

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Prospectus (as defined herein) 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 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 from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Timbercreek Mortgage Investment Corporation at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2, Telephone (416) 306-9967, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

NEW ISSUE

February 18, 2014



TIMBERCREEK MORTGAGE INVESTMENT CORPORATION

\$30,000,000

6.35% Convertible Unsecured Subordinated Debentures due March 31, 2019

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of \$30,000,000 aggregate principal amount of 6.35% convertible unsecured subordinated debentures (the "**Debentures**") of Timbercreek Mortgage Investment Corporation (the "**Corporation**", "**we**", "**our**" or "**us**") in denominations of \$1,000 and multiples thereof at a price of \$1,000 per Debenture (the "**Offering Price**"). The Debentures will bear interest at an annual rate of 6.35% payable semi-annually in arrears on March 31 and September 30 of each year (or the immediately following business day if any interest payment date is not a business day), with the first interest payment occurring on September 30, 2014. The first interest payment on the Debentures will include accrued and unpaid interest for the period from and including the closing of the Offering to, but excluding, September 30, 2014. The maturity date of the Debentures is March 31, 2019 (the "**Maturity Date**"). The payment of the principal and accrual of interest on the Debentures will be subordinated in right of payment to the prior payment in full of all the Corporation's existing and future senior indebtedness. On the Maturity Date, the Debentures may, at our option, be repaid in cash or in the form of common shares of the Corporation (the "**Common Shares**"). Please see "*Description of the Debentures*" for further particulars concerning the Debentures.

The Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) and its head and registered office is at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2. It is a mortgage investment corporation ("**MIC**") whose business is providing Customized Mortgages (as defined herein) to qualified real estate investors, most of whom require funding during the transitional phase of the investment process. Please see "*Summary Description of the Business*" for more details.

Debenture Conversion Privilege

Each Debenture will be convertible into Common Shares at the option of the holder at any time prior to 5:00 p.m. (Toronto, Ontario local time) on the earlier of the business day immediately preceding the Maturity Date and, if called for redemption, the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of \$11.25 per Common Share, being a conversion rate of approximately 88.8889 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the trust indenture governing the terms of the Debentures (the "**Conversion Price**"). Holders converting their Debentures will, in addition to the applicable number of Common Shares to be received on conversion, receive accrued and unpaid interest, if any, thereon for the period from the last interest payment date on their Debentures to and including the last record date set by the Corporation for determining the holders of Common Shares entitled to receive a dividend on the Common Shares prior to the date of conversion. In the event that the Corporation suspends regular dividends, a Debenture holder, in addition to the applicable number of Common Shares to be received on conversion, will be entitled to receive

accrued and unpaid interest thereon for the period from and including the last interest payment date to, but excluding, the date of conversion. Holders of Debentures wishing to exercise the conversion privilege after 1:00 p.m. on the business day immediately preceding the Maturity Date or, if called for redemption, the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, should consult with their broker as there may be additional steps involved in exercising such conversion privilege. Further particulars concerning the conversion privilege are set out under “*Description of the Debentures – Conversion Privilege*”.

The outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “TMC”. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-allotment Option (as defined herein)) being distributed under this Prospectus under the symbol “TMC.DB” and the Common Shares issuable on conversion of the Debentures on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 10, 2014. On February 3, 2014, the last trading day prior to the announcement of the Offering, the closing price of the outstanding Common Shares on the TSX was \$8.98. On February 14, 2014, the last trading day prior to the date of this Prospectus, the closing price of the outstanding Common Shares on the TSX was \$9.38.

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

The Debentures will not be redeemable prior to March 31, 2017, except in the event of the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On and after March 31, 2017 and prior to March 31, 2018, the Debentures will be redeemable by the Corporation, in whole or in part, from time to time at the Corporation’s sole option, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the Current Market Price (as defined herein) as of the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after March 31, 2018 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation’s sole option at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice.

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

Upon the occurrence of a Change of Control involving the acquisition of voting control or direction over 66 2/3 % or more of the votes attaching to the Common Shares, the Corporation will be required to make an offer to purchase, within 30 days following the giving of notice to holders of Debentures of the Change of Control, all of the Debentures for a price equal to 101% of the principal amount thereof plus accrued and unpaid interest thereon to, but excluding, the date of purchase. Holders of Debentures may accept this offer in whole or in part. See “*Description of the Debentures – Change of Control of the Corporation*”.

Offering Price: \$1,000 per Debenture

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

- Notes:
- (1) We have agreed to pay the Underwriters a fee equal to 4.0% of the aggregate gross proceeds of the Offering, equal to \$40 per Debenture, including any Debentures sold pursuant to the exercise of the Over-Allotment Option (as defined herein). See “*Plan of Distribution*”.
 - (2) Before deducting the expenses of the Offering, estimated to be \$410,000, which, together with the Underwriters’ fee, will be payable from the proceeds of the Offering.
 - (3) We have granted to the Underwriters an option to purchase up to an additional \$4,500,000 aggregate principal amount of the Debentures at a price of \$1,000 per Debenture (the “**Over-Allotment Option**”) exercisable at the Underwriters’ sole option and without obligation, in whole or in part, at any time and from

time to time up to 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the “Price to Public”, “Underwriters’ Fee” and “Net Proceeds to the Corporation” (before deducting the estimated expenses of the Offering) will be \$34,500,000, \$1,380,000 and \$33,120,000, respectively. This Prospectus also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

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

TD Securities Inc., CIBC World Markets Inc., Raymond James Ltd., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., GMP Securities L.P., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp. and Dundee Securities Ltd. (collectively, the “**Underwriters**”), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Corporation 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 the Corporation’s behalf by McCarthy Tétrault LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

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

Subscriptions for the Debentures will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is intended that the closing of the Offering will occur on or about February 25, 2014 or such other date as may be agreed upon by us and the Underwriters (the “**Closing Date**”), but in any event not later than the date that is 42 days from the date of the receipt for the final short form prospectus.

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

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

TD Securities Inc. is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to the Corporation under a revolving credit facility. For more details, please see “*Relationship Between the Corporation and a Certain Underwriter*”. Consequently, the Corporation may be considered to be a connected issuer of TD Securities Inc. under applicable Canadian securities legislation.

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

Investing in the Debentures involves certain risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described herein under the heading “Risk Factors**” and elsewhere in this Prospectus and in the documents incorporated by reference in this Prospectus.** In the event you receive Common Shares upon the conversion, redemption or repayment at maturity of the Debentures in accordance with their terms, note that a return on an investment in Common Shares is not comparable to the return on an investment in a fixed-income security and, in such circumstance, the recovery of your initial investment is at risk and the anticipated return on your investment will be based on certain performance assumptions. Although the Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly distribution that meets a targeted annual yield which is the two-year Government of Canada bond yield (the “**2-Yr GOC Bond Yield**”) plus 550 basis points, there is no guarantee that the Corporation will be able to pay distributions at the targeted levels or at all to the holders of Common Shares (the “**Shareholders**”). The actual amount of distributions will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Corporation’s portfolio (the “**Portfolio**”). In addition, the market value of the Common Shares

and the Debentures may decline if the Corporation is unable to meet its cash distribution targets in the future, and that decline may be significant. An investment in Common Shares and Debentures is subject to certain risk factors. See “*Risk Factors*”.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

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

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus, and in certain documents incorporated by reference herein, 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 (including negative and grammatical variations). 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, these risks and uncertainties include, among other things: the completion of the Offering; use of proceeds from the Offering; the nature of our investments; 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 renewal of mortgages comprising our Portfolio; the composition of our Portfolio; subordinated and subsequent debt financing; reliance on borrowers; no guarantees or insurance; litigation risks; ability to manage growth; changes in legislation; qualification as a mortgage investment corporation; the market for Common Shares and Debentures; the unpredictability and volatility of the market price of the Common Shares and Debentures; payment of dividends; dilution; and limitations on the ownership and repurchases of shares of the Corporation. Readers are cautioned that the foregoing list is not exhaustive.

While the Corporation believes that the expectations reflected in the forward-looking statements contained in this Prospectus, and in the documents incorporated by reference herein, 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 or as of the date specified in the documents incorporated by reference herein, as the case may be. Except as required by law, the Corporation does 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 and our filings with the securities regulatory authorities which are available on SEDAR at www.sedar.com.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authorities in each of the provinces and territories of Canada (except Québec). Copies of these documents may be obtained on request without charge from the secretary of the Corporation at our head office located at 1000 Yonge Street, Suite 500, Toronto, Ontario, Canada, M4W 2K2, telephone (416)306-9967 or by accessing these documents from 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 or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents of the Corporation filed with the securities commissions or similar regulatory authorities in the provinces and territories of Canada (except Québec) are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Corporation for the year ended December 31, 2012 dated January 22, 2014 (the “**AIF**”);
- (b) the audited financial statements and management’s discussion and analysis of financial condition and results of operations (“**MD&A**”) of the Corporation for the year ended December 31, 2012, as filed on SEDAR as of January 31, 2014;⁽¹⁾
- (c) the unaudited interim financial statements and MD&A of the Corporation for the nine months ended September 30, 2013;
- (d) the material change report of the Corporation dated September 27, 2013 relating to the transition (“**Transition**”) of the Corporation from the Canadian securities regulatory regime for investment funds to the regulatory regime for non-investment fund reporting issuers;
- (e) the material change report of the Corporation dated November 20, 2013 relating to the amendment and restatement of the Corporation’s Dividend Reinvestment Plan;
- (f) the material change report of the Corporation dated December 5, 2013 relating to the conversion of Class A Shares and Class B Shares to Common Shares on the Exchange Date (as defined herein);
- (g) the material change report of the Corporation dated January 27, 2014 relating to the appointment of Andrew Jones as Chief Executive Officer of the Corporation;
- (h) the management information circular of the Corporation dated August 12, 2013 (the “**Circular**”) relating to the special meeting of shareholders held on September 12, 2013 to approve, amongst other matters, the Transition;⁽²⁾
- (i) the term sheet in respect of the Offering dated February 4, 2014 (the “**Marketing Materials**”); and
- (j) the material change report of the Corporation dated February 14, 2014 relating to the Offering and the entering into of the Underwriting Agreement (as defined herein).

(1) The audited financial statements and MD&A for the year ended December 31, 2012, as filed on SEDAR as of January 31, 2014, are prepared in accordance with International Financial Reporting Standards (“**IFRS**”) pursuant to the Canadian securities regulatory regime for non-investment fund reporting issuers. Prior to the Transition, the Corporation, pursuant to the Canadian securities regulatory regime for investment funds, filed audited financial statements and its management report of fund performance for the year ended December 31, 2012 (the “**Pre-Transition Documents**”) that were prepared in accordance with Canadian generally accepted accounting principles applicable to public enterprises on SEDAR on February 26, 2013. The Pre-Transition Documents are not incorporated by reference in and do not form part of this Prospectus.

(2) The financial statements and MD&A for the quarters ended March 31, 2013 and June 30, 2013 and for the year ended December 31, 2012 attached to the Circular are not incorporated by reference in and do not form part of this Prospectus.

Documents referenced in any of the documents incorporated by reference in this Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this Prospectus are not incorporated by reference in this 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 of financial conditions and results of operations, 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 and before the termination of the distribution are deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such 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 or statement which it modifies or supersedes. The making of such 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 not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

MARKETING MATERIALS

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

ELIGIBILITY FOR INVESTMENT

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

The Common Shares will also be qualified investments for such Plans if the Corporation qualifies as 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 the Plan, or of any other person who does not deal at arm’s length with that person.

Notwithstanding that the Debentures, and the Common Shares issuable upon conversion, redemption or maturity of the Debentures, may be a qualified investment for a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, which acquires Debentures or the Common Shares issuable upon conversion, redemption or maturity of the Debentures will be subject to a penalty tax under the Tax Act if such Debentures or Common Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, RRSP or RRIF. Debentures, and the Common Shares issuable upon conversion, redemption or maturity of the Debentures, will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder of the TFSA, or annuitant of the RRSP or RRIF, 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, Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. **Holders and annuitants should consult their own tax advisors to ensure that the Debentures, and the Common Shares issuable upon conversion, redemption or maturity of the Debentures, would not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

PROSPECTUS SUMMARY

The following is a summary only and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus or incorporated by reference herein.

Timbercreek Mortgage Investment Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) pursuant to articles of incorporation dated as of April 30, 2008, as amended (the “**Articles**”). The Corporation’s head and registered office is at 1000 Yonge Street, Suite 500, Toronto, Ontario M4W 2K2. Timbercreek Asset Management Inc. (the “**Manager**”) is the manager of the Corporation.

The Corporation currently has one wholly-owned subsidiary, Timbercreek Mortgage Investment Fund, a trust governed by the laws of the Province of Ontario.

The Business

The Corporation’s business is providing customized mortgage loans that typically involve shorter-terms (the “**Customized Mortgages**”) to qualified real estate investors, most of whom require funding during the transitional phase of the investment process. Real estate investors typically use short-term loans to bridge a period of one to five years where they require temporary capital for property repairs, redevelopment of a property, or for the purchase of another investment. These short-term loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the restructuring is complete or from proceeds generated on the sale of assets.

The Corporation believes that this portion of the Canadian borrower market is typically under-served by Canadian financial institutions which are reluctant to dedicate resources for these smaller, shorter-term mortgage investments and cannot typically provide the customization required to meet the borrower’s needs.

The Customized Mortgages provided by the Corporation can benefit the borrower by providing:

- the ability to execute quickly on real estate investment opportunities;
- loan terms in-line with the real estate investor’s investment model; and
- potentially lower monthly payments relative to amortizing conventional loans.

As a result of the above, borrowers are willing to pay higher interest rates for Customized Mortgages.

The Portfolio currently consists of a diversified pool of mortgages, or interests therein, meeting the criteria established in the set of investment guidelines governing the allocation of investments in which the Corporation’s assets are invested (the “**Asset Allocation Model**”) (see “*Summary Description of the Business – Strategies of the Corporation*”). The mortgage loans comprising the Portfolio include the following attributes:

- (i) Mortgages primarily secured by income-producing properties;
- (ii) Mortgages with interest only payment terms;
- (iii) Mortgages with terms of less than 36 months (as of September 30, 2013, the average term in the Portfolio was 24 months);
- (iv) Mortgages with loan-to-value ratios of less than 85% (as of September 30, 2013, the average loan-to-value ratio of the Portfolio was 64.0%);
- (v) Mortgages invested primarily in urban markets across Canada, providing geographic diversification of the Portfolio; and
- (vi) Mortgages secured by the properties to which they relate and typically include corporate and/or personal guarantees of the borrowers.

As of the date hereof, the Manager believes that the Portfolio was and remains well diversified (see “*Summary Description of the Business - The Portfolio*”).

The Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly distribution that meets a targeted annual yield which is the 2-Yr GOC Bond Yield plus 550 basis points. The current Portfolio generated an aggregate annualized yield of approximately 8.3% per Common Share, based on a closing price on September 30, 2013 of \$9.14 per Common Share, net of fees and expenses of the Corporation, for the nine month period ending September 30, 2013. In addition, all mortgage origination and placement fees generated by Timbercreek Asset Management Ltd. (“**TAML**”) in connection with mortgage loans funded by the Corporation (the “**Lender Fees**”) are paid to the Corporation to enhance the income of the Corporation and, hence, the return on investment for investors.

The Corporation intends to carry on its business in a manner so that it qualifies and continues to qualify as a “mortgage investment corporation” under the Tax Act.

Business Objectives of the Corporation

The business objectives of the Corporation are, with a primary focus on capital preservation, to acquire and maintain a diversified Portfolio of Customized Mortgages that generates attractive, stable returns in order to permit the Corporation to pay monthly distributions to its Shareholders.

Strategies of the Corporation

The Corporation seeks to accomplish its business objectives through investments acquired for the Portfolio. It seeks to generate attractive, stable returns by placing loans and managing a diversified Portfolio of Customized Mortgages that are secured primarily by residential (including multi-residential) real estate as well as office, retail and industrial properties, primarily located in large urban markets and their surrounding areas. These properties are typically more liquid and provide less volatile security for mortgage loans. The Customized Mortgages will be primarily secured by income-producing assets where interest payments on the mortgages can be serviced from cash flow generated by the underlying assets.

These strategies combine to provide the Corporation with the ability to:

- obtain favourable yields and maximize returns through efficient sourcing and management of mortgage loans secured by real property;
- take advantage of yield benefits which arise from the Corporation’s quick access to capital through efficient processing and management of opportunities;
- take advantage of yield benefits which arise from the Corporation’s ability to offer more customized features for borrowers;
- gain access to a continuous supply of mortgage investment opportunities; and
- mitigate risk in the investment selection process through the significant experience and comprehensive underwriting practises of the Corporation.

The Corporation uses the Asset Allocation Model in order to seek to manage the risk profile of the Portfolio. This Asset Allocation Model dictates the allocation of the Portfolio based upon geographical, economic sector, term, borrower and loan-to-value criteria. For more details of the Asset Allocation Model, please see “*The Business – Strategies of the Corporation*” in the AIF.

The Portfolio

As of September 30, 2013, the Corporation had 92 Customized Mortgages outstanding with an average size of approximately \$3.9 million with an average loan-to-appraised value of 64.0% (based on the most recent appraisal of the real property underlying each mortgage asset conducted by an arm's length third party appraisal firm). The value of real estate may change from the date of appraisal (see “*Risk Factors – Changes in Real Estate Values*” in the AIF).

The following table illustrates, as of September 30, 2013, the number, value and percentage (on a value basis) of mortgage loans comprising the Portfolio by property type.

Property Type	Portfolio Mortgages as of September 30, 2013	Value⁽¹⁾ as of September 30, 2013 (\$)	% of Portfolio Mortgages as of September 30, 2013
Residential and multi-residential	49	232,863,599	65.6
<i>Multi family</i>	32	158,770,456	44.7
<i>Retirement</i>	10	53,293,981	15.0
<i>Other</i>	4	19,907,734	5.6
<i>Single family</i>	3	891,429	0.3
Retail	15	58,776,420	16.6
Office	12	37,806,531	10.6
Unimproved land	7	13,044,719	3.7
Industrial	6	8,179,094	2.3
Self-storage	2	3,134,541	0.9
Hotel	1	1,157,120	0.3
Total:	92	354,962,024	100.00

⁽¹⁾ The value is equal to the market value on all such mortgage investments plus cash and cash equivalents.

The following table illustrates, as of September 30, 2013, the number, value and percentage (on a value basis) of the mortgage loans comprising the Portfolio by geographic location:

Geographic Location of Property	Portfolio Mortgages as of September 30, 2013	Value⁽¹⁾ as of September 30, 2013 (\$)	% of Portfolio Mortgages as of September 30, 2013
Ontario	45	189,944,769	53.5
Quebec	13	43,685,210	12.3
Alberta	13	38,967,857	11.0
Manitoba	4	33,280,335	9.4
British Columbia	8	21,860,038	6.2
Saskatchewan	4	5,342,008	1.5
Nova Scotia	1	3,007,281	0.8
Other	4	18,874,526	5.3
Total:	92	354,962,024	100.00

⁽¹⁾ The value is equal to the market value on all such mortgage investments plus cash and cash equivalents.

As of January 31, 2014, four mortgages were in default with amounts outstanding of \$18.5 million. The Corporation believes 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. As at the date of this Prospectus, the Corporation has foreclosed on two properties with an aggregate fair market value of approximately \$11.8 million. Both properties that have been realized pursuant to the Corporation's security are in the sale process and the Corporation expects to realize fully on both assets.

The following is an overview of the Portfolio as at September 30, 2013 and December 31, 2012 as well as the related interest and fees earned for the same years:

	September 30, 2013	December 31, 2012
Portfolio	354,962,024	368,253,037
Accrued interest receivable	6,077,548	4,620,491
Mortgage discount, net of accumulated amortization	0	0
Mortgage origination fees, net of accumulated amortization	(3,754,786)	(4,141,055)
Provision for mortgage losses	(1,200,000)	0
Total Mortgage and Loan Investments	356,084,786	368,732,473

As at December 31, 2013, the provision for mortgage losses was approximately \$1.6 million.

TIMBERCREEK MORTGAGE INVESTMENT CORPORATION

Timbercreek Mortgage Investment Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) pursuant to the Articles. The Corporation's head and registered office is at 1000 Yonge Street, Suite 500, Toronto, Ontario M4W 2K2.

The Corporation currently has one wholly-owned subsidiary, Timbercreek Mortgage Investment Fund, a trust governed by the laws of the Province of Ontario.

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this Prospectus, there are 36,964,059 Common Shares issued and outstanding. The outstanding Common Shares are listed and posted for trading on the TSX under the symbol "TMC". The Corporation is also authorized to issue an unlimited number of Class A shares ("**Class A Shares**"), Class B shares ("**Class B Shares**") and voting shares ("**Voting Shares**"). Effective November 29, 2013 (the "**Exchange Date**"), all Class A Shares and Class B Shares were converted into Common Shares at the ratio specified in the Articles and all Voting Shares were re-purchased and cancelled. As of the date of this Prospectus, no Voting Shares, Class A Shares or Class B Shares are outstanding.

SUMMARY DESCRIPTION OF THE BUSINESS

General

The Corporation's business is providing Customized Mortgages to qualified real estate investors, most of whom require funding during the transitional phase of the investment process. Real estate investors typically use short-term loans to bridge a period of one to five years where they require temporary capital for property repairs, redevelopment of a property, or for the purchase of another investment. These short-term loans are typically repaid with lower cost, longer-term debt obtained from other Canadian financial institutions once the applicable transitional period is over or the restructuring is complete or from proceeds generated on the sale of assets.

The Corporation believes that this portion of the Canadian borrower market is typically under-served by Canadian financial institutions which are reluctant to dedicate resources for these smaller, shorter-term mortgage investments and cannot typically provide the customization required to meet the borrower's needs.

The Customized Mortgages provided by the Corporation can benefit the borrower by providing:

- the ability to execute quickly on real estate investment opportunities;
- loan terms in-line with the real estate investor's investment model; and
- potentially lower monthly payments relative to amortizing conventional loans.

As a result of the above, borrowers are willing to pay higher interest rates for Customized Mortgages.

The Portfolio currently consists of a diversified pool of mortgages, or interests therein, meeting the criteria established in the Asset Allocation Model (see "*Summary Description of the Business – Strategies of the Corporation*"). The mortgage loans comprising the Portfolio include the following attributes:

- (i) Mortgages primarily secured by income-producing properties;
- (ii) Mortgages with interest only payment terms;
- (iii) Mortgages with terms of less than 36 months (as of September 30, 2013, the average term in the Portfolio was 24 months);
- (iv) Mortgages with loan-to-value ratios of less than 85% (as of September 30, 2013, the average loan-to-value ratio of the Portfolio was 64.0%);
- (v) Mortgages invested primarily in urban markets across Canada, providing geographic diversification of the Portfolio; and

- (vi) Mortgages secured by the properties to which they relate and typically include corporate and/or personal guarantees of the borrowers.

As of the date hereof, the Manager believes that the Portfolio was and remains well diversified (see “*The Portfolio*”).

The Corporation has specifically targeted investments in Customized Mortgages where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly distribution that meets a targeted annual yield which is the 2-Yr GOC Bond Yield plus 550 basis points. The current Portfolio generated an aggregate annualized yield of approximately 8.3% per Common Share, based on a closing price on September 30, 2013 of \$9.14 per Common Share, net of fees and expenses of the Corporation, for the nine month period ending September 30, 2013. In addition, all Lender Fees generated by TAML in connection with mortgage loans funded by the Corporation are paid to the Corporation to enhance the income of the Corporation and, hence, the return on investment for investors.

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The following is an overview of the Portfolio as at September 30, 2013 and December 31, 2012 as well as the related interest and fees earned for the same years:

	September 30, 2013	December 31, 2012
	<hr/>	<hr/>
Portfolio	354,962,024	368,253,037
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Mortgage discount, net of accumulated amortization	0	0
Mortgage origination fees, net of accumulated amortization	(3,754,786)	(4,141,055)
Provision for mortgage losses	(1,200,000)	0
	<hr/>	<hr/>
Total Mortgage and Loan Investments	356,084,786	368,732,473
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As at December 31, 2013, the provision for mortgage losses was approximately \$1.6 million.

USE OF PROCEEDS

The net proceeds to the Corporation from the issue and sale of the Debentures, after payment of the Underwriters' fee of \$1,200,000 and the expenses of the Offering estimated to be \$410,000, will be approximately \$28,390,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after payment of the Underwriters' fee of \$1,380,000 and the expenses of the Offering estimated to be \$410,000) will be approximately \$32,710,000.

We intend to use the net proceeds of the Offering for general corporate purposes, particularly funding future mortgage loans.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios and adjusted earnings coverage ratios are calculated for the twelve month period ended December 31, 2012 and are derived from the Corporation's audited financial information for the twelve month period ended December 31, 2012 and the Corporation's unaudited financial information for the nine month period ended September 30, 2013.

The Corporation's consolidated income before financing costs and income taxes for the twelve month period ended December 31, 2012 and September 30, 2013 were \$29,177,783 and \$24,993,377, respectively. Financing costs for the twelve month period ended December 31, 2012 and September 30, 2013 were \$29,579,748 and \$29,565,808, respectively, for an earnings coverage ratio of 0.99 times and 0.85 times, respectively. For the earnings coverage ratio to achieve a ratio of one-

to-one, the Corporation would require consolidated income before financing costs and income taxes of \$29,579,748 and \$29,565,808, respectively.

After giving effect to the Offering, and before any exercise of the Over-Allotment Option, the Corporation's pro forma consolidated income before financing costs and income taxes for the twelve month period ended December 31, 2012 and September 30, 2013 were \$29,177,783 and \$24,993,377, respectively. After giving effect to the Offering, and before any exercise of the Over-Allotment Option, the pro forma financing costs for the twelve month period ended December 31, 2012 and September 30, 2013 were \$31,806,748 and \$31,792,808, respectively, resulting in an earnings coverage ratio of 0.92 times and 0.79 times, respectively. For the earnings coverage ratio to achieve a ratio of one-to-one, the Corporation would require consolidated income before financing costs and income taxes of \$31,806,748 and \$31,792,808, respectively.

As supplementary disclosure, the Corporation has modified the earnings coverage ratio to remove the dividends paid to holders of redeemable shares from the denominator. After giving effect to the Offering, and before any exercise of the Over-Allotment Option, the Corporation's pro forma consolidated income before financing costs and income taxes for the twelve month period ended December 31, 2012 and September 30, 2013 were \$29,177,783 and \$24,993,377, respectively. Financing costs for the twelve month period ended December 31, 2012 and September 30, 2013 were \$2,605,733 and \$2,607,636, respectively, for an earnings coverage ratio of 11.20 times and 9.58 times, respectively.

Earnings coverage ratio is equal to the Corporation's consolidated income before financing costs and income taxes divided by financing costs. The pro forma earnings coverage ratio includes the financing costs on all our debt securities in the calculation assuming that the full principal amount of such debt securities would be characterized as debt and borrowing costs would be characterized as interest expense in the consolidated financial statements.

These earnings coverage ratios reflect historical earnings adjusted for the net impact of interest on the Debentures, as noted. The earnings coverage ratios herein have been determined on the assumption that the net proceeds of the Offering (calculated by deducting from the gross proceeds of the Offering, the Underwriters' fee and the estimated expenses of the Offering but before any exercise of the Over-Allotment Option) are all used for general corporate purposes.

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

CONSOLIDATED CAPITALIZATION

Set forth in the table below is the capitalization of the Corporation as at September 30, 2013 and as at September 30, 2013 (after giving effect to the Transition and after giving effect to the Transition and the Offering). Effective November 29, 2013, all Class A Shares and Class B Shares were converted into Common Shares at the ratio specified in the Articles and all Voting Shares were re-purchased and cancelled. As of the date of this Prospectus, no Voting Shares, Class A Shares or Class B Shares are outstanding.

	Authorized	Outstanding as at September 30, 2013	Outstanding as at September 30, 2013 after giving effect to the Transition ⁽¹⁾	Outstanding as at September 30, 2013 after giving effect to the Transition and the Offering ⁽¹⁾
Common Shares	Unlimited	Nil	36,964,059 shares \$365,252,523 ⁽²⁾	36,964,059 shares \$365,252,523 ⁽²⁾
Class A	Unlimited	34,525,581 shares, \$342,182,277 ⁽²⁾	Nil	Nil
Class B	Unlimited	3,638,177 shares, \$36,298,540 ⁽²⁾	Nil	Nil
Issue Costs		\$(17,154,520)	\$(17,154,520)	\$(18,764,520) ⁽⁶⁾
Voting Shares	Unlimited	100 shares, \$100	Nil	Nil
Debentures ⁽³⁾⁽⁴⁾	\$30,000,000	Nil	Nil	\$30,000,000
Credit Facility ⁽⁵⁾	\$25,000,000	\$2,308,972	\$2,308,972	\$2,308,972
Total Capitalization		38,163,858 shares, \$363,635,369 ⁽²⁾	36,964,059 shares, \$350,406,975 ⁽²⁾	36,964,059 shares, \$378,796,975 ⁽²⁾

Notes:

- (1) Giving effect to the conversion of the Class A Shares and Class B Shares to Common Shares with the assumption that the Transition occurred on September 30, 2013, including the one-time redemption and the issuance of Common Shares following September 30, 2013 relating to the Dividend Reinvestment Plan.
- (2) These amounts have been rounded.
- (3) Before deducting the Underwriter's fee for the Offering. Excludes up to \$4,500,000 principal amount of Debentures which may be issued on exercise of the Over-Allotment Option. See "Plan of Distribution".
- (4) Represents the face value of the Debentures without deducting the fair value of the conversion option (being the equity component of the Debentures). In accordance with IFRS, the Debentures will be included as a liability, net of the fair value of the conversion feature, which will be included as equity, and net of issue costs. The portion of the Debentures classified as a liability will be accreted by a charge to interest expense over the term.
- (5) The Corporation has entered into the Credit Facility with a Canadian Schedule I bank. Under the terms of the Credit Facility, the Corporation can borrow up to \$25,000,000, plus the amount of a bulge which was repaid prior to December 31, 2013. For further details on the Credit Facility, please refer to "Relationship between the Corporation and a Certain Underwriter".
- (6) Includes the Underwriters' fee and expenses of the Offering, estimated to be \$1,200,000 and \$410,000, respectively, which, together will be payable from the proceeds of the Offering.

SUMMARY DESCRIPTION OF COMMON SHARES

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this Prospectus, there are 36,964,059 issued and outstanding Common Shares.

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, and each Common Share confers the right to one vote in person or by proxy at all such meetings of shareholders of the Corporation. In addition, certain matters, such as a change in the Manager, or a reorganization of the Corporation will, subject to certain exceptions, require approval by a resolution passed by at least 66 2/3% of the votes cast by the holders of the Common Shares at a meeting called and held for the consideration of such matter.

No Shareholder of the Corporation is permitted, together with any “related persons”, at any time to hold more than 25% of the Common Shares of the Corporation.

In the event that any repurchase of Common Shares by the Corporation, or as determined by the board of directors of the Corporation in its sole discretion, any other transaction affecting any Common Shares (each a “**Triggering Transaction**”), if completed, would cause any holder(s) of such Common Shares (each an “**Automatic Repurchase Shareholder**”), together with any “related persons”, to hold more than 25% of the Common Shares, that portion of such Common Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the Common Shares (the “**Repurchased Shares**”) will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Corporation (an “**Automatic Repurchase**”) without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the 10-day volume weighted average trading price of the Common Shares on the TSX for the 10 days prior to the date of the Triggering Transaction. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder within 30 days of the Automatic Repurchase.

For more details on the attributes and characteristics of the Common Shares, please refer to the AIF.

DESCRIPTION OF DEBENTURES BEING DISTRIBUTED

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

“**Change of Control**” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of an aggregate of 66 2/3% or more of the outstanding Common Shares, or securities convertible into or carrying the right to acquire 66 2/3% or more of the Common Shares;

“**Current Market Price**” means, as of any date, the price per Common Share equal to the Weighted Average Price at which the Common Shares have traded on the TSX, or if the Common Shares are not listed thereon, such other recognized stock exchange or over-the-counter market upon which the Common Shares are listed and primarily trade from time to time, during a period of 20 consecutive trading days, ending on the fifth trading day preceding such date;

“**Interest Payment Date**” means, in respect of the Debentures, March 31 and September 30 in each year while the Debentures are outstanding (or the immediately following business day if any interest payment date is not a business day), with the first interest payment occurring on September 30, 2014; and

“**Weighted Average Price**” means, with respect to the Common Shares, for any period, the amount obtained by dividing the aggregate sale price of all Common Shares sold during such period on the TSX or, if the Common Shares are not listed thereon, such other recognized stock exchange or over-the-counter market upon which the Common Shares are listed and primarily traded from time to time, by the total number of Common Shares so sold.

Debentures, Interest Rate and Maturity

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

The Debentures will be dated as of the closing of the Offering and will mature on March 31, 2019. The Debentures are repayable in full on the Maturity Date, subject to the prior redemption thereof. The Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof. There will be 30,000 Debentures issued, subject to up to an additional 4,500 Debentures being issued pursuant to the exercise of the Over-Allotment Option. At the closing of the Offering, the Debentures will be available for delivery in book-entry form only, subject to certain exceptions, through the facilities of CDS. Subject to certain exceptions, holders of beneficial interests in Debentures will not have the right to receive

physical certificates evidencing their ownership of Debentures. See “*Book-Entry, Delivery and Form*”. No fractional Debentures will be issued.

The Debentures will bear interest from and including the date of issue at 6.35% per annum. Interest is payable semi-annually, in arrears, on March 31 and September 30 in each year (or the immediately following business day if any interest payment date is not a business day), with the first interest payment occurring on September 30, 2014. The first interest payment will include interest accrued from, and including, the Closing Date to, but excluding, September 30, 2014.

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

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

Conversion Privilege

Each Debenture will be convertible into fully paid and non-assessable Common Shares, at the option of the holder, at any time prior to 5:00 p.m. (Toronto, Ontario local time) on the earlier of the business day immediately preceding the Maturity Date and, if called for redemption, the business day immediately preceding the date fixed for redemption of the Debentures, at the Conversion Price, subject to adjustment upon the occurrence of certain events as described in the Indenture. Holders of Debentures wishing to exercise the conversion privilege after 1:00 p.m. on the business day immediately preceding the Maturity Date or, if called for redemption, the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, should consult with their broker as there may be additional steps involved in exercising such conversion privilege. No adjustment will be made for dividends or other distributions on Common Shares issuable upon conversion; however, holders converting their Debentures will receive accrued and unpaid interest thereon for the period from and including the date of the last Interest Payment Date thereon (or the date of issuance of the Debentures if no interest has yet been paid by the Corporation): (a) in the event that regular dividends on the Common Shares have not been suspended, to, and including, the last record date set by the Corporation for determining Shareholders entitled to receive a dividend on the Common Shares occurring prior to the date of conversion; or (b) in the event that regular dividends on the Common Shares have been suspended, to, but excluding, the date of conversion, and such holders shall become holders of record of Common Shares on the business day immediately after the date of conversion. Notwithstanding the foregoing, no Debenture may be converted on an Interest Payment Date or during the five business days preceding any such Interest Payment Date. Holders of Debentures surrendered for conversion on an Interest Payment Date or during the five preceding business days shall not become the holders of record of Common Shares until the business day following such Interest Payment Date.

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

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other

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

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

Redemption and Purchase

Other than as noted below in the event of the satisfaction of certain conditions after a Change of Control, the Debentures will not be redeemable prior to March 31, 2017. On and after March 31, 2017, but prior to March 31, 2018, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice, provided that the Current Market Price as of the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after March 31, 2018 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice.

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

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

Payment upon Redemption or Maturity

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

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

Share Interest Payment Election

The Corporation may elect, by notice (the "**Share Interest Payment Notice**") to the Debenture Trustee, from time to time, subject to regulatory and/or stock exchange or marketplace approvals and provided that no Event of Default has occurred and is continuing, to satisfy its obligation to pay all or part of the interest on the Debentures (the "**Interest Obligation**") on any Interest Payment Date: (a) in cash; (b) by delivering a sufficient number of Common Shares that are freely tradeable in

Canada to the Debenture Trustee in accordance with the Indenture for sale by the Debenture Trustee (the “**Share Interest Payment Election**”), in which event holders of Debentures will be entitled to receive a cash payment equal to the Interest Obligation payable from the proceeds of the sale of such Common Shares by the Debenture Trustee; or (c) any combination of the foregoing (a) and (b). The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) accept delivery of the Common Shares from the Corporation; (ii) settle the sale of such Common Shares, on behalf of the Corporation, as the Corporation shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Corporation in the Share Interest Payment Notice and at the price identified therein; (iii) at the written direction of the Corporation and subject to any required regulatory and/or stock exchange or marketplace approval, settle the sale of such Common Shares, as the Corporation shall direct in writing and at the price specified, over the facilities of the TSX or such other exchange or marketplace on which the Common Shares are then listed or quoted for trading; (iv) invest the proceeds of such sales on the Corporation’s direction in permitted short-term Canadian government obligations (as defined in the Indenture) which mature prior to the applicable Interest Payment Date; (v) use such proceeds, together with proceeds from the sale of Common Shares not invested as set out above, to pay the Interest Obligation in respect of which the Share Interest Payment Election was made; (vi) deliver proceeds to holders of the Debentures, to satisfy all or any part of the Interest Obligation as directed by the Corporation in the Share interest Payment Election Notice; and (iv) perform any other action necessarily incidental thereto as directed by the Corporation in its absolute discretion with the consent of the Debenture Trustee.

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

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

Subordination

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

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

continuing and the notice of such default or event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full; or (c) if the making of the payment on account of the indebtedness represented in the Debentures would create, by the giving of notice or the lapse of time, an event of default under the Senior Indebtedness unless the Senior Indebtedness that would be in default has been repaid in full.

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

Change of Control of the Corporation

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

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

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

Events of Default

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

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

Offers for Debentures

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

Consolidation, Mergers or Sales of Assets

The Indenture will provide that the Corporation may not, without the approval of holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding, enter into any transaction or series of transactions whereby all or

substantially all of our property or assets would become the property of any other person or entity (the “**Successor**”) whether by way of reorganization, consolidation, amalgamation, merger, liquidation, transfer, sale, lease or otherwise, unless:

- (a) prior to or contemporaneously with the consummation of such transaction, the Corporation and the Successor shall have executed such instruments and done such things as, in the opinion of legal counsel to the Debenture Trustee or in the opinion of legal counsel to the Corporation that is acceptable to the Debenture Trustee, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the Successor will have assumed all our covenants and obligations under the Indenture in respect of the Debentures;
 - (ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of holders of the Debentures under the Indenture;
 - (iii) in the case of a Successor organized otherwise than under the laws of the Province of Ontario, such Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;
 - (iv) the securities of the Successor to be issued upon the conversion, redemption or maturity of the Debentures, if any, will at the time of consummation of such transaction be freely tradeable under applicable Canadian securities laws and listed on the TSX or another recognized stock exchange or marketplace; and
 - (v) the Successor shall have reserved for issuance a sufficient number of securities to satisfy the Successor’s obligations to issue such securities under the Indenture;
- (b) such transaction, in the opinion of the legal counsel of the Debenture Trustee or legal counsel of the Corporation that is acceptable to the Debenture Trustee acting reasonably, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the holders of Debentures under the Indenture; and
- (c) no condition or event shall exist as to the Corporation (at the time of such transaction) or the Successor (immediately after the time of such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due under the Indenture, which constitutes or would constitute an Event of Default.

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

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Indenture may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions that will make binding on all holders of Debentures resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

No Fractional Common Shares

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

Book-Entry, Delivery and Form

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

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

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

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

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

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

Payments

As long as CDS or its nominee is the registered holder of Debentures, CDS or its nominee will be considered the sole legal owner of such Debentures for the purposes of receiving payments of interest and principal on such Debentures and for all other purposes under the Indenture and such Debentures. Interest payments on Debentures registered in the name of CDS or its nominee will be made by electronic funds transfer or other means acceptable to the Debenture Trustee by no later than the business day prior to the day interest is payable and delivered to CDS or its nominee, as the case may be.

The Corporation understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of the Debentures registered to CDS or its nominee, will credit Participants’ accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Debentures as shown in the records of CDS or its nominee. We also understand that payments of interest and principal by Participants to owners of beneficial interest in such Debentures held through such Participants will be governed by standing instructions and

customary practices and will be the responsibility of the Participants. Our responsibility and liability in respect of payments on Debentures registered in the name of CDS or its nominee is limited solely and exclusively to making payment of any interest and principal due on such Debentures to CDS or its nominee.

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

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

Governing Law

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

PLAN OF DISTRIBUTION

Under an agreement (the “**Underwriting Agreement**”) dated February 10, 2014 between the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, subject to the terms and conditions contained therein, \$30,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture payable in cash to us against delivery. In connection with the Offering, the Corporation has agreed to pay the Underwriters a fee of \$40 per \$1,000 principal amount of Debentures issued by us (or 4.0% of the total gross proceeds of the Offering) for aggregate consideration of \$1,200,000 for their services performed in connection with the Offering, upon completion of the Offering. The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events, including, among others: (i) 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; (ii) any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation; (iii) 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; and (iv) an order by any securities regulatory authority which restricts in any manner the distribution of the Debentures or trading in the Debentures which remains outstanding for a sufficient length of time, each of which in the reasonable opinion of the Underwriters could be expected to have a material adverse effect on the market price or value of the Debentures. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Debentures which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Debentures. The Underwriters are, however, obligated to take up and pay for all the Debentures if any Debentures are purchased under the Underwriting Agreement.

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

The Corporation has 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 and from time to time up to 30 days after the Closing Date, to purchase up to an additional \$4,500,000 aggregate principal amount of the Debentures at a price of \$1,000 per Debenture on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the price to the public, Underwriters’ fee and net proceeds to the Corporation (before payment of the estimated expenses of the Offering) will be \$34,500,000, \$1,380,000 and \$33,120,000, respectively. This Prospectus also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See “Forward-Looking Statements” and “Risk Factors”. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-allotment Option) being distributed under this Prospectus under the symbol “TMC.DB” and the Common Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 10, 2014.

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

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

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Debentures or Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Debentures available for purchase in the open market compared to the price at which they may purchase Debentures through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Debentures or Common 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 Debentures in the open market that could adversely affect investors who purchase in this Offering.

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

The Debentures offered hereby (and the Common Shares issuable upon the conversion, redemption or at maturity of the Debentures) have not been and will not be registered under the U.S. Securities Act, or any securities or “blue sky” laws of any of the states of the United States. Accordingly, the Debentures may not be offered or sold within the United States except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Debentures offered hereby (or underlying Common Shares) in the United States.

The Corporation has agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities.

The Corporation has agreed that, subject to certain stated exceptions set forth in the Underwriting Agreement, it will not, directly or indirectly, without the prior written consent of TD Securities Inc. and CIBC World Markets Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed, issue, offer, sell, grant any option to purchase or otherwise dispose of (or announce any intention to do so) any additional Debentures, Common Shares or any securities

convertible into or exchangeable for Debentures or Common Shares, at any time prior to the expiry of 90 days following the closing of the Offering. In connection with completion of the Offering, the Underwriters may request that certain of our directors and officers agree not to, directly or indirectly, without the prior written consent of TD Securities Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed, and subject to customary exceptions, issue, sell, transfer or assign any Debentures or Common Shares or any securities convertible into or exchangeable for Debentures or Common Shares, for a period of 90 days following the closing of the Offering.

Subscriptions for Debentures will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without prior notice. The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a Participant in the depository service of CDS. See “*Description of the Debentures – Book-Entry, Delivery and Form*”.

PRIOR SALES

The Corporation has not issued any Debentures, nor any securities convertible into or exchangeable for Debentures, in the twelve month period preceding the date of this Prospectus. The following table sets out the prior sales of Class A Shares and Class B Shares by the Corporation for the twelve month period prior to the date of this Prospectus. Effective on the Exchange Date, all Class A Shares and Class B Shares were converted into Common Shares at the ratio specified in the Articles, resulting in an aggregate of 36,964,059 Common Shares being issued on the Exchange Date. From the Exchange Date to the date of this Prospectus, no Common Shares were issued by the Corporation.

Date of Issuance and Issue Type	Type of security issued	Number of securities issued	Price per security	Total funds received
February 15, 2013 – DRIP	Class A Shares	32,332	\$9.72 ⁽¹⁾	\$314,268
March 15, 2013 – DRIP	Class A Shares	30,443	\$9.69 ⁽¹⁾	\$294,999
April 15, 2013 – DRIP	Class A Shares	23,947	\$9.51 ⁽¹⁾	\$227,737
May 15, 2013 – DRIP	Class A Shares	34,928	\$9.56 ⁽¹⁾	\$333,918
July 15, 2013– DRIP	Class A Shares	37,929	\$9.34 ⁽²⁾	\$354,265
November 26, 2013 Private Placement	Class B Shares	508,647	\$9.83	\$5,000,000

⁽¹⁾ Discounted dividend reinvestment plan (“DRIP”) price

⁽²⁾ DRIP price was equal to the net realizable value per Class A Share

TRADING PRICE AND VOLUME

Prior to the Exchange Date, the Class A Shares were listed for trading on the TSX under the symbol “TMC”. Upon the completion of the conversion of Class A Share and Class B Shares into Common Shares at the ratio specified in the Articles on the Exchange Date, the Class A Shares were de-listed from the TSX and the Common Shares were listed for trading on the TSX under the symbol “TMC”. No other securities of the Corporation are listed for trading on any marketplace.

The following table summarizes the high and low prices of the Class A Shares (or Common Shares since the Exchange Date) and volume of trading on the TSX on a monthly basis for the twelve month period prior to the date of this Prospectus:

Month	High	Low	Volume
February 2013 ⁽¹⁾	\$10.35	\$10.15	604,750

March 2013 ⁽¹⁾	\$10.29	\$10.08	598,572
April 2013 ⁽¹⁾	\$10.23	\$9.82	650,310
May 2013 ⁽¹⁾	\$10.25	\$9.62	780,065
June 2013 ⁽¹⁾	\$9.70	\$8.95	1,290,470
July 2013 ⁽¹⁾	\$9.67	\$9.26	728,899
August 2013 ⁽¹⁾	\$9.55	\$9.17	577,972
September 2013 ⁽¹⁾	\$9.39	\$9.14	704,039
October 2013 ⁽¹⁾	\$9.54	\$9.05	615,440
November 2013 ⁽¹⁾	\$9.35	\$8.66	746,142
December 2013 ⁽²⁾	\$9.25	\$8.64	845,835
January 2014 ⁽²⁾	\$9.29	\$8.86	1,021,229
February 2014 ⁽²⁾⁽³⁾	\$9.49	\$8.90	533,767

(1) Refers to prices for Class A Shares prior to the Exchange Date.

(2) Refers to prices for Common Shares on and after the Exchange Date .

(3) For the period up to and including February 14, 2014, the last trading day before the date of this Prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

Certain Holders who might not otherwise be considered to hold their Debentures and Common Shares as capital property may, in certain circumstances, be entitled to have the Debentures and Common 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" in respect of the Debentures or Common Shares, as defined in the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in the Securities. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Debentures.

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

Qualification as a MIC

This summary is based upon the assumption that the Corporation will qualify as a MIC under the Tax Act throughout its current taxation year and for all future taxation years. The Corporation has advised counsel that it intends to meet all of the requirements under the Tax Act to qualify as a MIC throughout its current taxation year and for all of its future taxation years. Counsel express no opinion as to the status of the Corporation as a MIC. If the Corporation were to not qualify as a MIC at any time, the income tax considerations would be materially different from those described herein.

The Tax Act imposes certain requirements in order for a corporation to qualify as a MIC in a taxation year. These requirements generally will be satisfied by the Corporation if, throughout the taxation year: the Corporation was a Canadian corporation for the purposes of the Tax Act; the Corporation’s only undertaking is the investing of its funds and it did not manage or develop real or immovable property; none of the Corporation’s property consisted of specified types of foreign property; the Corporation had at all times at least 20 Shareholders; 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; certain dividend rights attach to any preferred shares of the Corporation; the cost amount to the Corporation of certain residential mortgages (see commentary below), deposits and money was at least 50% of the cost amount to it of all of its property; 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, 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” 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 their own tax advisors in this regard.

For purposes of the 50% asset test noted above, the reference to certain residential mortgages is, more specifically, to debts that are secured by mortgages, hypothecs or in any other manner, on “houses” as defined in the *National Housing Act* (Canada) or on property included within a “housing project”, as defined in the *National Housing Act* (Canada) as it read on June 16, 1999. Generally, a “house” includes all or part of a building or moveable structure that is intended for human habitation containing not more than two family housing units, and “housing project” includes all or part of a building or moveable structure intended for human habitation, any property intended to be converted or developed to provide housing accommodation, or property associated with housing accommodation such as parking, public and recreational facilities, but does not include a hotel.

Taxation of the Corporation

The Corporation is a “public corporation” for purposes of the Tax Act and as such is subject to tax at the full corporate rate on its taxable income.

However, provided the Corporation qualifies as a MIC, the Corporation may deduct in computing its income for a taxation year the amount of dividends paid to its Shareholders, as follows: (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 has advised Counsel that it intends to pay dividends to the extent necessary to reduce its taxable income in each year to nil so that it has no tax payable under Part I of the Tax Act and to elect to have dividends be capital gains dividends to the maximum extent allowable.

Taxation of Holders of Debentures

Interest on Debentures

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

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

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

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

Where on acquisition of a Debenture a Holder pays an amount on account of interest accrued on the Debenture to the date of acquisition, such amount may be deducted in computing the Holder's income in the taxation year in which, and to the extent that, the accrued interest is included in the Holder's income as interest. The adjusted cost base to the Holder of the Debenture will be reduced by the amount that is so deductible.

Exercise of Conversion Privilege

Generally, the conversion of a Debenture into only Common Shares plus any cash in lieu of a fraction of a Common Share (as described below) pursuant to the Holder's right of conversion will generally be deemed not to constitute a disposition of the Debenture pursuant to the Tax Act and, accordingly, the Holder will not realize a capital gain or capital loss on such conversion. The Corporation does not currently have a rights plan and the previous statement assumes that there is no rights plan in existence at the time of conversion.

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

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

Redemption or Repayment of Debentures

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

Dispositions of Debentures

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

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

Taxation of Shareholders

Corporate Dividends

Capital gains dividends received by a Holder (whether paid in cash or reinvested in Common 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 Common Shares*" for a description of the tax treatment of capital gains.

Taxable dividends, other than capital gains dividends, received by a Holder of Common Shares (whether paid in cash or reinvested in Common 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 Common Shares will be the cost amount of such Common Shares.

The provisions of the Tax Act providing for 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 Common Shares. Similarly, the provisions of Part IV of the Tax Act will not be applicable to the receipt of taxable dividends on the Common Shares by a corporate Holder.

Dispositions of Common Shares

On the disposition or deemed disposition of a Common 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 Common Share, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Common Share to the Holder. A Holder's proceeds of disposition will not include an amount payable by the Corporation on the Common 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 Common Shares, when a Common Share is acquired, the cost of the newly-acquired Common Share will be averaged with the adjusted cost base of all of the Common Shares owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Common Share to a Holder will be subject to certain adjustments. The cost to a Holder of Common Shares received on the conversion of Debentures or on the redemption or repayment of Debentures will be as described above.

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

On a redemption or acquisition of Common 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 Common Shares. This deemed dividend will be treated in the same manner as other dividends received by the Holder from the Corporation, (i.e. as interest income or a capital gain depending on whether the Corporation elects that the entire dividend be a capital gains dividend). The balance of the purchase price, if any, will constitute proceeds of disposition of the Common Shares for purposes of the capital gains rules, as described above.

Minimum Tax and Refundable Tax

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

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

Taxation of Registered Plans

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

Tax Implications of our Dividend Policy

The market value of a Common Share may be attributable in part to income and capital gains that have been earned by the Corporation, but which have not yet been realized and/or paid out as a dividend. If a Holder acquires Common 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

the Corporation has 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 Common 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 the Corporation throughout the month up to the record date, although the Holder will have only recently acquired Common Shares.

RELATIONSHIP BETWEEN THE CORPORATION AND A CERTAIN UNDERWRITER

TD Securities Inc., one of the Underwriters, is, directly or indirectly, a subsidiary of a Canadian chartered bank which is a lender to us (the “**Bank**”) and to which we are currently indebted under the terms of the Credit Facility. In December 2010, the Corporation entered into a revolving credit facility with the Bank, which was amended in July 2011, February 2012, September 2012 and November 2013 (as amended, the “**Credit Facility**”). Under the terms of the Credit Facility, the Corporation can borrow up to \$25,000,000, plus the amount of a bulge which was repaid prior to December 31, 2013. The Credit Facility is used for general corporate purposes. The term of the Credit Facility matures on October 31, 2014, and is subject to an interest rate equal to the bank’s prime rate of interest plus 1.5%, and a stamping fee of 2.5% of the face amount of any bankers’ acceptance. The Credit Facility is secured by a general security agreement over the Corporation’s assets and guaranteed by Timbercreek Mortgage Investment Fund. As at the close of business on February 14, 2014, \$0 was outstanding under the Credit Facility.

Consequently, we may be considered to be a connected issuer of TD Securities Inc. under applicable Canadian securities legislation. As at the date of this Prospectus, the Corporation is in compliance with the terms of the Credit Facility and no breach of the Credit Facility has been waived by the Bank. The decision to distribute the Debentures and the determination of the terms of distribution of the Debentures, including the Offering Price, were made through negotiations between us and the Underwriters with reference to prevailing market conditions. The Bank did not have any involvement in such decision or determination, however, the Bank has been advised of the Offering and the terms thereof. None of the Underwriters, including TD Securities Inc., will receive any benefit from the Offering other than its respective portion of the Underwriters’ fee payable by us.

RISK FACTORS

Before making an investment decision, prospective purchasers of Debentures should carefully consider the information described in this Prospectus and the documents incorporated by reference herein. There are certain risks inherent in an investment in the Debentures (and the Common Shares underlying the Debentures) of the Corporation, including the following factors, which investors should carefully consider before investing. Some of the following factors are interrelated and, consequently, investors should treat such risk factors as a whole. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus. These risks and uncertainties are not the only ones that could affect the Corporation and additional risks and uncertainties not currently known to the Corporation or the Manager, or that they currently deem immaterial, may also impair the returns, financial condition and results of operations of the Corporation. If any such risks actually occur, the returns, financial condition and results of operations of the Corporation could be materially adversely affected and the financial performance of the Corporation, the ability of the Corporation to make cash distributions and the trading price of the Debentures and/or Common Shares could be materially adversely affected.

Risks Relating to the Business and the Common Shares

No Assurance of Achieving Business Objectives or Paying Distributions

There is no assurance that the Corporation will be able to achieve its business objectives or be able to pay distributions at the targeted levels or at all. The funds available for distribution to shareholders will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising the Portfolio. There is no assurance that the Portfolio will earn any return.

The Manager, on behalf of the Corporation, may periodically re-evaluate the Corporation’s targeted level of distributions and adjust it higher or lower (subject to the approval of the board of directors of the Corporation), which may have a material effect on the price or value of the Common Shares.

An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

Changes in Real Estate Values

The Corporation's investments in mortgage loans will be secured by real estate, the value of which can fluctuate. The value of real estate is affected by general economic conditions, local real estate markets, the attractiveness of the property to tenants where applicable, competition from other available properties, fluctuations in occupancy rates, operating expenses and other factors. The value of income-producing real property may also depend on the credit worthiness and financial stability of the borrowers and/or the tenants. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting on the ability of the borrower to service the debt and/or repay the loan based on the property income. In particular, recent disruptions to the credit and financial markets in Europe and worldwide and local economic disruptions in areas where the borrowers of the mortgage loans are located may adversely affect the value of real estate on which the mortgage loans are secured and the ability of the borrowers to repay the mortgage loans and thereby negatively impact on the Corporation's business and the value of the Common Shares.

A substantial decline in value of real property provided as security for a mortgage may cause the value of the property to be less than the outstanding principal amount of the mortgage loan. Foreclosure by the Corporation on any such mortgage loan generally would not provide the Corporation with proceeds sufficient to satisfy the outstanding principal amount of the mortgage loan.

While independent appraisals are required before the Corporation may make any mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying real property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion of construction, rehabilitation or leasehold improvements on the real property providing security for the loan. There can be no assurance that these conditions will be satisfied and if, and to the extent they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

Concentration and Composition of the Portfolio

The Portfolio will be invested in Customized Mortgages (the Corporation may also hold cash and cash equivalents). Given the concentration of the Corporation's exposure to the mortgage lending sector, the Corporation will be more susceptible to adverse economic or regulatory occurrences affecting that sector than an investment fund that is not concentrated in a single sector. Investments in mortgages are relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to vary its Portfolio promptly in response to changing economic or investment conditions.

The business objectives and investment restrictions of the Corporation permit the assets of the Corporation to be invested in a broad spectrum of Customized Mortgages. Therefore, the composition of the Portfolio may vary widely from time to time, subject to the business objectives and investment restrictions of the Corporation. The Portfolio will be invested and may from time to time be concentrated by location of the properties, type of property, or other factors resulting in the Portfolio being less diversified than at other times. As a result, the returns generated by the Portfolio may change as its composition changes.

Subordinated Loans and Mortgages

Some of the investments in which the Corporation invests may be considered to be riskier than senior debt financing because the Corporation will not have a first-ranking charge on the underlying property. When a charge on a property is in a position other than first-ranking, it is possible for the holder of a senior-ranking charge on the property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the property to realize on the security given for the loan. Such actions may include a foreclosure action, the exercising of a giving-in-payment clause or an action forcing the property to be sold. A foreclosure action or the exercise of a giving-in-payment clause may have the ultimate effect of depriving any person having other than a first-ranking charge on the property of the security of the property. If an action is taken to sell the property and sufficient proceeds are not realized from such sale to pay off creditors who have prior charges on the property, the holder of a subsequent charge may lose its investment or part thereof to the extent of such deficiency unless the holder can otherwise recover such deficiency from other property owned by the debtor.

No Guarantees or Insurance

There is no assurance that mortgage loans of the Corporation will result in a guaranteed rate of return or any return to shareholders or that losses will not be suffered on one or more mortgage loans. Moreover, at any point in time, the interest rates being charged for mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on mortgage investments will also change.

A mortgage borrower's obligations to the Corporation or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In the event that additional security is given by the borrower or a third party or that a private guarantor guarantees the mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be sufficient to make the Corporation whole if and when resort is to be had thereto. Further, Common Shares are not "deposits" within the meaning of the *Canadian Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Competition

The performance of the Corporation depends, in large part, on the Corporation's ability to invest in mortgage loans at favourable yields. While the Manager does not anticipate significant competition in the areas in which the Corporation proposes to invest, it will compete with individuals, corporations and institutions for investment opportunities in the financing of real property. Certain of these competitors may have greater resources than the Corporation and may therefore operate with greater flexibility. As a result, the Corporation may not be able to invest in sufficient mortgage loans at favourable yields or at all.

Sensitivity to Interest Rates

It is anticipated that the market price for the Common Shares and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the Customized Mortgages comprising the Portfolio. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Corporation's Customized Mortgages are based), the Corporation may find it difficult to purchase or acquire additional Customized Mortgages bearing interest rates sufficient to achieve the targeted payment of distributions on the Common Shares. There is no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's ability to maintain distributions on the Common Shares at a consistent level. As well, if interest rates increase, the value of the Corporation's Portfolio will be negatively impacted.

Fluctuations in Distributions

The funds available for distributions will vary according to, among other things, the value of the Portfolio and the interest earned thereon. Fluctuations in the market value of the Portfolio may occur for a number of reasons beyond the control of the Manager or the Corporation.

The Corporation will depend on revenue generated from the Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the Customized Mortgages comprising the Portfolio. The amount of distributions will depend upon numerous factors, including the ability of borrowers to make applicable payments under Customized Mortgages, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Corporation or the Manager. If the directors of the Corporation, on the advice of the Manager, determine that it would be in the best interests of the Corporation, they may reduce or suspend for any period, or altogether cease indefinitely, the distributions to be made on the Common Shares.

Distributions made to Shareholders may exceed actual cash available to the Corporation from time to time because of items such as debt payment obligations, and fluctuations in Portfolio returns, if any. The excess cash required to fund distributions may be funded from an operating credit facility (including the Credit Facility), to the extent that one is available or from the capital of the Corporation.

Availability of Investments

As the Corporation relies on TAML to source the Customized Mortgages it invests in, the Corporation is exposed to adverse developments in the business and affairs of TAML, to its management and financial strength and to its ability to operate its

businesses profitably. The ability of the Corporation to make investments in accordance with its business objectives and strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, the Corporation may occasionally hold excess cash pending investments being made in additional Customized Mortgages, which may negatively impact returns.

Risks Related to Mortgage Defaults

As part of the Manager's active management of the Portfolio, among other strategies, the Manager or TAML may from time to time deem it appropriate to extend or renew the term of a mortgage loan past its maturity, or to accrue the interest on a mortgage loan. The Manager and/or TAML generally will do so if it believes that there is a very low risk to the Corporation of not being repaid the full principal and interest owing on the mortgage loan. In these circumstances, however, the Corporation is subject to the risk that the principal and/or accrued interest of such mortgage loan may not be repaid in a timely manner or at all, which could impact the cash flows of the Corporation during the period in which it is exercising such remedies. Further, in the event that the valuation of the asset underlying the mortgage loan has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loan.

When a mortgage loan is extended past its maturity, the loan can either be held over on a month to month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Manager and TAML have the ability to exercise its mortgage enforcement remedies in respect of the extended or renewed mortgage loan. Exercising mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Corporation during the period of enforcement. In addition, as a result of potential declines in real estate values, in particular given the current economic environment, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such mortgages by exercising its mortgage enforcement remedies. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such mortgage loans, the returns, financial condition and results of operations of the Corporation could be adversely impacted.

Foreclosure and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Corporation could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Corporation's assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation's rights as mortgagee. Legal fees and expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable, they will be borne by the Corporation.

Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made through the period of ownership of real property regardless of whether the property is producing income or whether mortgage payments are being made. The Corporation may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

The Corporation may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation, the Corporation is not receiving payments of interest on a mortgage loan that is the subject of litigation, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.

Reliance on the Manager, TAML and the Mortgage Advisory Committee

Pursuant to a management agreement dated as of September 13, 2013 between the Corporation and the Manager, (the "**Management Agreement**"), the Manager will advise the Corporation in a manner consistent with the investment objectives and the investment restrictions of the Corporation, and pursuant to the mortgage services agreement entered into between the

Corporation and TAML dated as of September 13, 2013 (the “**Mortgage Services Agreement**”), TAML will provide to the Corporation all services and activities that, under the *Mortgage Brokerages, Lenders and Administrators Act* (Ontario), can only be provided by a person that holds a mortgage brokerage licence or a mortgage administration licence (the “**Licensed Services**”). Although the employees of the Manager and TAML who will be primarily responsible for the performance of the obligations owed to the Corporation have extensive experience, there is no certainty that such individuals will continue to be employees of the Manager and TAML respectively in the future.

There is no certainty that the persons who are currently officers and directors of the Manager and TAML will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager and TAML from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Manager or TAML.

In addition, there is no certainty that the persons who are currently members of the Mortgage Advisory Committee appointed by TAML (the “**Mortgage Advisory Committee**”) will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the Mortgage Advisory Committee from time to time.

The Corporation may be Unable to fund Investments

The Corporation may commit to making future mortgage investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing mortgage investments. In the event that such repayments of principal or payments of interest are not made, the Corporation may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

Borrowing and Leverage

The Corporation intends to borrow funds using its Customized Mortgages as security in order to maximize the amount of capital deployed. In this respect, the Corporation has entered into the Credit Facility.

Subject to complying with rules to qualify as a MIC, there is no restriction on the amount of funds which the Corporation may borrow from time to time. In the event that the Corporation could not meet the obligations of such loans (including under the Credit Facility) pertaining to the payment of interest or the repayment of principal, the Corporation could incur substantial costs if the Corporation is forced to sell assets to repay the loan or to otherwise protect the investments of the Corporation while managing the repayment of such loan. In addition, the Corporation could lose some or all of its assets as a result of lenders exercising their rights of foreclosure and sale or under the security arrangements made with respect to such loan, including in respect of the Credit Facility.

The interest expense and banking fees incurred in respect of any credit facilities, including the Credit Facility, of the Corporation may exceed the incremental capital gains/losses and income generated by the incremental investments in Customized Mortgages made with the proceeds of leverage. Accordingly, any event which adversely affects the value of Customized Mortgages would be magnified to the extent that leverage is employed to purchase such Customized Mortgages. In addition, the Corporation may not be able to renew any credit facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Corporation will enhance returns. Any such loan will not be guaranteed by the Manager or secured by any of its assets.

Conflicts of Interest

The Corporation is subject to a number of actual and potential conflicts of interest involving the Manager, TAML and their respective affiliates because the Manager and TAML provide discretionary investment management services and Licensed Services respectively to other investors, including other MICs, investment entities, and the Manager, TAML and their affiliates may also invest for their own accounts. Accordingly, the services that are provided by the Manager pursuant to the Management Agreement or by TAML through the Mortgage Services Agreement are not exclusive to the Corporation, and the Management Agreement and the Mortgage Services Agreement do not restrict the Manager, TAML or their respective affiliates from establishing additional mortgage investment corporations, from entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of the Manager and/or TAML.

For example, the Manager manages and advises one or more of its affiliates that may have certain investment objectives that are similar to those of the Corporation and may engage TAML or other mortgage brokers to execute transactions that are of the same types of securities and instruments as the Corporation. Such transactions will, except as discussed below, be executed independently of transactions of the Corporation and thus at prices or rates that may be more or less favourable than those obtained by the Corporation.

The Corporation will rely upon the Manager to manage the business of the Corporation and to provide managerial skill. The directors and officers of the Manager may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Corporation, and other businesses or projects in which they may become involved.

In addition, certain of our directors and officers may face actual or potential conflicts of interest due to their positions as directors or officers of the Manager, and/or their direct or indirect ownership interest in the Manager. Messrs. Tamblyn, Bizzarri, Jones and Melo are directors and/or officers of the Corporation and are also directors and/or officers of the Manager. These directors and officers may have a conflict of interest in allocating their time between the respective businesses and interests of the Manager and the Corporation, and other businesses and projects in which they may become involved. Messrs. Tamblyn, Bizzarri, Jones and Melo are also direct or indirect shareholders of the Manager.

The directors and officers of the Corporation are required by law to act in the best interests of the Corporation. Discharge by the directors and officers of their obligations to the Corporation may result in a breach of their obligations to the other companies, and in certain circumstances could expose the Corporation to liability to those companies. Similarly, discharge by the directors and officers of their obligations, if applicable, to any other company could result in a breach of their obligations to act in the best interests of the Corporation.

Fair Allocation

It is the general policy of each of the Manager and TAML that all of its managed accounts that have investment objectives and restrictions that are compatible with a particular investment opportunity should, when practicable, participate *pro rata* in that investment opportunity based upon, among other things, the relative amount of assets under management in each such account and the relative importance of the investment opportunity to the fulfillment of each such account's investment objective. Accordingly, TAML will generally present to the Mortgage Advisory Committee any investment opportunity available to TAML that is consistent with the investment objectives and restrictions of the Corporation based upon, and subject to, (i) the amount of assets under management on behalf of the Corporation relative to the amount of assets under management on behalf of all other accounts of TAML that have investment objectives and restrictions that are compatible with the investment opportunity, and (ii) the importance of the investment opportunity to the fulfillment of the investment objectives of the Corporation relative to the importance of the investment opportunity to the fulfillment of the investment objectives of such other entities to which TAML provides mortgage services. An assessment of the relative importance of an investment opportunity to the fulfillment of a client account's investment objective is dependent upon a number of factors that include the availability of the resources that are required to make the investment, alternative investment opportunities, the composition of the client account's portfolio at the time, the geographic and industry sector exposure associated with the investment opportunity and the liquidity of the account.

As a result of this fair allocation policy, the Corporation may, from time to time, be presented with, but yet be precluded from participating in, an investment opportunity available to TAML that would otherwise be compatible with the Corporation's investment objectives and restrictions based upon TAML's assessment of the relative importance of the investment opportunity to each of the accounts to which TAML has been engaged to provide mortgage brokerage services, including the Corporation. In addition, a substantial portion of the assets of the Corporation may be co-invested, either directly or indirectly, in mortgage loans that have been syndicated by TAML among the Corporation and one or more other accounts that are managed or advised by TAML.

Restrictions on Ownership and Repurchase of Common Shares

No Shareholder of the Corporation is permitted, together with "related persons", at any time to hold more than 25% of any class of the issued shares of the Corporation. The terms and conditions of the Common Shares provide that the portion of such Common Shares held by a Shareholder, together with "related persons", that exceeds 24.9% of the issued Common Shares will be repurchased by the Corporation. If a significant number of Common Shares are repurchased, the trading liquidity of the Common Shares could be significantly reduced. In addition, if a significant number of Common Shares are repurchased, (i) the Corporation may be required to sell Portfolio assets in order to satisfy repurchase payment obligations and may not be able to complete such Portfolio asset sales on favourable terms or at all, and (ii) the expenses of the

Corporation would be spread among fewer Common Shares. If, as a result of significant repurchases, the Manager determines that it is in the best interests of shareholders to terminate the Corporation, the Manager could, subject to applicable law, seek to terminate the Corporation without shareholder approval.

Change in Legislation

There can be no assurance that certain laws applicable to the Corporation, including Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the Corporation or fundamentally alter the tax consequences to Shareholders acquiring, holding or disposing of Common Shares.

Ability to Manage Growth

The Corporation intends to grow the Portfolio. In order to effectively deploy its capital and monitor its loans and investments in the future, the Corporation may need to retain additional personnel and may be required to augment, improve or replace existing systems and controls, each of which can divert the attention of management from their other responsibilities and present numerous challenges. As a result, there can be no assurance that the Corporation will be able to effectively manage its growth and, if it is unable to do so, the Portfolio and the market price of the Common Shares, may be materially adversely affected.

Environmental Matters

The Corporation may in the future take possession, through enforcement proceedings, of properties that secured defaulted mortgage loans to recover its investment in such mortgage loans. Prior to taking possession of properties which secure a mortgage investment, the Manager and/or TAML will assess the potential environmental liability associated with such investment and determine whether it is significant, having regard to the value of the property. If the Manager or TAML subsequently determines to take possession of the property, the Corporation could be subject to environmental liabilities in connection with such real property, which could exceed the value of the property. As part of the due diligence performed in respect of the Corporation's proposed mortgage investments, the Manager or TAML may obtain a Phase I Environmental Audit on the underlying real property provided as security for a mortgage, when it has determined that a Phase I Environmental Audit is appropriate. However, there can be no assurance that any such Phase I Environmental Audit will reveal any or all existing or potential environmental liabilities necessary to effectively insulate the Corporation from potential liability for a materially adverse environmental condition at any mortgaged property. If hazardous substances are discovered on a property of which the Corporation has taken possession, the Corporation may be required to remove such substances and clean up the property. The Corporation may also be liable to tenants and other users of neighbouring properties and may find it difficult or not possible to resell the property prior to or following such clean-up.

Risks Relating to the Debentures

Market for the Debentures and Trading Prices of the Debentures

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

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

Credit Risk

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

Redemption Prior to Maturity

Other than as set forth below, the Debentures will not be redeemable before March 31, 2017. On and after March 31, 2017, but prior to March 31, 2018, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to, but excluding, the date of redemption, provided that the Current Market Price as of the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after March 31, 2018 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest up to, but excluding, the date of redemption, on not more than 60 days' and not less than 30 days' prior written notice.

Holder of Debentures should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in our interests to redeem the Debentures. The Corporation's ability to redeem the Debentures may be limited by law, by the Indenture, by the terms of other existing or future agreements relating to the Credit Facility or other credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend its future debt.

Non-Cash Payments and Dilutive Effects on Shareholders

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

Change of Control

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

Conversion Following Certain Transactions

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

Absence of Covenant Protection

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

Prior Ranking Indebtedness

The Debentures will be direct, unsecured obligations of the Corporation and will rank equally with one another and, except as prescribed by law, will rank equally with all other unsecured indebtedness of the Corporation. The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinate in right of payment, as set forth in the Indenture, to the prior payment in full of all our existing and future Senior Indebtedness.

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

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

Volatility of Market Price of the Debentures and Common Shares

The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-allotment Option) being distributed under this Prospectus under the symbol "TMC.DB" and the Common Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 10, 2014. There can be no assurance that an active public market for trading in the Debentures or Common Shares will persist and, as a result, the market price of the Debentures and/or Common Shares may be adversely affected.

The market price of the Debentures and Common 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 the Corporation or by securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;
- the addition or departure of executive officers or key personnel of the Manager or TAML;
- the transfer restrictions on outstanding Debentures and Common Shares as result of our being a MIC;
- sales or expected sales of additional Debentures and/or Common Shares;
- changes in applicable laws and regulations, including tax laws;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- news reports relating to the conditions in the economy in general and/or trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets.

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

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

Investment Eligibility

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

Prevailing Yields on Similar Securities

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

Earnings Coverage Ratios

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

Shareholder Rights

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

Dividends on Common Shares

Although the Corporation has specifically targeted investments in Customized Mortgages (as defined herein) where the yield and other fees generated from the Customized Mortgages has enabled it to pay out a monthly distribution that meets a targeted annual yield which is the 2-Yr GOC Bond Yield plus 550 basis points, there is no guarantee that the Corporation will be able to pay distributions at the targeted levels or at all to the Shareholders. The actual amount of distributions will vary according to, among other things, the interest and principal payments received in respect of the mortgage loans comprising

the Portfolio. In addition, the market value of the Common Shares and the Debentures may decline if the Corporation is unable to meet its cash distribution targets in the future, and that decline may be significant.

Potential Dilution

The Corporation's Articles and by-laws allow us to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the board of directors, in many cases, without the approval of the Shareholders, and Shareholders will have no pre-emptive rights in connection with such further issuances. Except as described under the heading "*Plan of Distribution*", the Corporation may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares) and on the vesting of deferred share units, income deferred share units or other securities exchangeable or exercisable for Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Debentures and/or Common Shares. With any additional issuance of Common Shares, holders of Common Shares will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per Common Share.

Qualification as a MIC

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard. Since the Corporation must meet certain requirements throughout the year to qualify as a MIC, it is only possible to determine whether the Corporation qualifies as a MIC for a particular taxation year at or after the end of such year. If for any reason the Corporation does not qualify as a MIC under the Tax Act, dividends paid by the Corporation on its Common Shares will not be deductible by the Corporation in computing its income and will not be deemed to have been received by Shareholders as interest or a capital gain, as the case may be. In consequence, as long as the Common Shares are listed on a designated stock exchange, the rules in the Tax Act regarding the taxation of public corporations and their shareholders apply, with the result that the combined corporate and shareholder tax may be significantly greater. In addition, unless the Debentures and the Common Shares are listed on a designated stock exchange, the Debentures and the Common Shares may not constitute qualified investments for a Plan.

No shareholder of the Corporation is permitted, together with "related persons", at any time to hold more than 25% of any class of the issued shares of the Corporation. The Corporation intends to monitor major holdings of Common Shares to ensure that no one Shareholder of the Corporation exceeds this 25% maximum ownership limit set by the Tax Act, in order for the Corporation to maintain its qualification as a MIC. However, given that the Corporation issues Common Shares in the form of global certificates held by CDS, it may be difficult for the Corporation to monitor this 25% ownership rule. In order for the Corporation to stay within this 25% limit, it may have to exercise its right to trigger an Automatic Repurchase of Common Shares.

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by McCarthy Tétrault LLP, and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As at the date hereof, the partners and associates of McCarthy Tétrault LLP, as a group, own less than 1% of the outstanding Common Shares, and the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own less than 1% of the outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered 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 Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Common Shares is CST Trust Company, and the transfer agent and registrar for the Debentures will be Computershare Trust Company of Canada, in each case, at its principal offices located in Toronto, Ontario, Canada.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories 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 and territories, 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 or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of Debentures will have a contractual right of rescission against the Corporation following the conversion of the Debentures in the event that this Prospectus or any amendment hereto contains a misrepresentation. The contractual right of rescission will entitle such original purchasers to receive from the Corporation, upon surrender of the Common Shares issued upon conversion of such Debentures, the amount paid for such Debentures, provided that the right of rescission is exercised within 180 days from the date of the purchase of such Debentures under this Prospectus.

CERTIFICATE OF THE CORPORATION

Dated: February 18, 2014

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

(Signed) ANDREW JONES
Chief Executive Officer

(Signed) UGO BIZZARRI
Chief Financial Officer

On behalf of the Board of Directors

(Signed) R. BLAIR TAMBLYN
Director

(Signed) W. GLENN SHYBA
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 18, 2014

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

TD SECURITIES INC.

**CIBC WORLD MARKETS
INC.**

(Signed) CAMERON GOODNOUGH

(Signed) MICHAEL SHUH

RAYMOND JAMES LTD.

**RBC DOMINION
SECURITIES INC.**

(Signed) LUCAS ATKINS

(Signed) CHRISTOPHER BEAN

**BMO NESBITT
BURNS INC.**

GMP SECURITIES L.P.

**NATIONAL BANK
FINANCIAL INC.**

SCOTIA CAPITAL INC.

(Signed) ROBIN G.
TESSIER

(Signed) ANDREW KIGUEL

(Signed) TIMOTHY D. EVANS

(Signed) BRYCE STEWART

CANACCORD GENUITY CORP.

(Signed) JUSTIN BOSA

DUNDEE SECURITIES LTD.

(Signed) BRAD CUTSEY