

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

February 1, 2019



ATRIUM MORTGAGE INVESTMENT CORPORATION

\$30,015,000
2,300,000 Common Shares

This Prospectus Supplement qualifies the distribution (the “**Offering**”) of 2,300,000 common shares (the “**Offered Shares**”) in the capital of Atrium Mortgage Investment Corporation (the “**Corporation**”, “**we**”, “**our**” or “**us**”) at a price of \$13.05 per Offered Share (the “**Offering Price**”). See “Plan of Distribution”.

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.

Our outstanding common shares (the “**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 Offered Shares (including the Shares issuable pursuant to the exercise of the Over-Allotment Option (as defined herein)) being distributed under this Prospectus Supplement on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before May 1, 2019. On January 30, 2019, the last full trading day prior to the announcement of the Offering, the closing price of the outstanding Shares on the TSX was \$13.50. On January 31, 2019, the last full trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding Shares on the TSX was \$13.05.

Offering Price: \$13.05 per Offered Share

| | <u>Price to Public</u> | <u>Underwriters’ Fee</u> ⁽¹⁾ | <u>Net Proceeds to the Corporation</u> ⁽²⁾ |
|----------------------------|------------------------|---|---|
| Per Offered Share..... | \$13.05 | \$0.522 | \$12.528 |
| Total ⁽³⁾ | \$30,015,000 | \$1,200,600 | \$28,814,400 |

- 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 \$0.522 per Offered Share, including any Shares 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 345,000 Shares at a price of \$13.05 per Share (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 \$34,517,250, \$1,380,690 and \$33,136,560, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Shares 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 | 345,000 Shares | Up to 30 days after the closing of the Offering | \$13.05 per Share |

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 Offered Shares, 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 was determined by negotiation between us and the Underwriters with reference to prevailing market conditions. The Underwriters propose to offer the Offered Shares initially at the Offering Price. **After a reasonable effort has been made to sell all of the Offered Shares 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 Offered Shares remaining unsold. Any such reduction will not affect the proceeds received by us. See “Plan of Distribution”.**

Subscriptions for the Offered Shares 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 February 8, 2019 or such other date as may be agreed upon by us and the Underwriters but in any event, no later than February 11, 2019 (the “**Closing Date**”).

The Offered Shares will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee pursuant to the book-based system administered by CDS. No certificates evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Offered Shares 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 Offered Shares 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 Shares 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 fund current mortgage loans and/or 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”.

Investing in Offered Shares 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. A return on an investment in Offered Shares is not comparable to the return on an investment in a fixed-income security and 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 Offered Shares may decline if we are unable to meet our cash distribution targets in the future, and that decline may be significant. An investment in Offered Shares is subject to certain risk factors. See “Risk Factors”.

TABLE OF CONTENTS

| | | | |
|---|---|--|-----|
| IMPORTANT INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT..... | 1 | PRIOR SALES..... | 10 |
| FORWARD-LOOKING STATEMENTS..... | 1 | TRADING PRICE AND VOLUME..... | 11 |
| DOCUMENTS INCORPORATED BY REFERENCE..... | 2 | CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS..... | 11 |
| MARKETING MATERIALS..... | 3 | RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS..... | 14 |
| ELIGIBILITY FOR INVESTMENT..... | 3 | RISK FACTORS..... | 15 |
| ATRIUM MORTGAGE INVESTMENT CORPORATION..... | 4 | LEGAL MATTERS AND INTEREST OF EXPERTS..... | 17 |
| SUMMARY DESCRIPTION OF THE BUSINESS..... | 4 | AUDITORS, TRANSFER AGENT AND REGISTRAR.. | 17 |
| USE OF PROCEEDS..... | 6 | STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION..... | 17 |
| CONSOLIDATED CAPITALIZATION..... | 6 | CERTIFICATE OF THE CORPORATION..... | C-1 |
| DESCRIPTION OF THE SECURITIES DISTRIBUTED.. | 7 | CERTIFICATE OF THE UNDERWRITERS..... | C-2 |
| PLAN OF DISTRIBUTION..... | 7 | | |

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 Offered Shares 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 Offered Shares 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 Offered Shares 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 Offered Shares.

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”), as set out in Part I of the CPA Canada Handbook – Accounting.

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

unpredictability and volatility of the market price of the Shares; payment of dividends; potential dilution; and limitations on the ownership and repurchases of shares of the Corporation. 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 Offered Shares. 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 September 30, 2018 and 2017 and for the nine-month periods then ended;
- (f) our management’s discussion and analysis as at and for the nine months ended September 30, 2018 (the “**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, July 10, 2018 and July 18, 2018, respectively, with respect to the offering of our 5.50% convertible unsecured subordinated debentures due December 31, 2025 for total gross proceeds of \$34,500,000;
- (i) our material change report dated January 30, 2019 with respect to the Offering; and
- (j) the template version of the term sheet dated January 30, 2019 filed on SEDAR in connection with the Offering (the “**Term Sheet**”).

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 Sheet does not form part of this Prospectus Supplement or the Base Prospectus to the extent that the contents of the Term Sheet 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 Sheet) 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 Offered 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 Offered Shares will, as at the Closing 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, registered disability savings plans (“**RDSPs**”), registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSAs**” and, collectively, “**Plans**”).

The Offered 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 Offered Shares may be a qualified investment for a TFSA, RRSP, RDSP, RESP 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 Offered Shares will be subject to a penalty tax under the Tax Act if such Offered Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, RRSP, RDSP, RESP or RRIF. Offered Shares 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 Offered 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 Offered Shares 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 36,587,359 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% 2021 Debentures**”), 5.30% convertible unsecured subordinated debentures due June 30, 2024 (the “**5.30% Debentures**”) and 5.50% convertible unsecured subordinated debentures due December 31, 2025 (“**5.50% 2025 Debentures**”) are listed and posted for trading on the TSX under the symbols “AI”, “AI.DB”, “AI.DB.A”, “AI.DB.B”, “AI.DB.C” and “AI.DB.D”, 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:

- 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;
- first or second mortgages on income-producing real estate up to a maximum of 85% 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, and residential and commercial land and development sites. We also finance 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 January 31, 2019, seven of our mortgages were in default with amounts outstanding of \$7,946,000. 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). In January 2019, the Board confirmed that the monthly dividend during 2019 will remain at \$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. To date, the aggregate of the regular cash dividends declared per Share in respect of the year ended December 31, 2018 is \$0.90, with a special dividend still to be paid to Shareholders of record on December 31, 2018. This special dividend will be in an amount necessary (having regard to dividends previously made and our 2018 financial results) to reduce our 2018 taxable income to nil, the specific amount of which will be disclosed when we release our financial results for the year ended December 31, 2018.

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 Offered Shares, after payment of the Underwriters' fee of \$1,200,600 and the expenses of the Offering estimated to be \$250,000, will be approximately \$28,564,400. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after payment of the Underwriters' fee of \$1,380,690 and the expenses of the Offering estimated to be \$250,000) will be approximately \$32,886,560.

We intend to use the full amount of the net proceeds of the Offering to fund current mortgage loans and/or to repay our indebtedness under the Operating Facility, which as at the close of business on January 31, 2019, had an outstanding balance owing of \$180,186,000 (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.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at September 30, 2018 both before and after giving effect to the Offering:

| Designation | Authorized | As at September 30, 2018 before giving effect to the Offering | As at September 30, 2018 after giving effect to the Offering |
|--|-------------------|--|---|
| Operating Facility ⁽¹⁾ | \$210,000,000 | \$111,736,000 | \$83,172,000 ⁽⁵⁾ |
| 5.25% Debentures ⁽³⁾ | \$34,500,000 | \$32,500,000 | \$32,500,000 |
| 6.25% Debentures ⁽³⁾ | \$34,500,000 | \$30,781,000 | \$30,781,000 |
| 5.50% 2021 Debentures ⁽³⁾ ... | \$40,250,000 | \$40,250,000 | \$40,250,000 |
| 5.30% Debentures ⁽³⁾ | \$25,300,000 | \$25,300,000 | \$25,300,000 |
| 5.50% 2025 Debentures ⁽³⁾ ... | \$34,500,000 | \$34,500,000 | \$34,500,000 |
| Shares ⁽²⁾⁽⁴⁾ | Unlimited | \$382,732,000 (36,369,973 Shares) | \$411,296,000 (38,669,973 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, 2021. The amount which may be drawn under the Operating Facility is limited to the lesser of: (i) \$210,000,000; and (ii) the sum of 50% of the value of our qualified first mortgages and 20% of the value of our qualified subordinate mortgages (to a maximum of 10% of the amount which may be drawn). 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, 2021 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) After deducting the Underwriter's fee and the expenses for the Offering. Excludes up to 345,000 Shares 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% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 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% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 Debentures). In accordance with IFRS, each of the 5.25% Debentures, the 6.25% Debentures, the 5.50% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 Debentures are 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% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 Debentures is \$398,000, \$148,000, \$512,000, \$260,000 and \$365,000, respectively (net of issue costs). The portion of the 5.25% Debentures, the 6.25% Debentures, the 5.50% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 Debentures classified as a liability will be accreted by a charge to interest expense over the applicable term.

- (4) As at September 30, 2018, there were 35,453 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 \$1,200,600 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 September 30, 2018, other than: (a) we issued 24,131 Shares on October 12, 2018, 24,727 Shares on November 12, 2018, 25,803 Shares on December 12, 2018 and 26,163 Shares on January 11, 2019, in each case, under our dividend reinvestment plan; (b) we issued 53,383 Shares on October 9, 2018 and 60,150 Shares on November 29, 2018, in each case, pursuant to conversions of our 6.25% Debentures into Shares in accordance with the terms of our 6.25% Debentures; (c) we issued 3,031 Shares on December 31, 2018 under our employee share purchase plan; and (d) additional net advances (up to the close of business on January 31, 2019) of \$68,450,000 of indebtedness under the Operating Facility (such that, as at the close of business on January 31, 2019, there was \$180,186,000 of indebtedness under the Operating Facility).

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Authorized Capital

Our authorized capital consists of an unlimited number of Shares, of which, as at the date hereof, there were 36,587,359 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.

PLAN OF DISTRIBUTION

Under an agreement (the "**Underwriting Agreement**") dated February 1, 2019 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, 2,300,000 Offered Shares at a price of \$13.05 per Offered Share payable in cash to us against delivery, for aggregate gross proceeds of \$30,015,000. In connection with the Offering, we have agreed to pay the Underwriters a fee of \$0.522 per Offered Share issued by us (or 4.0% of the total gross proceeds of the Offering) for aggregate consideration of \$1,200,600 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 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 Shares or the investment qualities or marketability of 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 Shares; (d) an order shall have been made by any securities regulatory authority which restricts in any manner the distribution of the Shares or trading in 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 Offered Shares 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 Shares.

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

The Offering Price 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 345,000 Shares at a price of \$13.05 per Share 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 \$34,517,250, \$1,380,690 and \$33,136,560, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Underwriters' over-allocation position acquires those Shares 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.

The TSX has conditionally approved the listing of the Offered Shares (including the Shares issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before May 1, 2019.

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 Offered Shares ends and all stabilization arrangements relating to the Offered Shares are terminated, bid for or purchase Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of 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 Shares 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 Shares while the Offering is in progress. These transactions may also include making short sales of the Shares, which involve the sale by the Underwriters of a greater number of Offered Shares 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 Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Shares available for purchase in the open market compared to the price at which they may purchase Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Shares 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 Shares 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 Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares 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 Offered Shares 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 Offered Shares offered hereby 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 Offered Shares 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 Offered Shares 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 Offered Shares outside of the United States shall be made in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Shares sold within the United States 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 Offered Shares offered hereby in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered 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 Shares or any securities convertible into or exchangeable for Shares, at any time prior to the expiry of 90 days following the closing of the Offering.

Subscriptions for Offered Shares 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 Offered Shares will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS. No certificates evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Offered Shares 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 Offered Shares is purchased.

PRIOR SALES

On July 18, 2018, we issued a total of \$30.0 million aggregate principal amount of 5.50% 2025 Debentures at a price of \$1,000 per debenture pursuant to our prospectus supplement dated July 11, 2018 to the Base Prospectus. On July 31, 2018, we issued an additional \$4.5 million aggregate principal amount of 5.50% 2025 Debentures at a price of \$1,000 per debenture pursuant to the exercise of an over-allotment option granted to the underwriters in connection with our offering of 5.50% 2025 Debentures.

Other than the 5.50% 2025 Debentures and 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> |
|---|--|--------------------------------|
| 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 |
| July 12, 2018 ⁽¹⁾ | 25,025 | 319,000 |
| August 13, 2018 ⁽¹⁾ | 23,943 | 313,000 |
| September 12, 2018 ⁽¹⁾ | 23,553 | 315,000 |
| September 12, 2018 ⁽⁴⁾ | 45,112 | 600,000 |
| September 14, 2018 ⁽⁴⁾ | 15,037 | 200,000 |
| September 20, 2018 ⁽³⁾ | 17,797 | 247,000 |
| September 20, 2018 ⁽⁴⁾ | 13,909 | 185,000 |
| September 28, 2018 ⁽²⁾ | 2,690 | 37,000 |
| October 9, 2018 ⁽⁴⁾ | 53,383 | 710,000 |
| October 12, 2018 ⁽¹⁾ | 24,131 | 321,000 |
| November 12, 2018 ⁽¹⁾ | 24,727 | 327,000 |
| November 29, 2018 ⁽⁴⁾ | 60,150 | 800,000 |
| December 12, 2018 ⁽¹⁾ | 25,803 | 336,000 |
| December 31, 2018 ⁽²⁾ | 3,031 | 37,000 |
| January 11, 2019 ⁽¹⁾ | 26,163 | 333,000 |
| Total: | 3,311,876 | \$41,653,000 |

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 pursuant to the conversion of our 6.25% Debentures into Shares in accordance with the terms of our 6.25% Debentures.
- (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 68,667 deferred share units have been granted and are outstanding to our directors and officers and a total of 9,056 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% 2021 Debentures, 5.30% Debentures and 5.50% 2025 Debentures are listed and posted for trading on the TSX under the symbols “AI”, “AI.DB”, “AI.DB.A”, “AI.DB.B”, “AI.DB.C” and “AI.DB.D”, 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> |
|---------------------|------------------------|-----------------------|----------------------|
| 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 2018..... | 13.80 | 12.86 | 866,600 |
| August 2018..... | 13.83 | 13.20 | 592,055 |
| September 2018..... | 14.49 | 13.55 | 566,304 |
| October 2018..... | 13.95 | 12.83 | 946,306 |
| November 2018..... | 13.68 | 13.02 | 522,348 |
| December 2018..... | 13.56 | 11.20 | 784,949 |
| January 2019..... | 13.66 | 12.55 | 746,348 |

On January 30, 2019, the last full trading day prior to the announcement of the Offering, the closing price of the outstanding Shares on the TSX was \$13.50. On January 31, 2019, the last full trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding Shares on the TSX was \$13.05. The TSX has conditionally approved the listing of the Offered Shares (including the Shares issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before May 1, 2019.

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 Shares 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 and holds any Shares as capital property (a “**Holder**”). Generally, Shares will be considered to be capital property to a Holder provided the Holder does not hold the Shares in the course of carrying on a business of trading or dealing in securities and has not acquired 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 Shares as capital property may, in certain circumstances, be entitled to have the 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 Shares, as defined in the Tax Act. Any such Holder should consult its own tax

advisor with respect to an investment in the Shares. 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 Shares.

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 Shares 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 Shares pursuant to the Offering 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).

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 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 (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.

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 received or receivable by a Plan on Shares 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 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, 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, and further amended on January 2, 2019 in order to amend the lending value definition, to increase the total amount of all letters of credit permitted to be issued under the Operating Facility and to extend the maturity date of the Operating Facility to January 11, 2021. The net proceeds of the Offering will be used to fund current mortgage loans and/or 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 September 30, 2018 and January 31, 2019, we were indebted to the Banks in respect of the Operating Facility in the aggregate amount of \$111,736,000 and \$180,186,000, respectively.

We will use the net proceeds of the Offering to fund current mortgage loans and/or to reduce our indebtedness to the Banks under the Operating Facility by up to approximately \$28,564,400 (up to approximately \$32,886,560 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 \$662,304,000 as at September 30, 2018. The decision to distribute the Offered Shares and the determination of the terms of distribution of the Offered Shares, 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. To extent not used to fund current mortgage loans, 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 Offered Shares 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 Shares 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 Offered Shares. 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 Shares could decline and investors could lose part or all of their investment.

Risks Relating to our Business

A prospective purchaser of Offered Shares 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 Offered Shares 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; and (iv) limitations on the ownership and repurchases of our Shares.

Risks Relating to the Offering

Volatility of Market Price of the Shares

The TSX has conditionally approved the listing of the Offered Shares (including the Shares issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before May 1, 2019. There can be no assurance that an active public market for trading in the Shares will persist and, as a result, the market price of the Shares may be adversely affected.

The market price of the 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 Shares as result of our being a MIC;
- the sale or purchase or attempted sale or purchase by a Shareholder or prospective Shareholder of a sizable quantity of Shares;
- issuances or expected issuances of additional 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 Shares to sell the Shares at an advantageous price.

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 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 Shares by those institutions, which could adversely affect the trading price of the 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 Shares may be adversely affected.

Qualified Investment Eligibility

We will endeavor to ensure that the Shares continue to be qualified investments for trusts governed by Plans. No assurance can be given in this regard. If the Shares 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.

Dividends

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 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% 2021 Debentures, the 5.30% Debentures and the 5.50% 2025 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 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.

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.

CERTIFICATE OF THE CORPORATION

Dated: February 1, 2019

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: February 1, 2019

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.**

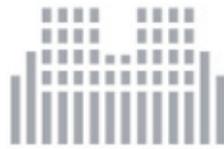
RAYMOND JAMES LTD.

By: (Signed) DAN SHEREMETO

By: (Signed) PAUL BISSETT

By: (Signed) JOHN RAK

By: (Signed) LUCAS ATKINS



ATRIUM

MORTGAGE INVESTMENT
CORPORATION