

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement (this “**Prospectus Supplement**”), together with the short form base shelf prospectus dated December 30, 2020 (the “**Base Prospectus**”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference into the Base Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any securities laws of any state, territory or possession of the United States. Accordingly, the securities offered hereby may not be offered or sold, directly or indirectly, in the United States of America and its territories or possessions (the “**United States**”) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Firm Capital Mortgage Investment Corporation at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5, telephone (416) 635-0221, and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus dated December 30, 2020

NEW ISSUE

January 20, 2022



FIRM CAPITAL MORTGAGE INVESTMENT CORPORATION

\$40,000,000

5.00% Convertible Unsecured Subordinated Debentures due March 31, 2029

This Prospectus Supplement qualifies the distribution (the “**Offering**”) of \$40,000,000 aggregate principal amount of 5.00% convertible unsecured subordinated debentures (the “**Debentures**”) of Firm Capital Mortgage Investment Corporation (the “**Corporation**”, “**we**”, “**our**” or “**us**”) in denominations of \$1,000 and multiples thereof at a price of \$1,000 per Debenture (the “**Offering Price**”). See “Plan of Distribution”. The Debentures will bear interest at an annual rate of 5.00% payable semi-annually in arrears on the last day of March and September of each year (or the immediately following business day if any interest payment date would not otherwise be a business day), with the first interest payment occurring on September 30, 2022. The first interest payment on the Debentures will include accrued and unpaid interest for the period from the closing of the Offering to, but excluding, September 30, 2022. The maturity date of the Debentures is March 31, 2029 (the “**Maturity Date**”). The payment of the principal and accrual of interest on the Debentures will be subordinated in right of payment to the prior payment in full of all our existing and future senior indebtedness. Further particulars concerning the Debentures are set out under “Description of the Debentures”.

Debenture Conversion Privilege

Each Debenture will be convertible into common shares of the Corporation (“**Shares**”) at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of \$17.00 per Share, being a conversion rate of approximately 58.8235 Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the Indenture (as defined herein) (the “**Conversion Price**”). Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the latest interest payment date to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding the last day of March and September in each year, commencing September 30, 2022, as the registers of the Debenture Trustee (as defined herein) will be closed during such periods. Further particulars concerning the conversion privilege are set out under “Description of the Debentures – Conversion Privilege”.

The Debentures may not be redeemed by us prior to March 31, 2025, 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, 2025 and prior to March 31, 2027, the Debentures may be redeemed by us, in whole or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the Current Market Price (as defined herein) on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after March 31, 2027 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at our option at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice.

Subject to regulatory approval and the conditions set out in the Indenture, including that no Event of Default (as defined herein) has occurred and is continuing, the Corporation may, at its option, on not more than 60 days’ and not less than 40 days’ prior notice, elect to satisfy its obligation to pay the principal amount of the Debentures that are to be redeemed or the principal amount of and premium (if any) on the Debentures that are to mature by issuing and delivering for each \$100 due, that number of freely tradeable Shares

obtained by dividing the \$100 principal amount of the Debentures that is to be redeemed or that are to mature, as the case may be, by 95% of the weighted average trading price of the Shares on the Toronto Stock Exchange (the “TSX”) for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or maturity, as the case may be. Interest accrued and unpaid on the Debentures that are to be redeemed or that are to mature will be paid to holders of Debentures in cash.

The Corporation may also elect, from time to time, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its interest payment obligations by delivering sufficient freely tradeable Shares to the Debenture Trustee for sale, in which event holders of Debentures will be entitled to receive, from the proceeds of the sale of the requisite number of Shares by the Debenture Trustee, a cash payment equal to the interest owed. Further particulars concerning the attributes of the Debentures are set out under “Description of the Debentures – Interest Payment Election”.

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

Our outstanding Shares are listed and posted for trading on the TSX under the symbol “FC”. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option (as defined herein)) being distributed under this Prospectus Supplement under the symbol “FC.DB.L”, and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before April 19, 2022. On January 18, 2022, the last full trading day prior to the announcement of the Offering, the closing price of the outstanding Shares on the TSX was \$14.65 per Share.

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

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⁾ | \$40,000,000 | \$1,600,000 | \$38,400,000 |

- 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 \$200,000, 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 \$6,000,000 aggregate principal amount of the Debentures at a price of \$1,000 per Debenture (the “**Over-Allotment Option**”) exercisable at the Underwriters’ sole option and without obligation, in whole or in part, at any time up to 30 days after the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the “Price to Public”, “Underwriters’ Fee” and “Net Proceeds to the Corporation” (before deducting the estimated expenses of the Offering) will be \$46,000,000, \$1,840,000 and \$44,160,000, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

| <u>Underwriters’ Position</u> | <u>Maximum Size</u> | <u>Exercise Period</u> | <u>Exercise Price</u> |
|-------------------------------|--|---|-----------------------|
| Over-Allotment Option | \$6,000,000 aggregate principal amount of Debentures | Up to 30 days after the closing of the Offering | \$1,000 per Debenture |

TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Genuity Corp., iA Private Wealth Inc., Raymond James Ltd., Desjardins Securities Inc., Echelon Wealth Partners Inc. and Laurentian Bank Securities Inc. (collectively, the “**Underwriters**”), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by us and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by Fogler, Rubinoff LLP and on behalf of the Underwriters by Gowling WLG (Canada) LLP.

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

Subscriptions for the Debentures will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is intended that the closing of the Offering will occur on or about January 27, 2022 or such other date as may be agreed upon by us and the Underwriters but in any event, no later than February 9, 2022 (the “**Closing Date**”).

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

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

TD Securities Inc., one of the Underwriters, is, directly or indirectly, a subsidiary of a Canadian chartered bank that is a lender to the Corporation and to which the Corporation is currently indebted under the terms of revolving credit facilities contained in a second amended and restated loan agreement, as amended (the “Operating Facility”), which is used to fund the operations of the Corporation. Consequently, the Corporation may be considered to be a connected issuer of TD Securities Inc. under applicable Canadian securities legislation. We intend to use part of the net proceeds of the Offering to repay a portion of the Corporation’s indebtedness under the Operating Facility. See “Use of Proceeds”, “Relationship Between the Corporation and a Certain Underwriter” and “Plan of Distribution”.

The Corporation is a corporation formed and existing under the laws of Canada. The Corporation is a non-bank lender providing and investing in predominantly short term residential and commercial real estate financing. See “Summary Description of the Business”. The registered and head office of the Corporation is located at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5.

Geoffrey Bledin, a director of the Corporation, resides outside of Canada and has appointed the Corporation, at its address at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5, as his agent for service of process in Canada. It may not be possible for investors to enforce judgments obtained in Canada against directors and officers of the Corporation that reside outside of Canada, even if they have appointed an agent for service of process in Canada.

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

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

Each investor should seek independent advice regarding tax consequences of acquiring, holding and disposing of Debentures and Shares issuable on the conversion, redemption or maturity of Debentures which are applicable to his, her or its particular circumstances. See “Certain Canadian Federal Income Tax Considerations” in this Prospectus Supplement.

All monetary amounts used herein are in Canadian dollars, unless otherwise indicated.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT

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

Readers should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Base Prospectus. We have not authorized any person to provide different or additional information. The information contained on or available through our websites, including at www.firmcapital.com, is not intended to be included in or incorporated by reference into this Prospectus Supplement and the Base Prospectus, and prospective investors should not rely on such information when deciding whether or not to invest in the Debentures. Any information demonstrating our historical performance or of any other entity contained in or incorporated by reference into this Prospectus Supplement and the Base Prospectus are intended only to illustrate past performance and are not necessarily indicative of our or such entity's future performance. The Debentures may be sold only in those jurisdictions where offers and sales are permitted. This Prospectus Supplement is not an offer to sell or a solicitation of an offer to buy the Debentures in any jurisdiction where it is unlawful. The information contained in this Prospectus Supplement, the Base Prospectus or any documents incorporated by reference herein or therein is accurate only as of the date of this Prospectus Supplement, the Base Prospectus or the date of the document incorporated by reference herein or therein, as applicable, regardless of the time of delivery of this Prospectus Supplement or of any sale of the Debentures.

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

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Prospectus solely for the purposes of the Offering of the Debentures. Other documents are also incorporated or deemed to be incorporated by reference into the Base Prospectus and reference should be made to the Base Prospectus for full particulars. See "Documents Incorporated by Reference" in the Base Prospectus. Information has also been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar regulatory authorities in each of the provinces of Canada. Copies of these documents incorporated by reference may be obtained on request without charge from the Secretary of the Corporation at our head office located at 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5, telephone (416) 635-0221 or by accessing these documents through the Internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), at www.sedar.com.

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

- (a) our annual information form for the year ended December 31, 2020 dated March 30, 2021 (the “**Current AIF**”);
- (b) our management information circular dated May 20, 2021 relating to our annual meeting of Shareholders held on June 22, 2021;
- (c) our audited consolidated financial statements and the notes thereto as at December 31, 2020 and 2019 and for each of the years then ended, together with the auditors’ report thereon;
- (d) our management’s discussion and analysis for the year ended December 31, 2020;
- (e) our unaudited interim condensed consolidated financial statements and the notes thereto as at September 30, 2021 and for the three and nine-month periods then ended;
- (f) our management’s discussion and analysis for the three and nine-months ended September 30, 2021 (the “**Current MD&A**”);
- (g) our material change report dated August 25, 2021 with respect to the offering of our 5.00% convertible unsecured subordinated debentures due September 30, 2028 (the “**2021 5.00% Debentures**”) for total gross proceeds of \$40,000,000 (\$46,000,000 total gross proceeds, including the exercise of the over-allotment option for such offering);
- (h) our material change reports dated October 12, 2021 and October 13, 2021, respectively, with respect to a treasury and secondary offering of our Shares and the increase in the size of such offering of Shares (\$28,758,510 total gross proceeds, including the exercise of the over-allotment option for such offering);
- (i) our material change report dated January 18, 2022 with respect to the Offering; and
- (j) the template version of the term sheet dated January 18, 2022 filed on SEDAR in connection with the Offering (the “**Marketing Materials**”).

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

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement, the Base Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document incorporated or deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or

superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus Supplement or the Base Prospectus, except as so modified or superseded.

MARKETING MATERIALS

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Supplement and the Base Prospectus, and in certain documents incorporated by reference herein or therein, constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. As well as those factors discussed in the section entitled “Risk Factors” in this Prospectus Supplement, these risks and uncertainties include, among other things: the completion of the Offering; use of proceeds from the Offering; public health crisis; liquidity and price fluctuation of our Shares; dependence on the Corporation’s manager and the mortgage banker; potential conflicts of interest; dilution; no guaranteed return; credit risk; interest rate risk; environmental matters associated with our business; availability of investments; reliance on the directors; borrowing; limited sources of borrowing; risks related to the renewal of mortgages comprising our investment portfolio; risks related to the composition of our investment portfolio; subordinated and subsequent debt financing; investment risk for land mortgage investments; reliance on borrowers; litigation risks; ability to manage growth; change in legislation; cyber risk; our convertible debentures; and qualification as a mortgage investment corporation. Readers are cautioned that the foregoing list is not exhaustive.

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

ELIGIBILITY FOR INVESTMENT

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

The Shares issuable upon conversion, redemption or maturity of the Debentures will also be qualified investments for such Plans if the Corporation qualifies as a “mortgage investment corporation” (within the meaning of subsection 130.1(6) of the Tax Act) (a “**MIC**”) throughout a taxation year and further provided that at any time in the relevant calendar year, the Corporation does not hold any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a

beneficiary, an employer, or a subscriber under, or a holder of, the Plan, or of any other person who does not deal at arm's length with that person.

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

SUMMARY DESCRIPTION OF THE BUSINESS

Overview

The Corporation is a non-bank lender providing and investing in predominantly short term residential and commercial real estate financing, and achieves its investment objectives by pursuing a strategy of investing in selected niche real estate finance markets that are under-serviced by larger financial institutions. The Corporation invests in mortgages secured by all types of residential and commercial real property, subject to compliance with the Corporation's investment policies. The types of properties that the Corporation finances includes residential houses, small multi-family residential properties comprised of six or fewer units, residential apartment buildings, mixed-use residential apartments and store-front properties, investment properties, land and development sites, as well as development and construction projects. The Corporation also invests in all forms of short-term bridge financing for residential and commercial real estate (including, primarily, construction loans for such properties). The Corporation invests in various Non-Conventional Mortgages (as defined below), either alone or in participation with other lenders, the principal types of which include equity and participating mortgage loans, joint venture financing for builders and developers, mezzanine and subordinated mortgage debt for investment properties, partnership capital, and distressed mortgage debt purchases. In this Prospectus Supplement, "**Non-Conventional Mortgages**" means, without limitation, mortgage investments that exceed, or may exceed, 75% of the appraised value of the real property underlying such mortgages as determined by a qualified appraiser, such as mezzanine and subordinated debt, participating mortgages, discounted debt and joint venture mortgages. Additionally, subject to compliance with the Corporation's investment policies, the Corporation invests in commercial mortgage backed securities and publicly-traded bonds issued by Canadian real estate investment trusts and real estate corporations as well as Related Investments (as defined below). In this Prospectus Supplement, "**Related Investments**" means: (i) a direct investment in real property resulting from the Corporation's equity, mezzanine and other investment transactions; (ii) a bond, debenture, note or other evidence of indebtedness, or a share, unit or other evidence of ownership, in a person (other than an individual) engaged in real estate development, lending or the funding or holding of mortgages; and (iii) a mortgage that is not registered at the appropriate registry office.

The objectives of the Corporation are to: (i) preserve Shareholders' equity; and (ii) provide a return on Shareholders' equity in excess of 400 basis points above the average yield to maturity on one year Government of Canada treasury bills from time to time. The Corporation aims to provide Shareholders with stable and secure cash dividends from investments in mortgage loans in market segments which are under-serviced by large financial institutions and seeks to maximize yields, dividends and Share value through the sourcing and efficient management of its mortgage investments in such market segments. To achieve these objectives, the Corporation benefits from the experience of its mortgage banker, Firm Capital Corporation (the "**Mortgage Banker**"), in originating, underwriting, syndicating and servicing mortgage investments. All mortgage investments are subject to specific investment policies, and the operation of the Corporation is subject to specific operating policies.

The Corporation is qualified, and intends to continue to qualify, as a MIC under the Tax Act. As a MIC, the Corporation is entitled to deduct from its taxable income for a particular taxation year: (i) all taxable dividends, other than capital gains dividends, paid by the Corporation during the year or within 90 days after the end of the year to the extent that those dividends were not deductible by the Corporation in computing its income for the preceding year; and (ii) one-half of all capital gains dividends paid by the Corporation during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. In order to maintain its status as a MIC, the Corporation must continually meet all of the criteria enumerated in the relevant section of the Tax Act throughout such taxation year. The Corporation intends to distribute enough of its annual operations profit to its Shareholders through the payment of monthly dividends of available cash so as to minimize or eliminate its own liability for tax under the Tax Act. See "Certain Canadian Federal Income Tax Considerations". Notwithstanding the foregoing, the decision to pay dividends is at the sole discretion of the board of directors of the Corporation (the "**Directors**"). The Corporation currently pays monthly dividends of \$0.078 per Share to holders of Shares of record at the close of business on the last business day of each month. See "Risk Factors".

The Directors are responsible for the general control and direction of the Corporation. The Corporation's manager, FC Treasury Management Inc., supervises the day-to-day management and operations of the Corporation, and the Mortgage Banker originates and underwrites all mortgage investments on behalf of the Corporation and services the Corporation's gross mortgage portfolio.

The Mortgage Banker has a continuous portfolio of committed mortgage investments that are presented to the Corporation from time to time for investment, pursuant to the right of first refusal granted to the Corporation in accordance with the amended and restated mortgage banking agreement between the Corporation and the Mortgage Banker (the "**Committed Mortgages**").

See “General Development of the Corporation” and “Narrative Description of the Activities of the Corporation” in the Current AIF incorporated by reference in this Prospectus Supplement for a detailed description of the business of the Corporation and its investment strategy.

Recent Developments

On November 1, 2021, the Corporation, along with Eli Dadouch, Jonathan Mair and Michael Warner, completed a bought deal public offering of 1,936,600 Shares at a price of \$14.85 per Share for gross proceeds of \$28,758,510. Under this offering, 1,466,600 Shares were issued from treasury by the Corporation for gross proceeds of \$21,779,010 and an aggregate of 470,000 Shares were sold by the above-noted selling shareholders for aggregate gross proceeds to such selling shareholders of \$6,979,500. The net proceeds of the treasury offering of Shares were used by the Corporation to repay indebtedness and for general corporate purposes. The Corporation did not receive any proceeds from the sale of Shares associated with the secondary offering. However, shortly before the completion of this offering, the Corporation issued 520,000 Shares pursuant to the exercise of options granted under the Corporation’s stock option plan by the foregoing selling shareholders at exercise price of \$11.78 per Share (for gross proceeds to the Corporation of \$6,125,600), and 470,000 Shares so received were the Shares sold by these selling shareholders under the secondary offering.

On January 10, 2022, the Corporation confirmed its previously-announced special year-end dividend of \$0.012 per Share. Total dividends paid to Shareholders in 2021, including the December and special year-end dividends, amounted to \$0.948 per Share.

USE OF PROCEEDS

The net proceeds to the Corporation from the issue and sale of the Debentures, after payment of the Underwriters’ fee of \$1,600,000 and the expenses of the Offering estimated to be \$200,000, will be approximately \$38,200,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after payment of the Underwriters’ fee of \$1,840,000 and the expenses of the Offering estimated to be \$200,000) will be approximately \$43,960,000.

The net proceeds of the Offering will be used for debt repayment and for general corporate purposes. The Corporation’s indebtedness under the Operating Facility is used by the Corporation for the purpose of providing funding for general operating expenses of the Corporation and working capital for the Corporation, including for the purpose of making advances under Committed Mortgages and additional funding of existing mortgages.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios of the Corporation have been calculated on a consolidated basis for the 12-month periods ended December 31, 2020 and September 30, 2021, and set out *pro forma* the Corporation’s interest requirements on a consolidated basis after giving effect to: (i) the changes in the Corporation’s indebtedness not reflected in the Corporation’s audited consolidated financial statements for the year ended December 31, 2020 and the Corporation’s unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021, which additional indebtedness was used to fund our investment portfolio and for general corporate purposes; (ii) the issue of the Debentures; and (iii) the use of the proceeds of the Offering, net of the issue costs to the Corporation.

| | 12 Months Ended December 31, 2020 <i>pro forma</i> after giving effect to the issuance of the Debentures | 12 Months Ended September 30, 2021 <i>pro forma</i> after giving effect to the issuance of the Debentures |
|--|---|--|
| Interest requirements on all debt | \$12,946,932 ⁽¹⁾ | \$12,958,098 ⁽²⁾ |
| Income before interest expense and taxes | \$36,890,086 | \$40,117,252 |
| Earnings coverage ⁽³⁾ | 2.85x | 3.10x |

Notes:

- (1) Interest on the Corporation’s bank indebtedness is based on current rates, the details of which are disclosed in the Corporation’s audited consolidated financial statements for the year ended December 31, 2020 and includes all new mortgage investments up to January 18, 2022.
- (2) Interest on the Corporation’s bank indebtedness is based on current rates, the details of which are disclosed in the Corporation’s unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021, and includes all new mortgage investments up to January 18, 2022.
- (3) Earnings coverage is equal to net income before interest expense and taxes divided by interest expense on all debt. The ratio has been calculated after giving effect to the anticipated repayment of the Operating Facility.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the equity or loan capital structure of the Corporation since September 30, 2021, except that (the following, collectively, the “**Material Changes**”): (a) we issued 1,466,600 Shares in November 2021 pursuant to our public treasury offering of Shares; (b) between October 1, 2021 and January 18, 2022, the Corporation had a net draw of approximately \$52.1 million of indebtedness under the Operating Facility; and (c) we issued 520,000 Shares pursuant to the exercise of options granted under the Corporation’s stock option plan at exercise price of \$11.78 per Share (for gross proceeds to the Corporation of \$6,125,600). See “Summary Description of the Business – Recent Developments”, “Use of Proceeds” and “Relationship Between the Corporation and a Certain Underwriter”.

The following table sets forth the consolidated capitalization of the Corporation as at September 30, 2021 both before and after giving effect to the Offering and the Material Changes:

| <u>Designation</u> | <u>As at September 30, 2021 before giving effect to the Offering and the Material Changes</u> | <u>As at September 30, 2021 after giving effect to the Offering and the Material Changes</u> |
|---|---|--|
| Credit facility and bank indebtedness | \$35,275,463 | \$49,184,584 ⁽¹⁾⁽²⁾ |
| Convertible debentures ⁽³⁾ | \$185,713,000 | \$225,713,000 ⁽²⁾ |
| Shareholders’ equity | \$346,483,047 | \$374,387,657 ⁽⁴⁾ |
| Total capitalization | \$567,471,510 | \$649,285,241 |

Notes:

- (1) The calculation of the credit facility and bank indebtedness is based on the principal amount outstanding under the Operating Facility as of January 18, 2022, being \$87,384,584, less the use of the net proceeds from the Offering to repay a portion of such indebtedness. The increase in the credit facility and bank indebtedness, since September 30, 2021, was to fund our investment portfolio. See “Use of Proceeds”.
- (2) Excludes up to \$6,000,000 principal amount of Debentures which may be issued on exercise of the Over-Allotment Option. See “Plan of Distribution”.
- (3) Represents the face value of the convertible debentures of the Corporation without deducting the fair value of the conversion option (being the equity component of the convertible debentures of the Corporation) and unamortized issue costs. Under IFRS, the convertible debentures of the Corporation 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 equity portion, calculated using the American binomial option pricing mode, is estimated to be approximately \$2,500,000 (net of issue costs). The portion of the convertible debentures of the Corporation classified as a liability will be accreted by a charged to interest expense over the term of the convertible debentures of the Corporation to increase the carrying value of the liability up to principal balance of the outstanding convertible debentures of the Corporation on the applicable maturity date.
- (4) Includes 1,466,600 Shares issued at \$14.85 per Share pursuant to our public treasury offering of Shares and 520,000 Shares issued at \$11.78 per Share pursuant to the option exercises, in each case, forming part of the Material Changes, but excludes 1,842,500 Shares issuable upon exercise of options granted under the Corporation’s stock option plan and the equity component of any issued and outstanding convertible debentures of the Corporation and the write off of unamortized issue costs, as this consolidated capitalization table shows convertible debentures at face value.

DESCRIPTION OF CAPITAL

Authorized Capital

The Corporation is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares (the “**Preferred Shares**”), issuable in series, of which, as at January 18, 2022, 33,637,660 Shares and no Preferred Shares were issued and outstanding.

Shares

Each Share entitles the holder thereof to one vote at all meetings of Shareholders, except where holders of another class are entitled to vote separately as a class as provided by law or the rules of any applicable stock exchange. Subject to the rights of the holders of Preferred Shares and of any other class of shares ranking senior to the Shares, the holders of Shares are entitled to such dividends as the Directors may declare from time to time, which dividends are payable in money or property or by issuing fully paid shares of the Corporation.

Subject to the prior rights of the holders of the Preferred Shares and of any other class of shares ranking senior to the Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other

distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Shares are entitled to receive the remaining property and assets of the Corporation.

Restriction on the Business of the Corporation

The Corporation's articles provide that we may not make any investment or conduct any activity that would result in our failing to qualify as a MIC.

Limitation on Ownership

In order to maintain its status as a MIC, the articles of the Corporation provide that no shareholder of the Corporation is permitted to hold at any time, directly or indirectly, either alone or together with a person "related" to the shareholder (within the meaning of the Tax Act, a "**Related Person**"), more than 25% of any class or series of the issued shares of the Corporation.

In the event that (i) the exercise by any holder of debentures of the Corporation, or (ii) as determined by the Directors in their sole discretion, any other transaction affecting the shares of the Corporation (each a "**Triggering Transaction**"), if completed, would cause any shareholder(s) (each an "**Automatic Repurchase Shareholder**"), either alone or together with Related Persons, to hold more than 25% of any class or series of the issued shares of the Corporation, that portion of the shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued shares of any class or series of shares (the "**Repurchased Shares**") will, immediately prior to the completion of a Triggering Transaction, automatically be repurchased and cancelled by 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 volume weighted average trading price of the particular class or series of shares for the five (5) consecutive trading days ending immediately preceding the date of the Triggering Transaction. The proceeds of any Automatic Repurchase, net of any applicable withholding tax, will be remitted to each applicable Automatic Repurchase Shareholder at the time of the Automatic Repurchase.

5.30% Convertible Unsecured Subordinated Debentures (issued on April 17, 2015)

On April 17, 2015, the Corporation issued \$25,000,000 principal amount of 5.30% convertible unsecured subordinated debentures (each, a "**2015 5.30% Debenture**"). Each 2015 5.30% Debenture pays interest at 5.30% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including May 31, 2022, at a price of \$13.95 per Share (the "**2015 5.30% Conversion Price**"). Each 2015 5.30% Debenture ranks *pari passu* with each other 2015 5.30% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2015 5.30% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the sixth supplemental trust indenture governing the 2015 5.30% Debentures (the "**Sixth Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. From May 31, 2018 to May 30, 2019, the 2015 5.30% Debentures are redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Sixth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 2015 5.30% Conversion Price. On or after May 31, 2019, the 2015 5.30% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2015 5.30% Debentures mature on May 31, 2022. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2015 5.30% Debentures upon redemption or at maturity by issuing Shares.

5.50% Convertible Unsecured Subordinated Debentures (issued on December 22, 2015)

On December 22, 2015, the Corporation issued \$20,000,000 principal amount of 5.50% convertible unsecured subordinated debentures (each, a "**2015 5.50% Debenture**") and on December 30, 2015, the Corporation issued an additional \$3,000,000 principal amount of 2015 5.50% Debentures. Each 2015 5.50% Debenture pays interest at 5.50% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including December 31, 2022, at a price of \$14.00 per Share (the "**5.50% Conversion Price**"). Each 2015 5.50% Debenture ranks *pari passu* with each other 2015 5.50% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2015 5.50% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the seventh supplemental trust indenture governing the 2015 5.50% Debentures (the "**Seventh Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries,

except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after December 31, 2018, but prior to December 31, 2019, the 2015 5.50% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Seventh Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 5.50% Conversion Price. On or after December 31, 2019, the 2015 5.50% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2015 5.50% Debentures mature on December 31, 2022. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2015 5.50% Debentures upon redemption or at maturity by issuing Shares.

5.20% Convertible Unsecured Subordinated Debentures (issued on December 21, 2016)

On December 21, 2016, the Corporation issued \$22,500,000 principal amount of 5.20% convertible unsecured subordinated debentures (each, a "**2016 5.20% Debenture**"). Each 2016 5.20% Debenture pays interest at 5.20% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including December 31, 2023, at a price of \$15.25 per Share (the "**5.20% Conversion Price**"). Each 2016 5.20% Debenture ranks *pari passu* with each other 2016 5.20% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2016 5.20% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the eighth supplemental trust indenture governing the 2016 5.20% Debentures (the "**Eighth Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after December 31, 2019, but prior to December 31, 2021, the 2016 5.20% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Eighth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 5.20% Conversion Price. On or after December 31, 2021, the 2016 5.20% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2016 5.20% Debentures mature on December 31, 2023. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2016 5.20% Debentures upon redemption or at maturity by issuing Shares.

5.30% Convertible Unsecured Subordinated Debentures (issued on June 27, 2017)

On June 27, 2017, the Corporation issued \$26,500,000 principal amount of 5.30% convertible unsecured subordinated debentures (each, a "**2017 5.30% Debenture**"). Each 2017 5.30% Debenture pays interest at 5.30% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including August 31, 2024, at a price of \$15.25 per Share (the "**2017 5.30% Conversion Price**"). Each 2017 5.30% Debenture ranks *pari passu* with each other 2017 5.30% Debentures, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2017 5.30% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the ninth supplemental trust indenture governing 2017 5.30% Debentures (the "**Ninth Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after August 31, 2020, but prior to August 31, 2022, the 2017 5.30% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Ninth Supplemental Indenture) on the date on which the notice of redemption is given is not less than 125% of the 2017 5.30% Conversion Price. On or after August 31, 2022, the 2017 5.30% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2017 5.30% Debentures mature on August 31, 2024. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2017 5.30% Debentures upon redemption or at maturity by issuing Shares.

5.40% Convertible Unsecured Subordinated Debentures (issued on June 21, 2018)

On June 21, 2018, the Corporation issued \$25,000,000 principal amount of 5.40% convertible unsecured subordinated debentures (each, a "**2018 5.40% Debenture**"). Each 2018 5.40% Debenture pays interest at 5.40% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including June 30, 2025, at a price of \$15.00 per Share (the "**2018 5.40% Conversion Price**"). Each 2018 5.40% Debenture ranks *pari passu* with each other 2018 5.40% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2018 5.40% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the tenth supplemental trust indenture governing the 2018 5.40% Debentures (the "**Tenth Supplemental Indenture**")) and trade creditors of the

Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after June 30, 2021, but prior to June 20, 2023, the 2018 5.40% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Tenth Supplemental Indenture) on the date on which any notice of redemption is given is not less than 125% of the 2018 5.40% Conversion Price. On or after June 20, 2023, the 2018 5.40% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2018 5.40% Debentures mature on June 30, 2025. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2018 5.40% Debentures upon redemption or at maturity by issuing Shares.

5.50% Convertible Unsecured Subordinated Debentures (issued on November 23, 2018)

On November 23, 2018, the Corporation issued \$25,000,000 principal amount of 5.50% convertible unsecured subordinated debentures (each, a "**2018 5.50% Debenture**"). Each 2018 5.50% Debenture pays interest at 5.50% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including January 31, 2026, at a price of \$14.60 per Share (the "**2018 5.50% Conversion Price**"). Each 2018 5.50% Debenture ranks *pari passu* with each other 2018 5.50% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2018 5.50% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the eleventh supplemental trust indenture governing the 2018 5.50% Debentures (the "**Eleventh Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after January 31, 2022, but prior to January 31, 2024, the 2018 5.50% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Eleventh Supplemental Indenture) on the date on which any notice of redemption is given is not less than 125% of the 2018 5.50% Conversion Price. On or after January 31, 2024, the 2018 5.50% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2018 5.50% Debentures mature on January 31, 2026. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2018 5.50% Debentures upon redemption or at maturity by issuing Shares.

5.00% Convertible Unsecured Subordinated Debentures (issued on September 3 and 9, 2021)

On September 3 and 9, 2021, the Corporation issued \$46,000,000 principal amount of 2021 5.00% Debentures. Each 2021 5.00% Debenture pays interest at 5.00% per annum, payable semi-annually, and is convertible at the option of the holder at any time up to and including September 30, 2028, at a price of \$17.75 per Share (the "**2021 5.00% Conversion Price**"). Each 2021 5.00% Debenture ranks *pari passu* with each other 2021 5.00% Debenture, and with all other present and future indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The 2021 5.00% Debentures are subordinated in right of payment to the prior payment in full of all Senior Indebtedness (as defined in the twelfth supplemental trust indenture governing the 2021 5.00% Debentures (the "**Twelfth Supplemental Indenture**")) and trade creditors of the Corporation and are also effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries, ranking at least *pari passu* with such other creditors. On and after September 30, 2024, but prior to September 30, 2026, the 2021 5.00% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined in the Twelfth Supplemental Indenture) on the date on which any notice of redemption is given is not less than 125% of the 2021 5.00% Conversion Price. On or after September 30, 2026, the 2021 5.00% Debentures will be redeemable at the Corporation's sole option at a price equal to the principal amount thereof, plus accrued and unpaid interest. The 2021 5.00% Debentures mature on September 30, 2028. The Corporation may, at its option, elect to satisfy its obligation to pay interest or to pay the principal amount of the 2021 5.00% Debentures upon redemption or at maturity by issuing Shares.

DESCRIPTION OF THE DEBENTURES

The Debentures consist of \$40,000,000 aggregate principal amount of 5.00% convertible unsecured subordinated debentures due March 31, 2029. 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 a trust indenture dated April 24, 2006, as supplemented by a supplemental indenture dated October 13, 2010, a second supplemental indenture dated January 1, 2011, a third supplemental indenture dated August 23, 2011, a fourth supplemental indenture dated March 21, 2012, a fifth supplemental indenture dated March 28, 2013, a sixth supplemental indenture dated April 17, 2015, a seventh supplemental indenture dated December 22, 2015, an eighth supplemental indenture dated December 21, 2016, a ninth supplemental indenture dated June

27, 2017, a tenth supplemental indenture dated June 21, 2018, an eleventh supplemental indenture dated November 23, 2018, a twelfth supplemental indenture dated September 3, 2021 and a thirteenth supplemental indenture to be dated as of the date of Closing (collectively, the “**Indenture**”), in each case between the Corporation and Computershare Trust Company of Canada (the “**Debenture Trustee**”), as trustee. This summary does not purport to be complete and is subject to and qualified in its entirety by the terms of the Debentures and the Indenture. The Corporation 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. When used in this Prospectus Supplement under “Description of the Debentures”, the following terms have the respective meanings set forth below:

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

“**Current Market Price**” means the volume weighted average trading price of the Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event;

“**Event of Default**” has the meaning given to it in the Indenture, and includes the occurrence and continuation of any one or more of the following events 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; or (d) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same;

“**Interest Payment Date**” means the last day of March and September in each year; and

“**Share Interest Payment Election**” means an election by the Corporation, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its interest payment obligations on the Debentures in accordance with the Indenture by delivering a sufficient number of Shares to the Debenture Trustee for sale, in which event holders of Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Shares by the Debenture Trustee.

Debentures, Interest Rate and Maturity

The Debentures to be issued pursuant to the Offering will be issued under the Indenture and will be in the aggregate principal amount of \$40,000,000 (plus any Debentures issued upon exercise of the Over-Allotment Option). The Corporation 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, 2029. The Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof.

The Debentures will bear interest from and including the date of issue at 5.00% per annum, which will be payable semi-annually on the last day of March and September of each year commencing on September 30, 2022. The first interest payment will include interest accrued from the closing of the Offering to, but excluding September 30, 2022.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivery of Shares as further described under “Payment upon Redemption or Maturity” and “Redemption and Purchase”. The interest on the Debentures will be payable in lawful money of Canada and, at the option of the Corporation and subject to applicable regulatory approval, in accordance with the Share Interest Payment Election 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 other liabilities of the Corporation as described under “Subordination”. The Indenture does not and will not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures will be convertible into fully paid and non-assessable Shares at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed for

redemption of the Debentures, at the Conversion Price, being a conversion rate of approximately 58.8235 Shares for each \$1,000 principal amount of Debentures. No adjustment will be made for distributions on Shares issuable upon conversion; however, holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the latest Interest Payment Date to, but excluding, the date of conversion. **Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding the last day of March and September in each year, commencing September 30, 2022, as the registers of the Debenture Trustee will be closed during such periods.**

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price upon the occurrence of certain events, including: (a) the subdivision or consolidation of the outstanding Shares; (b) the distribution of Shares to holders of Shares by way of distribution or otherwise other than an issue of securities to holders of Shares who have elected to receive distributions in securities of the Corporation in lieu of receiving cash distributions paid in the ordinary course; (c) the issuance of options, rights or warrants to holders of Shares entitling them to acquire Shares or other securities convertible into Shares at less than 95% of the then Current Market Price of the Shares; and (d) the distribution to all holders of Shares of any securities or assets (other than cash distributions and equivalent distributions in securities paid in lieu of cash distributions in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above 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%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares, or in the case of any consolidation, combination 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, combination, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive the number of Shares or other securities or other property on the exercise of the conversion right that such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, combination, merger, sale, conveyance, liquidation, dissolution or winding-up.

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

Redemption and Purchase

The Debentures will not be redeemable prior to March 31, 2025. On and after March 31, 2025, but prior to March 31, 2027, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after March 31, 2027 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior 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 the consent of the TSX.

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, subject to regulatory requirements.

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, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days' and not less than 40 days' prior notice and subject to applicable regulatory approval and the conditions set out in the Indenture, 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 freely tradeable Shares to the holders of the Debentures. The number of Shares to be issued in respect of each Debenture will be determined by dividing \$100 by 95% of the Current Market Price on the date fixed for redemption or maturity, as the case may be. No

fractional 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, from time to time, subject to regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy its obligation to pay interest on the Debentures (the “**Interest Obligation**”) on the date it is payable under the Indenture, by issuing a sufficient number of Shares required to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the “**Share Interest Payment Election**”). The Indenture provides that, upon such election, the Debenture Trustee (directly or indirectly) shall have the power to: (a) accept delivery from the Corporation of Shares; (b) consummate sales of such Shares, each as the Corporation shall direct in its absolute discretion; (c) invest the proceeds of such sales in short-term permitted government securities (as defined in the Indenture) that mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Shares not invested as aforesaid, to satisfy the Interest Obligation; and (d) perform any other action necessarily incidental thereto.

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 Shares (plus any cash amount received by the Debenture Trustee from the Corporation attributable to any fractional 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 Corporation’s making of the Share Interest Payment Election nor the consummation of sales of Shares will: (a) put the holders of the Debentures at risk of receiving on the applicable Interest Payment Date any amount less than the interest payable on such Interest Payment Date; or (b) entitle such holders to receive any Shares in satisfaction of the Interest Obligation.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation and indebtedness to trade creditors of the Corporation, including indebtedness under the Corporation’s present and future bank credit facilities and any other secured creditors. “**Senior Indebtedness**” of the Corporation is defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Corporation (whether outstanding as at the date of the Indenture or thereafter incurred) other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each Debenture issued under the Indenture will rank *pari passu* with each other Debenture, the 2015 5.30% Debentures, the 2015 5.50% Debentures, the 2016 5.20% Debentures, the 2017 5.30% Debentures, the 2018 5.40% Debentures, the 2018 5.50% Debentures, the 2021 5.00% Debentures 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 the ability of the Corporation to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its 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 the Corporation, or to its 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 the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or 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; or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such 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.

The Debentures will also be effectively subordinated to claims of creditors of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Change of Control of the Corporation

Within 30 days following the occurrence of a Change of Control, the Corporation shall make an offer in writing to purchase the Debentures then outstanding, in whole or in part (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 the Corporation to 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 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 as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

Events of Default

The Indenture will provide that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 10 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (d) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures that would be a take-over bid within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Modification

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

No Fractional Shares

No fractional Shares will be issued on any conversion, but in lieu thereof, 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

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 Closing, 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 Underwriters or other registered dealer from whom Debentures are purchased.

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

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

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the “**Debenture Certificates**”) only if: (a) they are required to be so issued by applicable law; (b) the book-entry only system ceases to exist; (c) 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 and the Corporation is unable to locate a qualified successor; (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 the Corporation will recognize the holders of such Debenture Certificates as debentureholders under the Indenture.

Interest 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 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 and premium, if any, including payment in the form of Shares, if applicable, and the interest due at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal and premium, if any, including payment in the form of Shares, if applicable, and interest due at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

Governing Law

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

PRIOR SALES

The Corporation has not issued any Shares, nor any securities convertible into or exchangeable for Shares, during the 12-month period prior to the date of this Prospectus Supplement, except for: (a) a total of 1,466,600 Shares issued on November 1, 2021 pursuant to an equity treasury offering at a price of \$14.85 per Share for gross proceeds to the Corporation of

\$21,779,010; (b) \$46 million aggregate principal amount 2021 5.00% Debentures in September 2021 at a price of \$1,000 per debenture pursuant to our public offering of 2021 5.00% Debentures; (c) a total of 222,904 Shares issued in connection with the reinvestment of dividends under our dividend reinvestment plan and share purchase plan; (d) a total of 947,500 Shares issued in connection with the exercise of options under our stock option plan at an average weighted price of \$11.80 per Share; and (e) a total of 157,490 Shares issued in connection with the conversion of convertible debentures of the Corporation pursuant to the terms of such debentures at an average weighted price of \$13.97 per Share.

TRADING PRICE AND VOLUME

Common Shares

The outstanding Shares are traded on the TSX under the trading symbol “FC”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the Shares on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 13.77 | 12.59 | 889,070 |
| February 2021 | 13.95 | 12.87 | 802,240 |
| March 2021 | 14.55 | 13.26 | 779,043 |
| April 2021 | 14.59 | 13.90 | 582,762 |
| May 2021 | 15.00 | 14.16 | 505,765 |
| June 2021 | 15.14 | 14.50 | 445,589 |
| July 2021 | 15.60 | 14.80 | 596,531 |
| August 2021 | 15.43 | 14.92 | 569,366 |
| September 2021 | 15.44 | 14.57 | 590,396 |
| October 2021 | 15.84 | 14.51 | 1,367,430 |
| November 2021 | 14.98 | 13.81 | 1,425,853 |
| December 2021 | 14.94 | 13.69 | 757,612 |
| January 1 – 19, 2022 | 14.74 | 13.92 | 554,496 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding Shares on the TSX was \$14.59.

2015 5.30% Debentures

The 2015 5.30% Debentures are traded on the TSX under the trading symbol “FC.DB.E”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2015 5.30% Debentures on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 101.00 | 100.00 | 850 |
| February 2021 | 101.99 | 99.90 | 1,510 |
| March 2021 | 102.50 | 101.00 | 1,000 |
| April 2021 | 104.00 | 102.00 | 2,910 |
| May 2021 | 105.69 | 102.50 | 8,270 |
| June 2021 | 107.06 | 105.00 | 1,950 |
| July 2021 | 111.50 | 105.00 | 4,170 |
| August 2021 | 111.50 | 107.04 | 3,070 |
| September 2021 | 109.49 | 106.50 | 2,320 |
| October 2021 | 111.50 | 104.79 | 1,150 |
| November 2021 | 102.85 | 102.72 | 250 |
| December 2021 | 103.17 | 100.71 | 4,050 |
| January 1 – 19, 2022 | 105.00 | 102.50 | 1,050 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding 2015 5.30% Debentures on the TSX was \$105.00.

2015 5.50% Debentures

The 2015 5.50% Debentures are traded on the TSX under the trading symbol “FC.DB.F”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2015 5.50% Debentures on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 101.00 | 100.01 | 2,370 |
| February 2021 | 102.00 | 100.11 | 1,180 |
| March 2021 | 102.50 | 101.00 | 1,990 |
| April 2021 | 106.50 | 101.50 | 900 |
| May 2021 | 105.50 | 102.95 | 9,090 |
| June 2021 | 107.34 | 105.67 | 10,710 |
| July 2021 | 110.00 | 105.67 | 1,580 |
| August 2021 | 112.00 | 108.00 | 2,060 |
| September 2021 | 110.00 | 102.06 | 2,320 |
| October 2021 | 111.00 | 103.00 | 4,610 |
| November 2021 | 106.00 | 100.05 | 1,730 |
| December 2021 | 102.50 | 100.06 | 680 |
| January 1 – 19, 2022 | 102.20 | 101.56 | 220 |

On January 11, 2022, the last trading day prior to the date of this Prospectus Supplement that a trade occurred with respect to the 2015 5.50% Debentures, the closing price of the outstanding 2015 5.50% Debentures on the TSX was \$101.56.

2016 5.20% Debentures

The 2016 5.20% Debentures are traded on the TSX under the trading symbol “FC.DB.G”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2016 5.20% Debentures on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 102.00 | 100.17 | 1,800 |
| February 2021 | 102.00 | 100.01 | 1,430 |
| March 2021 | 103.40 | 100.01 | 5,580 |
| April 2021 | 101.50 | 100.41 | 2,310 |
| May 2021 | 102.00 | 101.50 | 1,520 |
| June 2021 | 103.25 | 99.81 | 730 |
| July 2021 | 103.50 | 101.75 | 130 |
| August 2021 | 102.05 | 101.00 | 1,080 |
| September 2021 | 103.00 | 101.60 | 660 |
| October 2021 | 103.00 | 101.60 | 370 |
| November 2021 | 102.97 | 101.75 | 3,420 |
| December 2021 | 102.50 | 101.43 | 1,310 |
| January 1 – 19, 2022 | 102.40 | 101.82 | 120 |

On January 18, 2022, the last trading day prior to the date of this Prospectus Supplement that a trade occurred with respect to the 2016 5.20% Debentures, the closing price of the outstanding 2016 5.20% Debentures on the TSX was \$102.40.

2017 5.30% Debentures

The 2017 5.30% Debentures are traded on the TSX under the trading symbol “FC.DB.H”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2017 5.30% Debentures on the TSX:

| Month | High Price (\$) | Low Price (\$) | Volume Traded |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 100.75 | 100.00 | 1,630 |
| February 2021 | 102.00 | 100.00 | 3,770 |
| March 2021 | 102.08 | 100.01 | 2,870 |
| April 2021 | 102.00 | 100.60 | 890 |
| May 2021 | 103.00 | 100.47 | 950 |
| June 2021 | 102.00 | 100.97 | 940 |
| July 2021 | 102.00 | 102.00 | 170 |
| August 2021 | 102.75 | 102.00 | 1,168 |
| September 2021 | 104.00 | 100.64 | 1,920 |
| October 2021 | 104.00 | 101.25 | 1,900 |
| November 2021 | 103.00 | 100.02 | 1,830 |
| December 2021 | 103.00 | 100.01 | 1,460 |
| January 1 – 19, 2022 | 100.99 | 100.61 | 1,220 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding 2017 5.30% Debentures on the TSX was \$100.81.

2018 5.40% Debentures

The 2018 5.40% Debentures are traded on the TSX under the trading symbol “FC.DB.I”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2018 5.40% Debentures on the TSX:

| Month | High Price (\$) | Low Price (\$) | Volume Traded |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 102.00 | 101.00 | 4,630 |
| February 2021 | 102.00 | 102.00 | 2,390 |
| March 2021 | 103.00 | 101.00 | 2,650 |
| April 2021 | 102.25 | 101.12 | 2,480 |
| May 2021 | 102.89 | 102.01 | 480 |
| June 2021 | 103.94 | 102.25 | 2,090 |
| July 2021 | 105.00 | 102.50 | 960 |
| August 2021 | 103.45 | 101.75 | 3,410 |
| September 2021 | 103.00 | 102.00 | 1,310 |
| October 2021 | 104.99 | 102.05 | 1,850 |
| November 2021 | 103.00 | 101.68 | 1,960 |
| December 2021 | 102.15 | 100.00 | 2,110 |
| January 1 – 19, 2022 | 102.40 | 100.78 | 2,260 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding 2018 5.40% Debentures on the TSX was \$102.00.

2018 5.50% Debentures

The 2018 5.50% Debentures are traded on the TSX under the trading symbol “FC.DB.J”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2018 5.50% Debentures on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| January 2021 | 103.00 | 100.00 | 4,360 |
| February 2021 | 103.00 | 100.01 | 2,040 |
| March 2021 | 103.00 | 100.00 | 4,470 |
| April 2021 | 103.05 | 102.00 | 2,200 |
| May 2021 | 103.30 | 101.63 | 3,220 |
| June 2021 | 103.40 | 102.00 | 690 |
| July 2021 | 106.75 | 103.00 | 2,650 |
| August 2021 | 104.35 | 103.00 | 1,970 |
| September 2021 | 106.57 | 103.75 | 2,830 |
| October 2021 | 106.56 | 103.42 | 2,300 |
| November 2021 | 102.50 | 102.50 | 150 |
| December 2021 | 104.50 | 99.00 | 440 |
| January 1 – 19, 2022 | 104.49 | 103.00 | 1,170 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding 2018 5.50% Debentures on the TSX was \$104.25.

2021 5.00% Debentures

The 2021 5.00% Debentures, initially issued on September 3, 2021, are traded on the TSX under the trading symbol “FC.DB.K”. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the 2021 5.00% Debentures on the TSX:

| <u>Month</u> | <u>High Price (\$)</u> | <u>Low Price (\$)</u> | <u>Volume Traded</u> |
|----------------------------|------------------------|-----------------------|----------------------|
| September 2021 | 104.00 | 100.41 | 98,590 |
| October 2021 | 102.50 | 100.51 | 23,900 |
| November 2021 | 102.98 | 100.00 | 17,500 |
| December 2021 | 101.50 | 100.00 | 5,180 |
| January 1 – 19, 2022 | 101.50 | 100.00 | 4,710 |

On January 19, 2022, the last trading day prior to the date of this Prospectus Supplement, the closing price of the outstanding 2021 5.00% Debentures on the TSX was \$100.00.

PLAN OF DISTRIBUTION

Under an agreement (the “**Underwriting Agreement**”) dated January 20, 2022 among 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, \$40,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture payable in cash to us against delivery. In connection with the Offering, we have agreed to pay the Underwriters a fee of \$40 per \$1,000 principal amount of Debentures issued by us (or 4.0% of the total gross proceeds of the Offering) for aggregate consideration of \$1,600,000 for their services performed in connection with the Offering, upon completion of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events as follows: (a) if the Corporation has not complied with the provisions of the Underwriting Agreement, and such non-compliance does or, in the opinion of any of the Underwriters, would reasonably be expected to prevent, restrict or otherwise adversely affect trading in or distribution of the Debentures in any of the provinces of Canada; (b) if there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence or any law or regulation, including any law, regulation, order, inquiry or governmental action related to or resulting from COVID-19, including any escalation in the severity of the existing COVID-19 outbreak and pandemic in any of the provinces of Canada occurring at any time on or after January 18, 2022, which, in the opinion of any of the Underwriters, acting reasonably, materially adversely affects, or may materially adversely affect, the Canadian financial markets or the business, operations or affairs of the Corporation; (c) if there shall occur or be discovered any change, event or development which materially adversely affects or might reasonably be expected to materially adversely affect the value or market price of the Shares; or (d) if there shall occur any change in any of the securities laws of the provinces of Canada, or if any inquiry, action, suit, investigation or other proceeding, whether formal or informal, in relation to the Corporation or the distribution of the Debentures should be announced, instituted or threatened or any order under or pursuant to any laws or regulations of Canada or of any of the

provinces of Canada or by the TSX or any other regulatory or governmental authority should be made or issued (except for any such order based upon the activities or the alleged activities of the Underwriters and not of the Corporation) which, in the opinion of any of the Underwriters, acting reasonably, operates or may operate to prevent or restrict the trading or the distribution of the Debentures or materially adversely affects or will materially adversely affect the value or market price of the Shares. Subject to certain exceptions contained in the Underwriting Agreement, if an Underwriter fails to purchase the Debentures which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Debentures. The Underwriters are, however, obligated to take up and pay for all the Debentures if any Debentures are purchased under the Underwriting Agreement.

The Corporation has also granted the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time until 30 days after the Closing Date, to purchase up to an additional \$6,000,000 aggregate principal amount of the Debentures at the Offering Price (plus accrued interest from the initial closing of the Debentures to the closing of the issuance of Debentures on the exercise of the Over-Allotment Option) on the same terms as set out above solely to cover over-allotments, if any. 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 \$46,000,000, \$1,840,000 and \$44,160,000, respectively. This Prospectus Supplement also qualifies for distribution the grant of the Over-Allotment Option and the distribution of any Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position acquires those Debentures under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

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.

There is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus Supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "Forward-Looking Statements" and "Risk Factors". The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement under the symbol "FC.DB.L", and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before April 19, 2022.

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. It is intended that the closing of the Offering will occur on or about January 27, 2022 or such other date as may be agreed upon by us and the Underwriters, but in any event, no later than February 9, 2022. The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "Description of the Debentures – Book-Entry, Delivery and Form". Purchasers of Debentures will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased.

Pursuant to policy statements of the relevant Canadian securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase any Debentures or Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Debentures or Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering the Underwriters may undertake transactions which stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Debentures initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Debentures offered by this Prospectus Supplement at the Offering Price, the offering price

may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the Offering Price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Debentures is less than the gross proceeds paid by the Underwriters to us. Any such reduction to the Offering Price will not affect the proceeds received by us.

We have agreed that, subject to certain stated exceptions set forth in the Underwriting Agreement, we will not, for a period of 90 days from the Closing Date, directly or indirectly, issue, agree to issue, sell, agree to sell, or announce an intention to issue or sell any additional convertible debentures or Shares or any securities convertible into or exchangeable for such securities (except in connection with the exchange, transfer, conversion or exercise rights of existing outstanding securities or existing commitments to issue securities or pursuant to the Corporation's stock option plan, purchase plan and dividend reinvestment plan), without the consent of TD Securities Inc., on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed.

The Debentures have not been and will not be registered under the Unit U.S. Securities Act, and, subject to certain exceptions, may not be offered or sold in the United States. The Underwriters have agreed that they will not offer or sell these securities within the United States. Until 40 days after the commencement of the offering of Debentures pursuant to this Prospectus Supplement and the Base Prospectus, an offer or sale of the Debentures within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

RELATIONSHIP BETWEEN THE CORPORATION AND A CERTAIN UNDERWRITER

TD Securities Inc. ("**TD Securities**"), one of the Underwriters, is, directly or indirectly, a subsidiary of a Canadian chartered bank (the "**Bank**") that is a lender to the Corporation and to which the Corporation is currently indebted under the terms of the Operating Facility, which is used to fund the operations of the Corporation. See "Use of Proceeds". The Operating Facility is composed of a revolving term loan (up to \$100,000,000) and a revolving demand loan (up to \$20,000,000) for a total aggregate principal amount of up to \$120,000,000 (as of August 26, 2021). On September 1, 2017, the Corporation, Firm Capital Mortgage Fund Inc. and the Bank entered into a second amended and restated loan agreement governing the Operating Facility, which provided that the maturity date of the Operating Facility was September 30, 2018. On September 28, 2018, the Corporation, Firm Capital Mortgage Fund Inc. and the Bank entered into an Operating Facility amending agreement that amended the maturity date of the Operating Facility from September 30, 2018 to September 30, 2019, as further amended on November 2, 2018 for non-material matters, as further amended on September 27, 2019 to amend the maturity date of the Operating Facility from September 30, 2019 to September 30, 2020, as further amended on September 29, 2020 to amend the maturity date of the Operating Facility from September 30, 2020 to September 30, 2021, as further amended on October 28, 2020 to adjust the fees and rates under the Operating Facility, as further amended on November 12, 2020 for non-material matters, as further amended on December 17, 2020 to increase the revolving term loan maximum to \$100,000,000 and as further amended on September 24, 2021 to amend the maturity date of the Operating Facility from September 30, 2021 to September 30, 2022.

The indebtedness of the Corporation to the Bank is secured by substantially all of the assets of the Corporation. We will use the net proceeds of the Offering to reduce our indebtedness to the Bank under the Operating Facility. See "Use of Proceeds" and "Consolidated Capitalization". Consequently, in connection with the Offering, the Corporation may be considered to be a connected issuer of TD Securities under applicable Canadian securities legislation. As at the date of this Prospectus Supplement, the Corporation is in compliance with the terms of the Operating Facility and no breach of the Operating Facility has been waived by the 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, will receive any benefit from the Offering other than its respective portion of the Underwriters' fee payable by the Corporation. The Bank will receive part of the net proceeds from the Offering from us as a repayment of a portion of the outstanding indebtedness under the Operating Facility, and such amount so received by the Bank will then be available to be drawn by us under the Operating Facility, as required, for general corporate purposes, particularly funding mortgage loans.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fogler, Rubinoff LLP, counsel to the Corporation, and Gowling WLG (Canada) LLP, counsel to the Underwriters (together, "**Counsel**"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder who acquires Debentures pursuant to the Offering. This summary is only applicable to such a holder who, for purposes of the Tax Act and at all relevant times, is

resident, or is deemed to be resident, in Canada, deals at arm's length with and is not affiliated with the Corporation, holds any Debentures and will hold any Shares issuable upon the conversion, redemption or maturity of such Debentures (collectively, the "**Securities**") as capital property (a "**Holder**"). Generally, Debentures and Shares issuable upon the conversion, redemption or maturity of such Debentures will be considered to be capital property to a Holder provided that the Holder does not hold the Debentures, and will not hold the Shares, in the course of carrying on a business of trading or dealing in securities and has not acquired the Debentures and will not acquire the Shares in one or more transactions considered to be an adventure in the nature of trade.

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

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) an interest in which is or would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) who reports its Canadian tax results in a "functional currency" (which excludes Canadian dollars); or (v) that enters into a "derivative forward agreement" or a "synthetic disposition arrangement" in respect of the Debentures or Shares, as defined in the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in the Securities. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Debentures.

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

Qualification as a MIC

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

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

Property”) represented less than two-thirds of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 75% of its assets (at cost amount). Where, however, throughout the year the cost amount to the Corporation of its money and Required Property represented two-thirds or more of the aggregate cost amount to the Corporation of all of its property, the Corporation’s liabilities may not exceed 83.33% of its assets (at cost amount).

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

For the purposes of the 50% asset test noted above, the requirement is that our investments must comprise the specified minimum amount of debts that are secured by mortgages, hypothecs or in any other manner, on “houses” or on property included within a “housing project”, as those terms are defined in the *National Housing Act* (Canada) (in the case of a “housing project”, as it read on June 16, 1999).

Taxation of the Corporation

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

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

Taxation of Holders of Debentures

Interest on Debentures

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

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

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

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

Exercise of Conversion Privilege

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

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

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

Redemption or Repayment of Debentures

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

Dispositions of Debentures

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

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

Alternative Minimum Tax

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

Refundable Tax on Certain Corporations

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

Taxation of Shareholders

Corporate Dividends

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

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

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

Dispositions of Shares

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

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

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

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

Alternative Minimum Tax

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

Refundable Tax on Certain Corporations

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

RISK FACTORS

Before making an investment decision, prospective purchasers of Debentures should carefully consider the information described in this Prospectus Supplement, the Base Prospectus and the documents incorporated by reference herein and therein. There are certain risks inherent in an investment in Debentures (and the Shares underlying the Debentures) and in our business and activities, and prospective purchasers should carefully consider those risks described under “Forward-Looking Statements” and the risks described below before investing in the Debentures. Readers are cautioned that such risk factors are not exhaustive. Our business, financial condition and results of operations could be materially adversely affected by any of these risks and past performance is no guarantee of future performance.

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

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Many governments have declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 and new COVID-19 variants have led to, among other things, significant restrictions on travel, business closures, quarantines, a general reduction in commercial activity and the institution of government programs to assist in addressing the economic impact of COVID-19. The duration of the business disruption and related financial impact cannot be reasonably estimated at this time and may be instituted, terminated and re-instituted from time to time as the COVID-19 outbreak worsens or waves of the COVID-19 outbreak occur from time to time. The volatility and disruption related to the COVID-19 outbreak and the reactions to it may result in a disruption or deferral in borrower payments, a decline in the appraised value or salability of properties, a decline of interest rates, a deterioration of the credit worthiness of the borrowers, an inability for the borrowers to obtain additional financing, should the need arise, and/or the need to extend the maturity date of the mortgage. At this point, COVID-19 has not resulted in any material adverse effect on the business or operations of the Corporation, however, the extent to which COVID-19 may impact the Corporation in the future remains uncertain.

Risks Relating to our Business and our Shares

A prospective purchaser of Debentures should carefully consider the risk factors described under the heading “Risk Factors” in the Current AIF and under the heading “Risks and Uncertainties” in the Current MD&A. These risks include public health crisis; liquidity and price fluctuation of our Shares; dependence on the Corporation’s manager and the mortgage banker; potential conflicts of interest; dilution; no guaranteed return; credit risk; interest rate risk; environmental matters associated with our business; availability of investments; reliance on the directors; borrowing; limited sources of borrowing; risks related to the renewal of mortgages comprising our investment portfolio; risks related to the composition of our investment portfolio; subordinated and subsequent debt financing; investment risk for land mortgage investments; reliance on borrowers; litigation risks; ability to manage growth; change in legislation; cyber risk; our existing convertible debentures; and qualification as a mortgage investment corporation.

Risks Relating to the Debentures

Market for the Debentures and Trading Prices of the Debentures

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

The market price of the Debentures will be based on a number of factors, including but not limited to: (i) the prevailing interest rates being paid by companies similar to us; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) our financial condition, results of operation and prospects; (vi) the

publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price, dividend policy and volatility of the Shares; (viii) changes in the industry in which we operate and competition affecting us; and (ix) general market and economic conditions. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Credit Risk

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

Redemption Prior to Maturity

Other than as set forth below, the Debentures will not be redeemable before March 31, 2025. On and after March 31, 2025, but prior to March 31, 2027, the Debentures will be redeemable, in whole or in part, from time to time at our sole option on not more than 60 days' and not less than 30 days' prior notice, at a price equal to the principal amount of the Debentures plus all accrued and unpaid interest up to, but excluding, the date of redemption, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after March 31, 2027 but prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at our sole option on not more than 60 days' and not less than 30 days' notice, at a price equal to the principal amount of the Debentures, plus all accrued and unpaid interest up to, but excluding, the date of redemption. Holders of Debentures should assume that this redemption option will be exercised if we are able to refinance at a lower interest rate or it is otherwise in our interests to redeem the Debentures. Our ability to redeem the Debentures may be limited by law, by the Indenture, by the terms of other existing or future agreements relating to our Operating Facility or other credit facilities and other indebtedness and agreements that we may enter into in the future which may replace, supplement or amend our future debt.

Non-Cash Payments and Dilutive Effects on Shareholders

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

Change of Control

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

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture may: (i) become convertible into the securities, cash or property receivable by a holder of Shares based on the number of Shares into which the Debenture was convertible immediately prior to the transaction; or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures. For example, if

we were acquired in a cash transaction, each Debenture would become convertible ultimately only into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors. See “Description of Debentures – Conversion Privilege”.

Absence of Covenant Protection

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

Prior Ranking Indebtedness

The Debentures will be direct, unsecured obligations of the Corporation and will rank equally with one another and, except as prescribed by law, will rank equally with all other unsecured indebtedness of the Corporation (including the 2015 5.30% Debentures, the 2015 5.50% Debentures, the 2016 5.20% Debentures, the 2017 5.30% Debentures, the 2018 5.40% Debentures, the 2018 5.50% Debentures, and the 2021 5.00% Debentures). The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinate in right of payment, as set forth in the Indenture, to the prior payment in full of all our existing and future Senior Indebtedness.

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

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

Volatility of Market Price of the Debentures and Shares

The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the exercise of the Over-Allotment Option) being distributed under this Prospectus Supplement under the symbol “FC.DB.L”, and the Shares issuable on conversion of the Debentures, on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX on or before April 19, 2022. There can be no assurance that an active public market for trading in the Debentures or Shares will exist or persist and, as a result, the market price of the Debentures and/or Shares may be adversely affected.

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

- actual or anticipated fluctuations in our annual or quarterly results of operations;
- changes in estimates of future results of operations by us or by securities research analysts;
- changes in the economic performance or market valuations of other companies, including other MICs, that investors deem comparable to us;
- the addition or departure of executive officers or key personnel of our manager or mortgage banker;
- the transfer restrictions on outstanding Debentures and Shares as result of our being a MIC;
- the sale or purchase or attempted sale or purchase by a holder or prospective holder of a sizable quantity of Debentures and/or Shares;
- issuances or expected issuances of additional Debentures and/or Shares or other forms of our securities;
- changes in applicable laws and regulations, including tax laws, or changes in the manner in which those laws are applied;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- news reports relating to the conditions in the economy in general and/or trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets.

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

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

Qualified Investment Eligibility

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

Prevailing Yields on Similar Securities

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

Coverage Ratios

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

Shareholder Rights

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

Dividends on Shares

Although we intend to make distributions of our available cash to Shareholders in accordance with our dividend policy, these cash distributions are not assured. The actual amount distributed to Shareholders will depend on numerous factors, including but not limited to our financial performance, debt covenants and obligations, working capital requirements, the composition of our mortgage portfolio, the availability of mortgage loans and fluctuations in interest rates that affect the yield on our

mortgage loans. The market value of the Debentures and Shares may deteriorate if we are unable to meet our cash distribution targets in the future, and that deterioration may be material.

Potential Dilution

We are authorized to issue an unlimited number of Shares for consideration and terms and conditions as established by our Board, in many cases, without any requirement for explicit Shareholder approval, and Shareholders have no pre-emptive rights in connection with such further issuances. Except as described under the heading “Plan of Distribution”, we may issue additional Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Shares), under our dividend reinvestment plan and share purchase plan, pursuant to the exercise of stock options issued under our stock option plan or other securities exchangeable or exercisable for Shares and upon conversion, redemption or maturity of the 2015 5.30% Debentures, the 2015 5.50% Debentures, the 2016 5.20% Debentures, the 2017 5.30% Debentures, the 2018 5.40% Debentures, the 2018 5.50% Debentures, and the 2021 5.00% Debentures. We cannot predict the size of future issuances of Shares or the effect that future issuances and sales of Shares will have on the market price of the Shares. Issuances of a substantial number of additional Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Debentures and/or Shares. With any additional issuance of Shares, holders of Shares will suffer dilution to their voting power and we may experience dilution in our earnings per share.

Qualification as a MIC

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

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of the Corporation by Fogler, Rubinoff LLP, and on behalf of the Underwriters by Gowling WLG (Canada) LLP. As at the date hereof, the partners and associates of Fogler, Rubinoff LLP and Gowling WLG (Canada) LLP, each as a group, beneficially own, directly or indirectly, in the aggregate less than one per cent or no securities or other property of the Corporation.

AUDITORS

The auditors of the Corporation are KPMG LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto, Ontario, who have advised that they are independent with respect to the Corporation within the meaning of relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

TRANSFER AGENT AND REGISTRAR

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

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

Purchasers are cautioned that the statutory right of action for damages for a misrepresentation contained in the Base Prospectus, as supplemented by this Prospectus Supplement, is limited, in certain provincial securities legislation, to the Offering Price. This means that, under securities legislation in certain provinces, if purchasers pay additional amounts upon

conversion of the Debentures, such amounts may not be recoverable under the statutory right of action for damages that applies in such provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of such right of action for damages or consult with a legal adviser.

Original purchasers of Debentures will have a contractual right of rescission against the Corporation following the conversion of the Debentures in the event that the Base Prospectus, as supplemented by this Prospectus Supplement, or any amendment thereto contains a misrepresentation. The contractual right of rescission will entitle such original purchasers to receive from the Corporation, upon surrender of the Shares issued upon conversion of such Debentures, the amount paid for such Debentures (including the original amount paid for such Debentures and any additional amount paid on conversion of such Debentures), provided that the right of rescission is exercised within 180 days from the date of the purchase of such Debentures under this Prospectus Supplement.

ENFORCEABILITY OF JUDGMENTS

Geoffrey Bledin, a director of the Corporation, resides outside of Canada and has appointed the Corporation, at its address at 163 Cartwright Avenue, Toronto, Ontario, Canada M6A 1V5, as his agent for service of process in Canada. It may not be possible for investors to enforce judgments obtained in Canada against directors and officers of the Corporation that reside outside of Canada, even if they have appointed an agent for service of process in Canada.

CERTIFICATE OF THE CORPORATION

Dated: January 20, 2022

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

(Signed) ELI DADOUCH
President and Chief Executive Officer

(Signed) RYAN M. LIM
Chief Financial Officer

On behalf of the Board of Directors

(Signed) JONATHAN MAIR
Director

(Signed) MICHAEL WARNER
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: January 20, 2022

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

TD SECURITIES INC.

By: (Signed) ADAM LUCHINI
DIRECTOR

NATIONAL BANK FINANCIAL INC.

By: (Signed) GAVIN BRANCATO
MANAGING DIRECTOR

CIBC WORLD MARKETS INC.

By: (Signed) MARK JOHNSON
MANAGING DIRECTOR

RBC DOMINION SECURITIES INC.

By: (Signed) DAVID SWITZER
MANAGING DIRECTOR

SCOTIA CAPITAL INC.

By: (Signed) JUSTIN BOSA
MANAGING DIRECTOR

CANACCORD GENUITY CORP.

By: (Signed) DAN SHEREMETO
MANAGING DIRECTOR,
INVESTMENT BANKING

ia PRIVATE WEALTH INC.

By: (Signed) DENNIS KUNDE
MANAGING DIRECTOR, HEAD OF REAL ESTATE INVESTMENT
BANKING

RAYMOND JAMES LTD.

By: (Signed) SEAN C. MARTIN
MANAGING DIRECTOR, HEAD OF FINANCIAL INSTITUTIONS &
FINANCIAL TECHNOLOGY

DESJARDINS SECURITIES INC.

By: (Signed) MARK EDWARDS
MANAGING DIRECTOR, HEAD OF REAL ESTATE INVESTMENT
BANKING

ECHELON WEALTH PARTNERS INC.

By: (Signed) DENIM SMITH
MANAGING DIRECTOR

LAURENTIAN BANK SECURITIES INC.

By: (Signed) ROB SUTHERLAND
MANAGING DIRECTOR, INVESTMENT BANKING

**Firm
Capital**