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in the foregoing (b), (c) or (d) if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. We will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, we will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when determining subsequent adjustments.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of our properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive the number of Shares or other securities, cash or other property on the exercise of the conversion right that such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Shares will be issued on any conversion but in lieu thereof we shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Redemption and Purchase

Other than as noted below, in the event of the satisfaction of certain conditions after a Change of Control, the Debentures will not be redeemable prior to December 31, 2021. On and after December 31, 2021, but prior to December 31, 2023, the Debentures will be redeemable, in whole or in part, from time to time at our sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after December 31, 2023 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at our sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or, subject to any required consent of the TSX or such other recognized stock exchange upon which the Shares are listed, in such other manner as the Debenture Trustee deems equitable.

Provided that no Event of Default has occurred and is continuing, we will have the right to purchase Debentures in the market, by tender or by private contract, subject to compliance with all applicable laws and regulatory requirements and any necessary regulatory or other approvals. All Debentures so purchased may, at our option, be delivered to the Debenture Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

Payment upon Redemption or Maturity

On redemption or at maturity, we will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount required to repay the principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon to, but excluding, the redemption date or Maturity Date, as the case may be.

We may, at our option, on not more than 60 days' and not less than 40 days' prior written notice and subject to applicable regulatory approval and provided that no Event of Default has occurred and is continuing, elect to satisfy our obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, as the case may be, by issuing and delivering Shares that are freely-tradable in Canada to the holders of the Debentures (the "**Share Payment Option**"). Any accrued and unpaid interest thereon will be paid in cash. The number of Shares to be issued in respect of each Debenture will be determined by dividing \$1,000 by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be. A holder of Debentures shall be treated as a holder of record of Shares immediately after the close of business on the redemption date or the Maturity Date, as the case may be. No fractional Shares will be issued on redemption or maturity but in lieu thereof we shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

We shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Shares, dividend or other distribution on the Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which: (a) the number of securities to be issued; (b) the price at which securities are to be issued, converted or exchanged; or (c) any property or cash that is to be distributed or allocated, is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the exercise or potential exercise of the Share Payment Option; or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Option.

Share Interest Payment Election

We may elect, from time to time, subject to regulatory and/or stock exchange or marketplace approvals and that no Event of Default has occurred and is continuing, to satisfy our obligation to pay all or part of the interest on the Debentures (the "**Interest Obligation**") on the Interest Payment Date: (a) in cash; (b) by delivering sufficient Shares freely tradeable in Canada to the Debenture Trustee in accordance with the Indenture for sale by the Debenture Trustee (the "**Share Interest Payment Election**"), in which event holders of Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Shares by the Debenture Trustee; or (c) any combination of the foregoing (a) and (b). The Indenture will provide that, upon such election, the Debenture Trustee (directly or indirectly) shall: (i) accept delivery of the Shares from us; (ii) accept bids with respect to, and deliver for settlement, such Shares, each as we shall direct in our absolute discretion, through the investment banks, brokers or dealers identified by us in the notice to elect to satisfy all or any part of the Interest Obligation by delivering Shares to the Debenture Trustee; (iii) invest the proceeds of such sales on our direction in permitted short-term Canadian government obligations (as defined in the Indenture) which mature prior to

the applicable Interest Payment Date, and use the proceeds received from such permitted government obligations, together with any proceeds from the sale of Shares not invested as aforesaid, to satisfy the Interest Obligation; and (iv) subject to our prior consent, perform any other action necessarily incidental thereto.

The Indenture sets forth the procedures to be followed by us and the Debenture Trustee in order to effect the Share Interest Payment Election. If a Share Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Shares (plus any cash amount received by the Debenture Trustee from us attributable to any fractional Shares) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to us in respect of the Interest Obligation.

Neither our making of the Share Interest Payment Election nor the consummation of sales of Shares will: (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in the aggregate amount equal to the interest payable on such Interest Payment Date; or (b) entitle such holders to receive any Shares in satisfaction of the Interest Obligation.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as hereinafter defined) and indebtedness to trade creditors of the Corporation, including indebtedness under our present and future bank credit facilities and any other secured creditors. “**Senior Indebtedness**” will be defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Corporation (whether outstanding as at the date of the Indenture or thereafter incurred) other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each Debenture issued under the Indenture will rank *pari passu* with each other debenture issued under the Indenture (including other Debentures) and with all other present and future subordinated and unsecured indebtedness of the Corporation (including the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures and the 5.30% Debentures) except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The Debentures will not limit our ability to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging our properties to secure any indebtedness.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to us, or to our property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness, including any indebtedness to trade creditors, will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that we will not make any payment, and the holders of the Debentures will not be entitled to demand, accelerate, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts, realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures: (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures; (b) at any time when a default or an event of default has occurred under any Senior Indebtedness and is continuing and the notice of such default or event of default has been given by or on behalf of the holders of Senior Indebtedness to us, unless the Senior Indebtedness has been repaid in full; or (c) if the making of the payment on account of the indebtedness represented in the Debentures would create, by the giving of notice or the lapse of time, an event of default under the Senior Indebtedness unless the Senior Indebtedness that would be in default has been repaid in full.

As at the date hereof, we are a borrower under the Operating Facility. See “Consolidated Capitalization”. The Debentures will be subordinated and postponed in right of payment to the prior payment in full of all indebtedness under the Operating Facility.

Change of Control of the Corporation

Within 30 days following the occurrence of a Change of Control, we shall make an offer in writing to the holders of Debentures to, at the holder’s election, purchase the Debentures then outstanding (the “**Debenture Offer**”) at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest (the “**Debenture Offer Price**”).

The Indenture contains notification and repurchase provisions requiring that we give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each holder of Debentures a written notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to us pursuant to the Debenture Offer, we will have the right and obligation to redeem all the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by us to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

Events of Default

The Indenture will provide that an “**Event of Default**” in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 10 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws as described in the Indenture; (d) default in the observance or performance of any material covenant or condition of the Indenture by us and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to us specifying such default and requiring we rectify the same; or (e) if a resolution is passed for the winding-up or liquidation of the Corporation except as permitted under the Indenture.

If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe, provided that no act or omission either of the Debenture Trustee or of the holders of Debentures will extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a “take-over bid” for the Debentures within the meaning of National Instrument 62-104 – *Take-over Bids and Issuer Bids* and the *Securities Act* (Ontario) and, within the time provided in the offer or within 120 days after the date the offer is made, not less than 90% of the outstanding principal amount of the Debentures (other than Debentures beneficially owned or controlled at the date of the take-over bid by or on behalf of the offeror, any associates or affiliates of the offeror or any person acting jointly and in concert with the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by holders of Debentures who did not accept the offer on the same terms offered by the offeror.

Consolidation, Mergers or Sales of Assets

The Indenture will provide that we may not, without the approval of holders of not less than 66⅔% of the principal amount of the Debentures, enter into any transaction or series of transactions whereby all or substantially all of our property or assets would become the property of any other person or entity (the “**Successor**”) whether by way of reorganization, consolidation, amalgamation, merger, liquidation, transfer, sale, lease or otherwise, unless:

- (a) prior to or contemporaneously with the consummation of such transaction, we and the Successor shall have executed such instruments and done such things as, in the opinion of counsel, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the Successor will have assumed all our covenants and obligations under the Indenture in respect of the Debentures;
 - (ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of holders of the Debentures under the Indenture;
 - (iii) in the case of a Successor organized otherwise than under the laws of the Province of Ontario, such Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;

- (iv) the securities of the Successor to be issued upon the conversion, redemption or maturity of the Debentures, if any, will at the time of consummation of such transaction be freely tradeable under applicable Canadian securities laws and listed on the TSX or other recognized stock exchange or marketplace; and
 - (v) the Successor shall have reserved for issuance a sufficient number of securities to satisfy the Successor's obligations to issue such securities under the Indenture;
- (b) such transaction, in the opinion of our Board, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the holders of Debentures under the Indenture; and
- (c) no condition or event shall exist as to the Corporation (at the time of such transaction) or the Successor (immediately after the time of such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due under the Indenture, which constitutes or would constitute an Event of Default.

Upon the assumption of our obligations by such Successor in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the Debentures and the Indenture. Although such transactions are permitted under the Indenture, certain of the foregoing transactions occurring could constitute a Change of Control, which would provide holders of Debentures with the right to require us to repurchase their Debentures at a price equal to 101% of the principal amount of the Debentures plus accrued and unpaid interest thereof, as described above under "Change of Control of the Corporation". An assumption of our obligations under the Debentures and the Indenture by such Successor might be deemed for Canadian federal income tax purposes to be an exchange of the Debentures for new Debentures by the holders thereof, resulting in recognition of gains or losses for such purposes and possibly other adverse tax consequences to the holders. Holders of Debentures should consult their own tax advisors regarding the tax consequences of such an assumption.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions that will make binding on all holders of Debentures resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Debentures then outstanding. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

No Fractional Shares

No fractional Shares will be issued on any conversion, but in lieu thereof, we shall satisfy fractional interests by a cash payment equal to the Current Market Price of each such fractional interest.

Book-Entry, Delivery and Form

Except in certain limited circumstances, the Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). On the closing of the Offering, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Debentures (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the registered dealer from whom Debentures are purchased.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this Prospectus Supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the “**Debenture Certificates**”) only if: (a) they are required to be so issued by applicable law; (b) the book-entry only system ceases to exist; (c) we or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and we are unable to locate a qualified successor; (d) we, at our option, decide to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Owners representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter we will recognize the holders of such Debenture Certificates as debentureholders under the Indenture.

Payments

As long as CDS or its nominee is the registered holder of Debentures, CDS or its nominee will be considered the sole legal owner of such Debentures for the purposes of receiving payments of interest and principal on such Debentures and for all other purposes under the Indenture and such Debentures. Interest payments on Debentures registered in the name of CDS or its nominee will be made by electronic funds transfer or other means acceptable to the Debenture Trustee prior to the day interest is payable and delivered to CDS or its nominee, as the case may be.

We understand that CDS or its nominee, upon receipt of any payment of interest or principal in respect of the Debentures registered to CDS or its nominee, will credit Participants’ accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Debentures as shown in the records of CDS or its nominee. We also understand that payments of interest and principal by Participants to owners of beneficial interest in such Debentures held through such Participants will be governed by standing instructions and customary practices and will be the responsibility of the Participants. Our responsibility and liability in respect of payments on Debentures registered in the name of CDS or its nominee is limited solely and exclusively to making payment of any interest and principal due on such Debentures to CDS or its nominee.

Except in certain limited circumstances, interest paid on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be required to be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Shares, if applicable, and the interest due, at maturity or on a redemption date, will be required to be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Shares, if applicable, and the interest due, at maturity or on a redemption date, will be required to be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

We or the Debenture Trustee will make any withholdings or deductions from all payments on the Debentures in respect of taxes required by law or by the interpretation or administration thereof and will remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

Governing Law

The Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Ontario. We will submit to the non-exclusive jurisdiction of any court of the Province of Ontario for purposes of all legal actions and proceedings instituted in connection with the Indenture and the Debentures.

PLAN OF DISTRIBUTION

Under an agreement (the “**Underwriting Agreement**”) dated July 11, 2018 among us and the Underwriters, we have agreed to sell and the Underwriters have agreed to purchase on the Closing Date, subject to the terms and conditions contained

therein, \$30,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture payable in cash to us against delivery. In connection with the Offering, we have agreed to pay the Underwriters a fee of \$40 per \$1,000 principal amount of Debentures issued by us (or 4.0% of the total gross proceeds of the Offering) for aggregate consideration of \$1,200,000 for their services performed in connection with the Offering, upon completion of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events as follows: (a) any inquiry, investigation or other proceeding is commenced or any order is issued under or pursuant to any statute of Canada or of any province or territory of Canada or otherwise (other than an inquiry, investigation, proceeding or order based upon the activities or alleged activities of the Underwriters), or there is any change of law, or the interpretation or administration thereof, which in the reasonable opinion of the Underwriters operates to prevent or restrict the trading or the distribution of the Debentures or the Shares; (b) there shall occur or be discovered by an Underwriter any material change in the financial condition, assets, liabilities, business, affairs or operations of the Corporation or any change in any material fact contained or referred to in this Prospectus Supplement, the Base Prospectus or any amendment, or there shall exist any material fact which is, or may be, of such a nature as to render the foregoing untrue, false or misleading in a material respect or result in a misrepresentation (other than a change or fact related solely to the Underwriters), which in the reasonable opinion of the Underwriter could be expected to have a material adverse effect on the market price or value of the Debentures or the Shares or the investment qualities or marketability of the Debentures or the Shares; (c) there should be announced, develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which, in the reasonable opinion of the Underwriters, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the United States, or the business, operations or affairs of the Corporation, or the market price or value of the Debentures or the Shares; (d) an order shall have been made by any securities regulatory authority which restricts in any manner the distribution of the Debentures or the Shares or trading in the Debentures or the Shares which remains outstanding for a sufficient length of time such that, in the reasonable opinion of the Underwriters, such order has materially adversely affected or may materially adversely affect the ability of the Underwriters to offer or to continue to offer the Debentures for sale; or (e) there shall occur or have been announced any change or proposed change in the tax laws of Canada or the United States, the regulations thereunder, current administrative decisions or practices or court decisions or any other applicable rules or the interpretation or administration thereof which, in any such case, in the reasonable opinion of the Underwriters could be expected to have a material adverse effect on the market price or value of the Debentures or the Shares.

Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Debentures which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Debentures. The Underwriters are, however, obligated to take up and pay for all the Debentures if any Debentures are purchased under the Underwriting Agreement.

The Offering Price and the terms of the Debentures was determined by negotiation between us and the Underwriters with reference to prevailing market conditions. All fees payable to the Underwriters will be paid on account of services rendered in connection with the Offering and will be paid from the proceeds of the Offering.

We have also granted the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole option and without obligation, in whole or in part, at any time up to 30 days after the Closing Date, to purchase up to an additional \$4,500,000 aggregate principal amount of the Debentures at a price of \$1,000 per Debenture on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters' fee and net proceeds to the Corporation (before payment of the estimated expenses of the Offering) will be \$34,500,000, \$1,380,000 and \$33,120,000, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Debentures under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus Supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "Forward-Looking Statements" and "Risk Factors". The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement under the symbol "AI.DB.D", and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before October 8, 2018.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Debentures ends and all stabilization arrangements relating to the Debentures are terminated, bid for or purchase Debentures or Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Debentures or Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. In connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. If the Underwriters commence any of these transactions, they may discontinue them at any time.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Debentures while the Offering is in progress. These transactions may also include making short sales of the Debentures, which involve the sale by the Underwriters of a greater number of Debentures than they are required to purchase under the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Debentures in the open market. In making this determination, the Underwriters will consider, among other things, the price of Debentures available for purchase in the open market compared to the price at which they may purchase Debentures through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Debentures in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Debentures in the open market that could adversely affect investors who purchase under the Offering. Any naked short position would form part of the Underwriters' over-allocation position.

The Underwriters propose to offer the Debentures initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Debentures offered by this Prospectus Supplement at the Offering Price, the offering price may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the Offering Price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Debentures is less than the gross proceeds paid by the Underwriters to us. Any such reduction to the Offering Price will not affect the proceeds received by us.

The Debentures offered hereby (and the Shares issuable upon the conversion, redemption or at maturity of the Debentures) have not been and will not be registered under the U.S. Securities Act, or any securities or "blue sky" laws of any of the states of the United States. Accordingly, the Debentures may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell, through their United States registered broker-dealer affiliates, the Debentures that they have acquired pursuant to the Underwriting Agreement to certain purchasers in the United States that are "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act in transactions that comply with Rule 144A under the U.S. Securities Act and any applicable state securities laws. In addition, the Underwriting Agreement requires that all offers and sales of the Debentures outside of the United States shall be made in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Debentures sold within the United States (and the Shares issuable upon the conversion, redemption or at maturity of such Debentures) will be restricted securities within the meaning of Rule 144 of the U.S. Securities Act and may only be offered, sold or otherwise transferred, directly or indirectly, pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Debentures offered hereby (or underlying Shares) in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Debentures (or underlying Shares) within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

We have agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities.

We have agreed that, subject to certain stated exceptions set forth in the Underwriting Agreement, we will not, directly or indirectly, without the prior written consent of TD Securities Inc. and RBC Dominion Securities Inc. (after consultation with the Underwriters), on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed, issue, offer, sell, grant any option to purchase or otherwise dispose of (or announce any intention to do so) any additional Debentures, Shares or any securities convertible into or exchangeable for Debentures or Shares, at any time prior to the expiry of 90 days following the closing of the Offering.

Subscriptions for Debentures will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without prior notice. The closing of the Offering will take place on the Closing Date. The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS. See “Description of the Debentures – Book-Entry, Delivery and Form”. Purchasers of Debentures will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. Certificates representing any Debentures sold in the United States will bear a legend to the effect that the securities represented thereby are not and will not be registered under the U.S. Securities Act and may only be offered or sold pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

PRIOR SALES

We have not issued any Debentures, nor any securities convertible into or exchangeable for Debentures, in the twelve month period preceding the date of this Prospectus Supplement.

Other than as set out below, we have not issued any Shares, nor any securities convertible into or exchangeable for Shares, in the twelve month period preceding the date of this Prospectus Supplement.

<u>Date of Issuance or Sale</u>	<u>Number of Shares Issued or Sold</u>	<u>Aggregate Proceeds (\$)</u>
July 12, 2017 ⁽¹⁾	22,332	268,000
August 11, 2017 ⁽¹⁾	22,302	269,000
September 7, 2017 ⁽³⁾	7,830	94,000
September 12, 2017 ⁽¹⁾	23,018	269,000
September 26, 2017 ⁽⁴⁾	2,532,000	30,004,000
September 28, 2017 ⁽⁴⁾	379,800	4,501,000
September 28, 2017 ⁽²⁾	2,748	33,000
October 12, 2017 ⁽¹⁾	23,604	280,000
November 13, 2017 ⁽¹⁾	23,705	285,000
December 12, 2017 ⁽¹⁾	23,614	286,000
December 29, 2017 ⁽²⁾	3,169	40,000
January 12, 2018 ⁽¹⁾	23,346	287,000
February 12, 2018 ⁽¹⁾	31,736	384,000
February 22, 2018 ⁽³⁾	13,131	165,000
February 28, 2018 ⁽¹⁾	11,851	147,000
March 12, 2018 ⁽¹⁾	22,276	279,000
March 28, 2018 ⁽⁵⁾	2,400,000	30,000,000
March 29, 2018 ⁽²⁾	3,294	41,000
April 9, 2018 ⁽⁵⁾	360,000	4,500,000
April 12, 2018 ⁽¹⁾	25,222	306,000
May 11, 2018 ⁽¹⁾	25,261	312,000
May 25, 2018 ⁽³⁾	7,092	91,000
June 12, 2018 ⁽¹⁾	24,465	308,000
June 28, 2018 ⁽²⁾	3,094	40,000
Total:	<u>6,014,890</u>	<u>\$73,189,000</u>

Notes:

- (1) Relates to Shares issued under our dividend reinvestment plan in effect from time to time.
- (2) Relates to Shares issued under our employee share purchase plan in effect from time to time.
- (3) Relates to Shares issued under our deferred share incentive plan in effect from time to time.
- (4) Relates to Shares issued at a price of \$11.85 per Share pursuant to our short form prospectus dated September 18, 2017.
- (5) Relates to Shares issued at a price of \$12.50 per Share pursuant to our prospectus supplement dated March 15, 2018 to the Base Prospectus.

In addition, a total of 61,667 deferred share units have been granted and are outstanding to our directors and officers and a total of 10,280 income deferred share units have been earned and are outstanding, in each case, under our deferred share incentive plan. Upon the vesting of deferred share units under our deferred share incentive plan, we will issue Shares on the basis of one Share for each deferred share unit that has vested (subject to certain rights of certain holders of deferred share units to elect to defer the issuance of Shares to them on vesting). We will also issue Shares on the basis of one Share for each income deferred share unit that has been earned (subject to certain rights of certain holders of deferred share units to elect to defer the issuance of Shares to them on vesting).

TRADING PRICE AND VOLUME

The outstanding Shares, 5.25% Debentures, 6.25% Debentures, 5.50% Debentures and 5.30% Debentures are listed and posted for trading on the TSX under the symbols “AI”, “AI.DB”, “AI.DB.A”, “AI.DB.B” and “AI.DB.C”, respectively. No other securities of the Corporation are listed for trading on any marketplace. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the Shares on the TSX:

<u>Month</u>	<u>High Price (\$)</u>	<u>Low Price (\$)</u>	<u>Volume Traded</u>
July 2017.....	12.50	11.94	603,316
August 2017.....	12.40	12.16	484,645
September 2017	12.38	11.85	1,479,925
October 2017	12.38	11.98	725,233
November 2017	12.48	12.07	602,343
December 2017.....	12.71	12.21	474,145
January 2018.....	12.93	12.31	817,347
February 2018.....	12.72	12.11	700,036
March 2018.....	13.07	12.29	1,360,983
April 2018.....	12.60	12.11	722,350
May 2018	13.00	12.46	771,663
June 2018	12.99	12.57	713,367
July 1 – 10, 2018.....	13.10	12.86	283,760

On July 9, 2018, the last full trading day prior to the announcement of the Offering, the closing price of the outstanding Shares on the TSX was \$12.99. On July 10, 2018, the last full trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding Shares on the TSX was \$12.97. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement under the symbol “AI.DB.D”, and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before October 8, 2018.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fogler, Rubinoff LLP, counsel to the Corporation, and McCarthy Tétrault LLP, counsel to the Underwriters (collectively, “**Counsel**”), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder who acquires Debentures pursuant to the Offering. This summary is only applicable to such a holder who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length with and is not affiliated with the Corporation, holds any Debentures and will hold any Shares issuable upon the conversion, redemption or maturity of such Debentures (collectively, the “**Securities**”) as capital property (a “**Holder**”). Generally, Debentures and Shares issuable upon the conversion, redemption or maturity of such Debentures will be considered to be capital property to a Holder provided the Holder does not hold the Debentures, and will not hold the Shares, in the course of carrying on a business of trading or dealing in securities and has not acquired the Debentures and will not acquire the Shares in one or more transactions considered to be an adventure in the nature of trade.

Certain Holders who might not otherwise be considered to hold their Debentures and Shares as capital property may, in certain circumstances, be entitled to have the Debentures and Shares, and all other “Canadian securities” (as defined in the Tax Act) owned or subsequently acquired by such Holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors as to whether such election is available and advisable, having regard to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) an interest in which is or would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; (iv) who reports its Canadian tax results in a “functional

currency” (which excludes Canadian dollars); or (v) that enters into a “derivative forward agreement” or a “synthetic disposition arrangement” in respect of the Debentures or Shares, as defined in the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in the Securities. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Debentures.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), taking into account all proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Tax Proposals**”), and Counsel’s understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”) published in writing by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not otherwise take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, or in the administrative practices or assessing policies of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax laws or considerations, which may differ significantly from the tax considerations described herein. **The income and other tax consequences of acquiring, holding or disposing of Securities will vary depending on the particular circumstances of the holder thereof, including any province or territory in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to the Offering, including acquiring Shares issuable upon conversion, redemption or maturity of the Debentures, having regard to their particular circumstances.**

Qualification as a MIC

The Corporation intends to qualify as a MIC throughout its current taxation year and for all of its future taxation years. This summary assumes that the Corporation will qualify as a MIC at all times. The tax treatment to a Holder would be materially different than as described in this summary in the event that the Corporation does not qualify as a MIC. Counsel expresses no opinion as to the status of the Corporation as a MIC.

The Tax Act imposes certain requirements in order for a corporation to qualify as a MIC in a taxation year. These requirements will be satisfied by the Corporation generally if, throughout the taxation year: (i) the Corporation was a Canadian corporation for the purposes of the Tax Act; (ii) the Corporation’s only undertaking is the investing of its funds and it did not manage or develop real or immovable property; (iii) none of the Corporation’s property consisted of specified types of foreign property; (iv) the Corporation had at all times at least 20 Shareholders; (v) no Shareholder (together with Related Persons, see below) held directly or indirectly more than 25% of any class of the issued shares of the Corporation; (vi) certain dividend rights attach to preferred shares of the Corporation, if any; (vii) the cost amount to the Corporation of certain residential mortgages, deposits and money was at least 50% of the cost amount to it of all of its property; (viii) not more than 25% of the cost amount to the Corporation of its property was attributable to real or immovable property or leasehold interests therein; and (ix) in circumstances where at any time in the year the cost amount to the Corporation of its money and certain of its residential mortgages and deposits (such residential mortgages and deposits referred to herein as “**Required Property**”) represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 75% of its assets (at cost amount). Where, however, throughout the year the cost amount to the Corporation of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 83.33% of its assets (at cost amount).

For these purposes, “**Related Persons**” (as referred to above) include a corporation and the person or persons that control the corporation, a parent corporation and its subsidiary corporation(s) and corporations that are part of the same corporate group, and an individual and that individual’s spouse, common-law partner or child under 18 years of age. The rules in the Tax Act defining “related persons” are complex and holders should consult with their own tax advisors in this regard.

For the purposes of the 50% asset test noted above, the requirement is that our investments must comprise the specified minimum amount of debts that are secured by mortgages, hypothecs or in any other manner, on “houses” or on property included within a “housing project”, as those terms are defined in the *National Housing Act* (Canada) (in the case of a “housing project”, as it read on June 16, 1999). Generally, a “house” includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing units, and “housing project” includes all or part of a building or movable structure intended for human habitation, any property intended to be improved, converted or

developed to provide housing accommodation, or property associated with housing accommodation such as parking, public and recreational facilities, but does not include a hotel.

Taxation of the Corporation

The Corporation is a “public corporation” for purposes of the Tax Act and as such is subject to tax at the full corporate rate on its taxable income. However, as long as the Corporation is a MIC, generally the Corporation is able to deduct in computing its income for a taxation year the amount of its income for that year that is distributed to its Shareholders as dividends. As long as the Corporation is a MIC, the Corporation is entitled to deduct in computing its income for a taxation year: (i) all taxable dividends, other than capital gains dividends, paid by the Corporation to its Shareholders during the year (to the extent not deductible in computing the Corporation’s income for the previous year) or within 90 days after the end of the year; and (ii) one-half of all capital gains dividends paid by the Corporation to its Shareholders during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Corporation must elect to have the full amount of a dividend qualify as a capital gains dividend. The payment of capital gains dividends will allow the Corporation to flow capital gains it realizes through to its Shareholders.

The Corporation intends to pay dividends to the extent necessary to reduce its taxable income each year to nil so that it has no tax payable under Part I of the Tax Act and to elect to have dividends be capital gains dividends to the maximum extent allowable.

Taxation of Holders of Debentures

Interest on Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest (including amounts considered to be interest) on the Debentures that accrues or is deemed to accrue to it to the end of the particular taxation year (or if the Holder disposes of the Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable, or is received, by the Holder before the end of that taxation year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest (including amounts considered to be interest) was included in computing the Holder’s income for a preceding taxation year.

Any other Holder of Debentures, including an individual, will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a conversion, redemption or repayment on maturity, except to the extent that the interest was included in the Holder’s income for a preceding taxation year. In addition, if at any time a Debenture should become an “investment contract”, as defined in the Tax Act, in relation to a Holder of Debentures, such Holder will be required to include in computing the Holder’s income for a taxation year all interest (including amounts considered to be interest) (not otherwise required to be included in income) that accrues or is deemed to accrue on the Holder’s Debentures to the end of any “anniversary day”, as defined in the Tax Act, in that year to the extent such interest was not otherwise included in the Holder’s income for that year or a preceding year.

The fair market value of any premium paid by the Corporation to a Holder of Debentures upon a repayment of Debentures before maturity (as a result of a Debenture Offer made in connection with a Change of Control or otherwise), whether such premium is paid in cash or in Shares, will generally be deemed to be interest received at that time by such Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of payment of the interest that, but for the repayment, would have been paid or payable by the Corporation on the Debentures for taxation years of the Corporation ending after the date of such repayment.

As described above under the heading “Description of the Debentures – Share Interest Payment Election”, the Corporation may elect to pay interest by issuing Shares to the Debenture Trustee for sale, in which event a Holder would be entitled to a cash payment equal to the interest owed to the Holder from the proceeds of sale of such Shares by the Debenture Trustee. If the Corporation were to pay interest in this manner, the Canadian federal income tax consequences to a Holder would not differ from those described above.

Exercise of Conversion Privilege

Generally, the conversion of a Debenture into only Shares plus any cash in lieu of a fraction of a Share (as described below) pursuant to the Holder’s right of conversion will generally be deemed not to constitute a disposition of the Debenture pursuant to the Tax Act and, accordingly, the Holder will not realize a capital gain or capital loss on such conversion. The

Corporation does not currently have a rights plan and the previous statement assumes that there is no rights plan in existence at the time of conversion.

A Holder's aggregate cost of the Shares acquired on conversion of the Debentures pursuant to a Holder's right of conversion where the Holder receives only Shares (plus cash in lieu of a fraction of a Share) will be equal to the adjusted cost base of the Debentures converted, subject to the discussion below regarding cash in lieu of a fraction of a Share. The adjusted cost base of such Shares will be averaged with the adjusted cost base of all other Shares held as capital property immediately before the time of conversion by the Holder for the purpose of calculating the adjusted cost base of such Shares.

Under the current administrative practice of the CRA, a Holder of Debentures who, upon conversion of the Debentures where the Holder receives only Shares (plus cash in lieu of a fraction of a Share), receives cash not in excess of \$200 in lieu of a fraction of a Share may either treat this amount as proceeds of disposition of a portion of the Debentures thereby realizing a capital gain or capital loss, as discussed below under the heading "Dispositions of Debentures", or alternatively may reduce the adjusted cost base of the Shares that the Holder acquires on the conversion by the amount of cash received.

Redemption or Repayment of Debentures

If the Corporation redeems a Debenture prior to maturity or repays a Debenture upon maturity and the Holder of such Debenture does not exercise the conversion privilege prior to such redemption or repayment, the Holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Holder (other than the amount received or deemed to be received on account of interest) on such redemption or repayment. If the Holder receives Shares on redemption or repayment, the Holder will be considered to have realized proceeds of disposition equal to the aggregate of the fair market value of the Shares so received and the amount of any cash received in lieu of fractional Shares. The Holder may realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Holder of the Shares so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Shares held as capital property immediately before the time of redemption or repayment, as applicable, by the Holder for the purpose of calculating the adjusted cost base of such Shares.

Dispositions of Debentures

A disposition or deemed disposition of a Debenture by a Holder (including a redemption, payment on maturity or purchase for cancellation but not including the conversion of a Debenture into Shares pursuant to the Holder's right of conversion as described above) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (computed as described below), net of any reasonable costs of disposition, exceed (or are exceeded by) the Holder's adjusted cost base thereof. Any such capital gain or capital loss will be treated, for tax purposes, in the same manner as capital gains and capital losses arising from a disposition of Shares, which treatment is discussed below under "Taxation of Shareholders – Dispositions of Shares".

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder's income, except to the extent such amount was otherwise included in the Holder's income, and will be excluded in computing the Holder's proceeds of disposition of the Debenture.

Alternative Minimum Tax

In general terms, a capital gain realized by a Holder who is an individual or trust (other than certain specified trusts) may increase a Holder's liability for alternative minimum tax.

Refundable Tax on Certain Corporations

A "Canadian-controlled private corporation" (as defined in the Tax Act) that disposes of Debentures may be liable to pay an additional tax, a portion of which is refundable, on certain investment income for the year, including amounts in respect of interest and taxable capital gains.

Taxation of Shareholders

Corporate Dividends

Capital gains dividends received by a Holder (whether paid in cash or reinvested in Shares) will be treated as a capital gain of the Holder from a disposition in the year of capital property for the year in which the dividend is received. See below under the subheading "Dispositions of Shares" for a description of the tax treatment of capital gains.

Taxable dividends, other than capital gains dividends, received by a Holder of Shares (whether paid in cash or reinvested in Shares) must be included in the Holder's income as interest payable on a bond issued by the Corporation. The amount of a dividend reinvested in additional Shares will be the cost amount of such Shares.

The provisions of the Tax Act providing for interest accrual, the gross-up and dividend tax credit in respect of taxable dividends received by individuals from taxable Canadian corporations, and for the deduction generally available to corporations for inter-corporate dividends received, will not apply in respect of taxable dividends on the Shares. Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of taxable dividends on the Shares by a corporate Holder.

Dispositions of Shares

On the disposition or deemed disposition of a Share by a Holder, the Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such Share, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Share to the Holder. A Holder's proceeds of disposition will not include an amount payable by the Corporation on the Share that is otherwise required to be included in the Holder's income.

For the purpose of determining the adjusted cost base to a Holder of Shares, when a Share is acquired, the cost of the newly-acquired Share will be averaged with the adjusted cost base of all of the Shares owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Share to a Holder will be the cost to the Holder for the Share, with certain adjustments. The cost to a Holder of Shares received on the conversion of Debentures or on the redemption or repayment of Debentures will be as described above.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in computing such Holder's income for that year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from any taxable capital gains realized by the Holder in the year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such years, subject to and in accordance with the provisions of the Tax Act.

On an acquisition of Shares by the Corporation, the Holder generally will be deemed to have received, and the Corporation will be deemed to have paid, a dividend in an amount equal to the amount by which the price paid by the Corporation exceeds the paid up capital of the purchased Shares. This deemed dividend will be treated in the same manner as other dividends received by the Holder from the Corporation, and will depend on whether the Corporation elects that the entire dividend be a capital gains dividend (to the extent the Corporation has realized sufficient capital gains in the year). The balance of the purchase price, if any, will constitute proceeds of disposition of the Shares for purposes of the capital gains rules, as described above.

Alternative Minimum Tax

In general terms, net income of the Corporation, paid or payable, or deemed to be paid or payable, to a Holder of Shares who is an individual or trust (other than certain specified trusts), and that is designated as capital gains dividends, and capital gains realized on the disposition of Shares may increase the Holder's liability for alternative minimum tax.

Refundable Tax on Certain Corporations

A "Canadian-controlled private corporation" (as defined in the Tax Act) that disposes of Shares may be liable to pay an additional tax, a portion of which is refundable, on certain investment income for the year, including amounts in respect of dividends included in income as interest, as described above, and taxable capital gains.

Taxation of Registered Plans

Dividends or interest received or receivable by a Plan on Debentures or Shares, as applicable, that are a qualified investment for such a Plan will be exempt from income tax in the Plan, as will capital gains realized by the Plan on the disposition of such Debentures or Shares. Withdrawals from Plans, other than a TFSA, RDSP and RESP in some cases, are generally subject to tax under the Tax Act.

Tax Implications of our Dividend Policy

The market value of a Share may be attributable in part to income and capital gains that have been earned by us, but which have not yet been realized and/or paid out as a dividend. If a Holder acquires Shares before a dividend record date, the Holder will be taxed on the full amount of any such dividend that is received by the Holder. As we have adopted a dividend policy of paying equal monthly distributions to Shareholders of record on the last business day of each month, a Holder who acquires a Share late in the month but prior to the dividend record date will pay tax on the entire dividend, which will generally reflect the income and/or capital gains earned by us throughout the month up to the record date, although the Holder will have only recently acquired Shares.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

TD Securities Inc. and National Bank Financial Inc., both Underwriters, are, directly or indirectly, subsidiaries of Canadian chartered banks which, together with two additional chartered banks, are lenders to us (collectively, the “**Banks**”) and to which we are currently indebted under the terms of the Operating Facility. We and the Banks entered into a third amended and restated revolving operating facility credit agreement made as of July 3, 2014 governing the Operating Facility, which had an initial total maximum financing capacity of \$80,000,000, which agreement was amended on July 30, 2014 in order to provide for a previous bulge facility that has since been cancelled, further amended on September 4, 2014 in order to provide for an additional previous bulge facility that has since been cancelled, further amended on October 6, 2014 in order to increase the total maximum financing capacity under the Operating Facility to \$100,000,000 and to extend the maturity date of the Operating Facility to October 9, 2016, further amended on June 29, 2015 in order to provide for an additional previous bulge facility that has since been cancelled, further amended on September 25, 2015 in order to increase the total maximum financing capacity under the Operating Facility to \$130,000,000 and to extend the maturity date of the Operating Facility to October 9, 2017, further amended on June 27, 2016 in order to increase the total maximum financing capacity under the Operating Facility to \$160,000,000 and to add an additional lender under the Operating Facility, further amended on January 12, 2017 in order to increase the total maximum financing capacity under the Operating Facility to \$180,000,000 and to extend the maturity date of the Operating Facility to January 11, 2019 and further amended on November 28, 2017 in order to increase the total maximum financing capacity under the Operating Facility to \$210,000,000, to add an additional lender under the Operating Facility, to extend the maturity date of the Operating Facility to January 11, 2020 and to provide for the one-time right to increase the operating facility by up to \$30,000,000. The net proceeds of the Offering will be used to repay any outstanding amounts owing under the Operating Facility.

The Operating Facility is secured by a general security agreement over all of our assets and a pledge of our mortgage portfolio and contains certain financial covenants that must be maintained. The Manager’s wholly-owned subsidiary, Canadian Mortgage Servicing Corporation (“**CMSC**”), has also guaranteed the Operating Facility with any recourse to CMSC limited to our mortgage portfolio being serviced and administered by CMSC. See “**Consolidated Capitalization**”. As at March 31, 2018 and July 10, 2018, we were indebted to the Banks in respect of the Operating Facility in the aggregate amount of \$142,818,000 and \$190,512,000, respectively.

We will use the net proceeds of the Offering to reduce our indebtedness to the Banks under the Operating Facility by up to approximately \$28,550,000 (up to approximately \$32,870,000 if the Over-Allotment Option is exercised in full). See “**Use of Proceeds**”. Consequently, we may be considered to be a connected issuer of TD Securities Inc. and National Bank Financial Inc. under applicable Canadian securities legislation. As at the date of this Prospectus Supplement, the Corporation is in compliance with the terms of the Operating Facility and no breach of the Operating Facility has been waived by the Banks. Since the date that the Operating Facility was established, the value of our mortgage portfolio has increased from \$40,200,000 to \$655,573,000 as at March 31, 2018. The decision to distribute the Debentures and the determination of the terms of distribution of the Debentures, including the Offering Price, were made through negotiations between us and the Underwriters with reference to prevailing market conditions. The Banks did not have any involvement in such decision or determination, however, the Banks have been advised of the Offering and the terms thereof. None of the Underwriters, including TD Securities Inc. and National Bank Financial Inc., will receive any benefit from the Offering other than its respective portion of the Underwriters’ fee payable by us. The Banks will receive the net proceeds from the Offering from us as a repayment of outstanding indebtedness under the Operating Facility, and such amount so received by the Banks will then be available to be drawn by us under the Operating Facility, as required, for general corporate purposes, particularly funding future mortgage loans.

RISK FACTORS

Before making an investment decision, prospective purchasers of Debentures should carefully consider the information described in this Prospectus Supplement, the Base Prospectus and the documents incorporated by reference herein and therein. There are certain risks inherent in an investment in Debentures (and the Shares underlying the

Debentures) and in our business and activities, and prospective purchasers should carefully consider those risks described under “Forward-Looking Statements” and the risks described below before investing in the Debentures. Readers are cautioned that such risk factors are not exhaustive. Our business, financial condition and results of operations could be materially adversely affected by any of these risks and past performance is no guarantee of future performance.

The risks and uncertainties set out below and incorporated by reference herein are not the only ones we are facing. Additional risks and uncertainties not currently known to us, or that we currently deem immaterial, may also impair our operations. If any of these risks actually occur, our business, financial condition and operating results could be adversely affected. As a result, the trading price of the Debentures or Shares could decline and investors could lose part or all of their investment.

Risks Relating to our Business

A prospective purchaser of Debentures should carefully consider the risk factors described under the heading “Risk Factors – Risks Relating to our Business” in the Current AIF and under the heading “Risks and uncertainties” in the Current MD&A. These risks include: (i) the nature of our investments; (ii) our sensitivity to interest rates; (iii) changes in real estate values; (iv) risks related to mortgage defaults; (v) foreclosure and related costs; (vi) our reliance on our Manager; (vii) environmental matters; (viii) availability of investments; (ix) potential conflicts of interest; (x) borrowing risks; (xi) limited sources of borrowing; (xii) replacement or renewal of mortgages comprising our mortgage portfolio; (xiii) composition of our mortgage portfolio; (xiv) subordinated and subsequent debt financing; (xv) reliance on borrowers; (xvi) no guarantees or insurance; (xvii) litigation risks; (xviii) ability to manage growth; (xix) changes in legislation; (xx) cyber risk; and (xxi) qualification as a MIC.

Risks Relating to our Shares

A prospective purchaser of Debentures (including the Shares which may be issued on the conversion, redemption or repayment of the Debentures) should carefully consider the risk factors described under the heading “Risk Factors – Risks Relating to our Common Shares” in the Current AIF and under the heading “Risks and uncertainties” in the Current MD&A. These risks include: (i) the unpredictability and volatility of the market price of our Shares; (ii) our dividends; (iii) potential dilution; (iv) limitations on the ownership and repurchases of our Shares; and (v) tax amendments.

Risks Relating to the Debentures

Market for the Debentures and Trading Prices of the Debentures

The Debentures constitute a new issue of securities of the Corporation. There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus Supplement. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected.

The market price of the Debentures will be based on a number of factors, including but not limited to: (i) the prevailing interest rates being paid by companies similar to us; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) our financial condition, results of operation and prospects; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price, dividend policy and volatility of the Shares; (viii) changes in the industry in which we operate and competition affecting us; and (ix) general market and economic conditions. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial health and creditworthiness, and be subordinate to all of our existing and future Senior Indebtedness.

Redemption Prior to Maturity

Other than as set forth below, the Debentures will not be redeemable before December 31, 2021. On and after December 31, 2021, but prior to December 31, 2023, the Debentures will be redeemable, in whole or in part, from time to time at our sole option on not more than 60 days’ and not less than 30 days’ prior notice, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to, but excluding, the date of redemption, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after

December 31, 2023 but prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at our sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Debentures, plus all accrued and unpaid interest up to, but excluding, the date of redemption. Holders of Debentures should assume that this redemption option will be exercised if we are able to refinance at a lower interest rate or it is otherwise in our interests to redeem the Debentures. Our ability to redeem the Debentures may be limited by law, by the Indenture, by the terms of other existing or future agreements relating to our Operating Facility or other credit facilities and other indebtedness and agreements that we may enter into in the future which may replace, supplement or amend our future debt.

Non-Cash Payments and Dilutive Effects on Shareholders

We may determine to repay all or a portion of outstanding principal amounts on the Debentures that are to be redeemed or that are to mature, as the case may be, by issuing additional Shares. Accordingly, Shareholders may suffer dilution and holders of Debentures may receive Shares instead of cash upon redemption or maturity, as the case may be, of the Debentures at our sole option.

Change of Control

Within 30 days following the occurrence of a Change of Control (see "Description of the Debentures – Change of Control of the Corporation"), we shall make an offer in writing to purchase the Debentures then outstanding, in whole or in part, at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest. We cannot assure holders of Debentures that, if required, we would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. Our ability to purchase the Debentures in such an event may be limited by law, by the Indenture, by the terms of other existing or future agreements relating to our Operating Facility or other credit facilities and other indebtedness and agreements that we may enter into in the future which may replace, supplement or amend our future debt. Our future credit agreements or other agreements may contain provisions that could prohibit the purchase by us of the Debentures without the consent of the lenders or other parties thereunder. If our obligation to offer to purchase the Debentures arises at a time when we are prohibited from purchasing or redeeming the Debentures under another agreement, we could seek the consent of lenders or other parties under such agreement to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If we do not obtain consent or refinance these borrowings, we could not purchase the Debentures on a Change of Control without breaching such agreement. Our failure to purchase the Debentures would constitute an event of default under the Indenture, which might constitute a default under the terms of our other indebtedness at that time. We cannot assure holders of Debentures that we would have the financial resources or otherwise be able to arrange financing to pay the amounts that may become due if we are required to purchase the Debentures for cash under the circumstances described above.

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture may: (i) become convertible into the securities, cash or property receivable by a holder of Shares based on the number of Shares into which the Debenture was convertible immediately prior to the transaction; or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures. For example, if we were acquired in a cash transaction, each Debenture would become convertible ultimately only into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors. See "Description of Debentures – Conversion Privilege".

Absence of Covenant Protection

The Indenture will not restrict us from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging our real or personal property or properties to secure any indebtedness or other financing or from making distributions except in respect of cash distributions where an Event of Default caused by the failure to pay interest on the Debentures when due has occurred and such default has not been cured or waived. The Indenture will not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation.

Prior Ranking Indebtedness

The Debentures will be direct, unsecured obligations of the Corporation and will rank equally with one another and, except as prescribed by law, will rank equally with all other unsecured indebtedness of the Corporation (including the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures and the 5.30% Debentures). The payment of the principal and

premium, if any, of, and interest on, the Debentures will be subordinate in right of payment, as set forth in the Indenture, to the prior payment in full of all our existing and future Senior Indebtedness.

Since the Debentures are unsecured obligations of the Corporation, they are effectively subordinate to all of our existing and future Senior Indebtedness to the extent of the value of the assets securing such indebtedness. Therefore, in the event of our insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, our assets will be available to pay our obligations with respect to the Debentures only after we have paid in full all of our holders of Senior Indebtedness. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Our ability to meet our debt service requirements will depend on our ability to generate cash in the future, which depends on many factors, including our financial performance, debt service obligations, working capital and future capital expenditure requirements. In addition, our ability to borrow funds in the future to make payments on outstanding debt will depend on the satisfaction of covenants in existing credit agreements and other agreements. A failure to comply with any covenants or obligations under our indebtedness could result in a default, which, if not cured or waived, could result in the termination of distributions by us and permit acceleration of the relevant indebtedness. If such indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. There can also be no assurance that we will generate cash flow in amounts sufficient to pay outstanding indebtedness or to fund any other liquidity needs.

Volatility of Market Price of the Debentures and Shares

The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement under the symbol “AI.DB.D”, and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before October 8, 2018. There can be no assurance that an active public market for trading in the Debentures or Shares will exist or persist and, as a result, the market price of the Debentures and/or Shares may be adversely affected.

The market price of the Debentures and Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our annual or quarterly results of operations;
- changes in estimates of future results of operations by us or by securities research analysts;
- changes in the economic performance or market valuations of other companies, including other MICs, that investors deem comparable to us;
- the addition or departure of executive officers or key personnel of the Manager;
- the transfer restrictions on outstanding Debentures and Shares as result of our being a MIC;
- the sale or purchase or attempted sale or purchase by a holder or prospective holder of a sizable quantity of Debentures and/or Shares;
- issuances or expected issuances of additional Debentures and/or Shares or other forms of our securities;
- changes in applicable laws and regulations, including tax laws, or changes in the manner in which those laws are applied;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- news reports relating to the conditions in the economy in general and/or trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets.

The volatility may affect the ability of holders of Debentures and/or Shares to sell the Debentures and/or Shares at an advantageous price. Additionally, this may result in greater volatility in the market price of the Debentures than would be expected for non-convertible debt securities.

Financial markets have, at times, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Debentures and/or Shares may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Debentures and Shares by those institutions, which could adversely affect the trading price of the Debentures and Shares. There can be no assurance

that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur, our operations could be adversely impacted and the trading price of the Debentures and Shares may be adversely affected.

Qualified Investment Eligibility

We will endeavor to ensure that the Debentures and any Shares acquired under the terms of the Debentures continue to be qualified investments for trusts governed by Plans (except, in the case of the Debentures, a DPSP to which we, or an employer that does not deal at arm's length with us, has made a contribution). No assurance can be given in this regard. If the Debentures or any Shares acquired under the terms of the Debentures are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of RESPs, revocation of such Plans.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Coverage Ratios

See "Earnings Coverage Ratios", which is relevant to an assessment of the risk that we may be unable to pay interest or principal on the Debentures when due. If our earnings coverage ratios decrease, we may become unable to pay interest or principal on the Debentures.

Shareholder Rights

Holders of Debentures will not be entitled to any rights with respect to the Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Shares, other than extraordinary dividends that our Board designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Shares, such holder will be subject to all changes affecting the Shares. Rights with respect to the Shares will arise only if and when we deliver Shares upon conversion of a Debenture. For example, in the event that an amendment is proposed to our constating documents requiring Shareholder approval and the record date for determining the Shareholders of record entitled to vote on the amendment occurs prior to delivery of Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Shares that result from such amendment.

Dividends on Shares

Although we intend to make distributions of our available cash to Shareholders in accordance with our dividend policy, these cash distributions are not assured. The actual amount distributed to Shareholders will depend on numerous factors, including but not limited to our financial performance, debt covenants and obligations, working capital requirements, the composition of our mortgage portfolio, the availability of mortgage loans and fluctuations in interest rates that affect the yield on our mortgage loans. The market value of the Debentures and Shares may deteriorate if we are unable to meet our cash distribution targets in the future, and that deterioration may be material.

Potential Dilution

We are authorized to issue an unlimited number of Shares for consideration and terms and conditions as established by our Board, in many cases, without any requirement for explicit Shareholder approval, and Shareholders have no pre-emptive rights in connection with such further issuances. Except as described under the heading "Plan of Distribution", we may issue additional Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Shares), under our dividend reinvestment plan, under our employee share purchase plan, on the vesting of deferred share units, income deferred share units or other securities exchangeable or exercisable for Shares and upon conversion, redemption or maturity of the 5.25% Debentures, the 6.25% Debentures, the 5.50% Debentures and the 5.30% Debentures. We cannot predict the size of future issuances of Shares or the effect that future issuances and sales of Shares will have on the market price of the Shares. Issuances of a substantial number of additional Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Debentures and/or Shares. With any additional issuance of Shares, holders of Shares will suffer dilution to their voting power and we may experience dilution in our earnings per share.

Qualification as a Mortgage Investment Corporation

Although we intend to continue to qualify at all times as a MIC, no assurance can be provided in this regard. If for any reason we do not maintain our qualification as a MIC under the Tax Act, taxable dividends and capital gains dividends paid by us on the Shares will cease to be fully or partly deductible by us in computing income for tax purposes and such dividends will no longer be deemed by the rules in the Tax Act that apply to MICs to have been received by Shareholders as bond interest or a capital gain, as the case may be. As a consequence, the rules in the Tax Act regarding the taxation of public corporations and their shareholders should apply, with the result that the combined rate of corporate and shareholder tax could be significantly greater.

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Fogler, Rubinoff LLP, and on behalf of the Underwriters by McCarthy Tétrault LLP.

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus Supplement, other than Fogler, Rubinoff LLP and McCarthy Tétrault LLP (collectively, the “**Experts**”). There were no registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation or of one of its associates or affiliates: (i) held by an Expert, when such Expert prepared the report, valuation, statement or opinion referred to herein as having been prepared by such Expert; (ii) received by an Expert, after the time specified above; or (iii) to be received by an Expert; except, in each case, for the ownership of Shares, which in respect of each Expert, as a group, has at all relevant times represented less than 1% of the outstanding Shares. In addition, none of the Experts, and no director, officer or employee of any of the Experts, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Crowe Soberman LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto, Ontario who have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Shares is Computershare Trust Company of Canada at its principal offices located in Toronto, Ontario, Canada.

The transfer agent and registrar for the Debentures will be AST Trust Company (Canada) at its principal offices located in Toronto, Ontario, Canada.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

Purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the Base Prospectus, as supplemented by this Prospectus Supplement, is limited, in certain provincial securities legislation, to the Offering Price. This means that, under securities legislation in certain provinces, if purchasers pay additional amounts upon conversion of the Debentures, such amounts may not be recoverable under the statutory right of action for damages that applies in such provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of such right of action for damages or consult with a legal advisor.

Original purchasers of Debentures will have a contractual right of rescission against the Corporation following the conversion of the Debentures in the event that the Base Prospectus, as supplemented by this Prospectus Supplement, or any amendment thereto contains a misrepresentation. The contractual right of rescission will entitle such original purchasers to receive from the Corporation, upon surrender of the Shares issued upon conversion of such Debentures, the amount paid for such Debentures (including the original amount paid for such Debentures and any additional amount paid on conversion of such

Debentures), provided that the right of rescission is exercised within 180 days from the date of the purchase of such Debentures under this Prospectus Supplement.

CERTIFICATE OF THE CORPORATION

Dated: July 11, 2018

This short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (except Québec).

(Signed) ROBERT G. GOODALL
President and Chief Executive Officer

(Signed) JENNIFER SCOFFIELD
Chief Financial Officer and Secretary

On behalf of the Board of Directors

(Signed) MARK L. SILVER
Chair of the Board, Director

(Signed) NANCY H.O. LOCKHART
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: July 11, 2018

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (except Québec).

TD SECURITIES INC.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) ADAM LUCHINI

By: (Signed) DAVID SWITZER

By: (Signed) VALERIE TAN

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

SCOTIA CAPITAL INC.

By: (Signed) ONORIO LUCCHESI

By: (Signed) JOE KULIC

By: (Signed) BRYCE STEWART

**CANACCORD GENUITY
CORP.**

GMP SECURITIES L.P.

**INDUSTRIAL ALLIANCE
SECURITIES INC.**

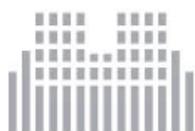
RAYMOND JAMES LTD.

By: (Signed) DAN SHEREMETO

By: (Signed) PAUL BISSETT

By: (Signed) JOHN RAK

By: (Signed) LUCAS ATKINS



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ATRIUM

MORTGAGE INVESTMENT
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