No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Canadian Banc Corp. at its head and registered office located at 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2, telephone: (416) 304-4443, and are also available electronically at www.sedar.com.*

NEW ISSUE May 16, 2018

SHORT FORM PROSPECTUS

CANADIAN BANC CORP.

$68,065,250

2,915,000 Preferred Shares and 2,915,000 Class A Shares

This short form prospectus qualifies for distribution (the "**Offering**") 2,915,000 Preferred Shares (the "**Preferred Shares**") and 2,915,000 Class A Shares (the "**Class A Shares**") of Canadian Banc Corp. (the "**Company**") at a price of $10.00 per Preferred Share and $13.35 per Class A Share (the "**Offering Prices**"). Preferred Shares and Class A Shares are issued only on a basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all material times. The Preferred Shares and Class A Shares will be sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated May 9, 2018 between the Company, Quadravest Capital Management Inc. ("**Quadravest**") as the manager and investment manager of the Company and National Bank Financial Inc., CIBC World Markets Inc., Scotia Capital Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the "**Underwriters**"). The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario that invests in an actively managed portfolio of common shares (the "**Portfolio**") which primarily includes shares of the following publicly traded Canadian banks (the "**Portfolio Companies**"), each of whose shares will generally represent no less than 5% and no more than 20% of the net asset value of the Company (the "**Net Asset Value**"):

Bank of Montreal	Canadian Imperial Bank of Commerce	Royal Bank of Canada
The Bank of Nova Scotia	National Bank of Canada	The Toronto-Dominion Bank

The Preferred Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbols "BK.PR.A." and "BK", respectively. On May 15, 2018, the closing price on the TSX of the Preferred Shares was $10.08 and of the Class A Shares was $12.98. As at

May 7, 2018 (the last date prior to the date hereof on which the Net Asset Value was calculated), the Net Asset Value per Unit was $22.34. The Company has applied to list the additional Preferred Shares and Class A Shares offered under this short form prospectus on the TSX. Listing is subject to the Company fulfilling all of the listing requirements of the TSX.

Prices: $10.00 per Preferred Share
$13.35 per Class A Share

	Price to the Public[1]	Underwriters' Fee	Net Proceeds to the Company[2]
Per Preferred Share	$10.00	$0.30	$9.70
Total Offering	$29,150,000	$874,500	$28,275,500
Per Class A Share	$13.35	$0.6008	$12.7492
Total Offering	$38,915,250	$1,751,332	$37,163,918

(1) The Offering Prices were established by negotiation between the Company and the Underwriters. The offering price per Unit (as defined herein) is equal to or exceeds the most recently calculated Net Asset Value per Unit as at May 7, 2018 plus the Underwriters' fee and the per Unit expenses of the Offering payable by the Company.

(2) Before deducting the expenses of issue which are estimated to be $150,000. Such expenses, to a maximum of 1.5% of the gross proceeds of the Offering, together with the Underwriters' fee, will be paid out of the proceeds of the Offering. As a result of the priority of the Preferred Shares, the expenses of the Offering will effectively be borne by holders of the Class A Shares (for so long as the Net Asset Value per Unit exceeds the Preferred Share offering price plus accrued and unpaid distributions thereon) and the Net Asset Value per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and Class A Shares.

The Underwriters, as principals, conditionally offer the Preferred Shares and Class A Shares (together, the "**Shares**"), subject to prior sale, if, as and when issued by the Company 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 by Blake, Cassels & Graydon LLP , on behalf of the Company, and McCarthy Tétrault LLP, on behalf of the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions that stabilize or maintain the market price of the Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued any time. See "*Plan of Distribution*". The Underwriters propose to offer the Shares initially at the Offering Prices. After a reasonable effort has been made to sell all of the Shares at the Offering Prices, the Offering Prices may be decreased, and further changed from time to time, to an amount not greater than the Offering Prices. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Shares is less than the gross proceeds paid by the Underwriters to the Company. See "*Plan of Distribution*".

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors under "*Additional Information − Risk Factors*" in the Current AIF (as defined herein).

The independent review committee of the Company, each member of which is independent of the Company and Quadravest, is of the opinion that the Offering achieves a fair and reasonable result for the Company.

Closing of this Offering is expected to take place on May 23, 2018, but in any event no later than May 30, 2018. Subscriptions 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. Registrations and transfers of Shares will be effected only through the book entry only system administered by CDS Clearing and Depository

Services Inc. ("**CDS**"). No holder of a Preferred Share or a Class A Share will be entitled to a physical certificate evidencing that person's interest or ownership and a purchaser of Preferred Shares or Class A Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Preferred Shares or Class A Shares are purchased. See "*Description of the Shares of the Company – Book-Entry Only System*".

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ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, the Preferred Shares and the Class A Shares, if issued on the date hereof, would each be a qualified investment under the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**") for trusts governed by registered retirement savings plans ("**RRSP**"), registered education savings plans ("**RESP**"), registered retirement income funds ("**RRIF**"), deferred profit sharing plans, registered disability savings plans ("**RDSP**") and tax-free savings accounts ("**TFSA**") (collectively, "**Registered Plans**").

Notwithstanding the foregoing, if the Preferred Shares or Class A Shares are a "prohibited investment" for the purposes of a TFSA, RRSP, RRIF, RDSP or RESP, the holder of such TFSA or RDSP, the annuitant of such RRSP or RRIF or the subscriber of such RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Preferred Shares and the Class A Shares will not be a prohibited investment for a TFSA, RRSP, RRIF, RDSP or RESP provided the holder, annuitant or subscriber thereof, as the case may be, (i) deals at arm's length with the Company for purposes of the Tax Act and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Company. Generally, a holder, annuitant or subscriber will have a significant interest in the Company if the holder, annuitant or subscriber and/or persons or partnerships not dealing at arm's length with the holder, annuitant or subscriber own directly or indirectly 10% or more of the issued shares of any class of the capital stock of the Company or any corporation related to the Company within the meaning of the Tax Act. In addition, Preferred Shares and Class A Shares, as the case may be, will not be a "prohibited investment" if such Shares are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP. Prospective purchasers who intend to hold Preferred Shares or Class A Shares in a TFSA, RRSP, RRIF, RDSP or RESP are advised to consult their personal tax advisors.

FORWARD-LOOKING STATEMENTS

Certain statements in this short form prospectus are forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or Quadravest. Forward-looking statements are not historical facts but reflect the current expectations of the Company and Quadravest regarding future results or events. Such forward-looking statements reflect the Company's and Quadravest's current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described in the Current AIF under "*Additional Information – Risk Factors*". Although the forward-looking statements contained in this short form prospectus are based upon assumptions that the Company and Quadravest believe to be reasonable, neither the Company nor Quadravest can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing investors with information about the Company and may not be appropriate for other purposes. Neither the Company nor Quadravest assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained upon request without charge from Quadravest, the manager of the Company, at 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2, and are also available electronically at www.sedar.com. You may call Quadravest Capital Management Inc. to request such documents at (416) 304-4443. For the purpose of the Province of Québec, this short form prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the manager at the above-mentioned address and telephone number. Copies of documents incorporated by reference may also be obtained by accessing www.sedar.com.

The following documents, filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

(a) the Company's annual information form dated February 26, 2018 for the financial year ended November 30, 2017 (the "**Current AIF**");

(b) the Company's audited annual financial statements, together with the accompanying report of the auditor, for the financial year ended November 30, 2017; and

(c) the Company's annual management report of fund performance in respect of its financial year ended November 30, 2017.

All documents of the type referred to above, as well as any other documents of the type described in Item 11.1 of Form 44-101F1 to National Instrument 44-101 *Short Form Prospectus Distributions,* filed by the Company with the securities regulatory authorities after the date of this short form prospectus and before the termination of the Offering (as defined herein) shall be deemed to be incorporated by reference into and form an integral part of this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form prospectus, to

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

THE COMPANY

Canadian Banc Corp. (the "**Company**") is a mutual fund corporation incorporated under the laws of the Province of Ontario by articles of incorporation (the "**Articles**") dated May 25, 2005, as amended June 28, 2005, April 23, 2009, December 22, 2011, January 17, 2012 and January 20, 2012. Quadravest Capital Management Inc. ("**Quadravest**") is the manager and investment manager for the Company. The Company was initially incorporated under the name "Prime Rate Plus Corp." On April 23, 2009 the Company changed its name to "Canadian Banc Recovery Corp." and on January 20, 2012 the Company adopted its current name. The principal office address of the Company is 200 Front Street West, Suite 2510, Toronto, Ontario, M5V 3K2.

Although the Company is considered to be a mutual fund under applicable securities legislation, it has been exempted from certain requirements of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") and National Instrument 81-106 *Investment Fund Continuous Disclosure*, each a policy statement or rule of the Canadian securities regulatory authorities governing public investment funds.

This short form prospectus qualifies for distribution 2,915,000 Preferred Shares and 2,915,000 Class A Shares of the Company (the "**Offering**") at a price of $10.00 per Preferred Share and $13.35 per Class A Share (the "**Offering Prices**"). Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares (referred to as a "**Unit**") will be issued and outstanding at all material times. A Unit consists of one Preferred Share with a termination value of $10.00 and one Class A Share. The Preferred Shares and Class A Shares are listed on the Toronto Stock Exchange ("**TSX**") under the symbols "BK.PR.A." and "BK", respectively. Preferred Shares and Class A Shares trade separately in the market based on supply and demand considering factors such as term, interest rates, asset coverage, leverage, volatility, and credit quality, among other considerations. The attributes of the Shares are described under "*Description of the Shares of the Company*".

Investment Objectives and Strategy

The Company's investment objectives are (i) to provide holders of Preferred Shares with cumulative preferential floating rate monthly cash dividends at a rate per annum equal to the prevailing prime rate in Canada (the "**Prime Rate**") plus 0.75%, with a minimum annual rate of 5.0% and a maximum annual rate of 7.0%; (ii) to provide holders of Class A Shares with regular monthly cash distributions; and (iii) to return the original issue price of $10.00 and $15.00 to holders of Preferred Shares and Class A Shares, respectively, at the time of the redemption of such Shares on December 1, 2018 or such other date as the Company may terminate (the "**Termination Date**"). The Company's current distribution policy with respect to the Class A Shares is to pay monthly distributions targeted to be at an annualized rate of 10% based upon the volume-weighted average trading price of the Class A Shares on the TSX for the last three trading days of the preceding month.

The assets of the Company are invested in an actively managed portfolio of common shares (the "**Portfolio**") which primarily includes shares of the following publicly traded Canadian banks (the "**Portfolio Companies**"), each of whose shares will generally represent no less than 5% and no more than 20% of the net asset value of the Company (the "**Net Asset Value**"):

Bank of Montreal	Canadian Imperial Bank of Commerce	Royal Bank of Canada
The Bank of Nova Scotia	National Bank of Canada	The Toronto-Dominion Bank

Up to 20% of the Net Asset Value may be invested in equity securities of Canadian or foreign financial services corporations, other than the Portfolio Companies. The Company may, from time to time, based on

Quadravest's assessment of market conditions, liquidity considerations, maintenance of the rating on the Preferred Shares and other considerations, hold short term debt instruments issued by the government of Canada or a province or short term commercial paper issued by Canadian corporations with a rating of at least R-1 (mid) by DBRS Limited ("**DBRS**") or the equivalent from another rating organization selected by Quadravest.

To supplement the dividends earned on the Portfolio and to reduce risk, the Company will from time to time write covered call options in respect of all or part of the Portfolio. The individual securities within the Portfolio which are subject to call options and the terms of such options will vary from time to time based on Quadravest's assessment of the market. The Company may also write cash covered put options or purchase call options with the effect of closing out existing call options written by the Company and may also purchase put options in order to protect the Company from declines in the market prices of the securities in the Portfolio. The Company may enter into trades to close out positions in such permitted derivatives. The Company may also use derivatives for hedging purposes or otherwise as permitted under NI 81-102. Such permitted derivatives may include exchange traded options, futures contracts or options on futures (subject to Quadravest obtaining any necessary registrations under the *Commodity Futures Act* (Ontario)), over-the-counter options and forward contracts.

In addition to the restrictions and limitations on the Company's investing activities discussed under "*Investment Restrictions*" in the Current AIF, the Company will not invest in or hold (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the Company (or partnership) to include amounts in income under section 94.1 of the Tax Act; (ii) securities of a non-resident trust other than an "exempt foreign trust" as defined in subsection 94(1) of the Tax Act; or (iii) an interest in a trust that would require the Company to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

Termination Date

The Termination Date of the Company was initially scheduled to be December 1, 2012. On November 3, 2011, the holders of the Preferred Shares and Class A Shares (together, the "**Shareholders**"), voted at a special meeting to extend the Termination Date initially to December 1, 2018, and thereafter the Board of Directors may extend the Termination Date for further terms of five years each. On December 22, 2011, articles of amendment were filed to effect this change. In conjunction with this extension, Shareholders were given a special retraction right which allowed the Shareholders to tender one or both classes of Shares and receive a retraction price based on the December 31, 2011 Net Asset Value per Unit.

As noted above, Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be issued and outstanding at all material times. In aggregate, in response to the special retraction right, there were more Class A Shares tendered for retraction than Preferred Shares, with the result that the Company was required to increase the number of outstanding Class A Shares. Accordingly, immediately following the payment on January 17, 2012 of the proceeds owing to Shareholders in respect of this special retraction, each outstanding Class A Share was subdivided into 1.180459885 Class A Shares. In addition, the monthly targeted dividend on the Class A Shares was adjusted to be at a rate per annum equal to the Prime Rate plus 1.25% with a minimum targeted annual rate of 4.25% and a maximum targeted annual rate of 8.50% (based on the original issue price of the Class A Shares), in order to maintain the same effective dividend rate post subdivision.

The subdivision of the Class A Shares had no impact on the intrinsic value of a Class A Share as the portion of the Net Asset Value per Unit attributable to the Class A Shares decreased proportionate to the increase in the number of Class A Shares.

Fees and Expenses

The following table sets out the fees and expenses payable by the Company. The fees and expenses payable by the Company will reduce the value of an investment in the Company.

Type of Fee	**Amount and Description**
Fees Payable to the Underwriters:	$0.30 per Preferred Share and $0.6008 per Class A Share.
Expenses of Issue:	The expenses of the Offering (including the costs of printing and preparing this short form prospectus, legal expenses of the Company, marketing expenses and legal and other out of pocket expenses incurred by the Underwriters and certain other expenses) will be paid by the Company out of the gross proceeds of the Offering to a maximum of 1.5% of such gross proceeds. As a result of the priority of the Preferred Shares, the expenses of the Offering will effectively be borne by the holders of the Class A Shares (for so long as the Net Asset Value per Unit exceeds the Preferred Share offering price plus accrued and unpaid distributions thereon) and the Net Asset Value per Class A Share will reflect the expenses of the Offering of both the Preferred Shares and the Class A Shares.
Administration Fee and Service Fee:	Pursuant to a management agreement between the Company and Quadravest Inc. dated June 28, 2005 and assigned to Quadravest effective June 1, 2010 (the "**Management Agreement**"), Quadravest is entitled to an administration fee (the "**Administration Fee**") payable monthly in arrears at an annual rate equal to 0.20% of the Net Asset Value calculated as at the last date the Net Asset Value is calculated in each month (a "**Valuation Date**"), plus an amount equal to the service fee (the "**Service Fee**") described below. The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Administration Fee. The Administration Fee is used by Quadravest to provide or arrange for the provision of all administrative services required by the Company, which includes all operational services, financial accounting, shareholder reporting and regulatory reporting. Quadravest will pay the Service Fee to each dealer whose clients hold Class A Shares. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.50% annually of the value of the Class A Shares held by clients of the dealer. For these purposes, the value of a Class A Share at any time is the Net Asset Value per Unit at such time less $10.00. No Service Fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A Shares in respect of each month of such calendar quarter.
Management Fee:	Pursuant to an investment management agreement between the Company and Quadravest dated June 28, 2005 (the "**Investment Management Agreement**"), Quadravest is entitled to a management fee (the "**Management Fee**") at an annual rate equal to 0.65% of the Net Asset Value calculated as at the last Valuation Date in each month. The

Management Fee is paid to Quadravest to provide investment analysis for the Company, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including in respect of the Company's covered call writing program.

The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Management Fee.

Performance Fee:

Quadravest is also entitled to a performance fee (the "**Performance Fee**") equal to 20% of the total return per Unit of the Company for a financial year (which includes all cash distributions per Unit made during the year and any increase in the Net Asset Value per Unit from the beginning of the year after the deduction on a per Unit basis of all fees, other expenses and distributions) that exceeds 112% of the Bonus Threshold.

The "**Bonus Threshold**", for any financial year immediately following a year for which a Performance Fee is payable, is equal to the Net Asset Value per Unit at the beginning of that financial year.

The "**Bonus Threshold**", for any financial year immediately following a year for which a Performance Fee is not payable, is equal to the greater of (i) the Net Asset Value per Unit at the end of the immediately prior financial year; and (ii) the Bonus Threshold for the prior year, minus the Adjustment Amount. The "**Adjustment Amount**" for any financial year is the amount, if any, by which the Net Asset Value per Unit at the end of the immediately prior financial year plus dividends paid in that prior year exceeds the Bonus Threshold for that prior year.

No Performance Fee may be paid in any year if, at the end of such year, (i) the Net Asset Value per Unit is less than $25.00; (ii) the rating on the Preferred Shares as rated by DBRS is less than Pfd-2 (or, if DBRS has not then rated the Preferred Shares, then the equivalent rating of another rating agency that has rated the Preferred Shares shall apply); or (iii) the Company has not earned a total annual return of at least the Base Return on a cumulative basis since inception. The "**Base Return**" in any year is the greater of 5% and the annual total return for such year as measured by the Scotia Capital 91-day T-Bill Index.

The Performance Fee, if payable, will be deducted from the amount otherwise attributable to the holders of the Class A Shares. The Company will also pay any goods and services taxes or harmonized sales taxes applicable to the Performance Fee.

Operating Expenses of the Company:

In addition to the Administration Fee, Service Fee and Management Fee referred to above, the Company will pay for all other expenses incurred in connection with the operation and administration of the Company, estimated to be approximately $250,000 per annum. These expenses are expected to include, without limitation, mailing and printing expenses for periodic reports to Shareholders; fees payable to the Company's custodian for acting as custodian of the assets of the Company and performing certain administrative services under the Custodian Agreement (as defined herein); fees payable to the Company's registrar and transfer agent with respect to the Preferred Shares and Class A Shares; fees payable to the independent directors of the Company and the Company's independent review committee; fees payable to the auditor and legal advisors of the Company; regulatory filing and stock exchange fees (including any such fees payable by Quadravest in respect of the services it provides to the Company); and expenditures incurred upon the dissolution of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Quadravest is entitled to indemnity by the Company. The Company will also be responsible for all commissions and other costs of Portfolio transactions.

CONSOLIDATED CAPITALIZATION

The Company is authorized to issue an unlimited number of Preferred Shares, an unlimited number of Class A Shares and 1,000 Class B Shares (the "**Class B Shares**"). The Preferred Shares and the Class A Shares are redeemable monthly at the option of the holder. Since November 30, 2017, no Preferred Shares and no Class A Shares have been redeemed in accordance with their terms.

The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after giving effect to the Offering. This table should be read in conjunction with the Current AIF and the annual financial statements of the Company (including the notes thereto) for the year ended November 30, 2017, incorporated by reference into this short form prospectus.

	Outstanding as at November 30, 2017	**Outstanding as at May 16, 2018**	**Outstanding as at May 16, 2018 after giving effect to this Offering**
Preferred Shares	$82,656,570 (8,265,657 shares)	$82,656,570 (8,265,657 shares)	$111,806,570 (11,180,657 shares)
Class A Shares(1)	$109,791,970 (8,265,657 shares)	$101,961,524 (8,265,657 shares)	$138,100,942 (11,180,657 shares)
Class B Shares(2)	$1,000 (1,000 shares)	$1,000 (1,000 shares)	$1,000 (1,000 shares)
Total Capitalization	$192,449,540	$184,619,094	$249,908,512

Notes:

(1) Includes all issue-related costs of this Offering.

(2) The Class B Shares are held by Canadian Banc Corp. Holding Trust (the "**Voting Trust**") the beneficiaries of which include the holders of the Preferred Shares and the Class A Shares from time to time.

USE OF PROCEEDS

The estimated net proceeds received by the Company from this Offering will be $65,289,418 after deducting the Underwriters' fee and the expenses of the Offering, estimated to be $150,000 (but not to exceed 1.5% of the gross proceeds of the Offering**)**, assuming completion of the Offering. The Company intends to use the net proceeds of the Offering for investment purposes as described under "*The Company – Investment Objectives and Strategy*" above.

DESCRIPTION OF THE SHARES OF THE COMPANY

Certain Provisions of the Preferred Shares

Dividends

The Company will pay, as and when declared by the Board of Directors, a cumulative preferential floating rate monthly dividend at an annual rate equivalent to interest at the Prime Rate plus 0.75% from time to time to holders of Preferred Shares of record on the last day of each month (each a "**Dividend Record Date**"). Such rate will be reset each month based on the Prime Rate on the 15th day of each month or, if such day is not a business day, the next following business day (the "**Reset Date**"). Regardless of the Prime Rate, however, the minimum rate per annum at which dividends will be paid on the Preferred Shares is 5.0% and the maximum rate is 7.0%. Based on market conditions and the composition of the Portfolio, it is anticipated that such dividends will consist solely of Ordinary Dividends (as defined under "*Canadian Federal Income Tax Considerations – Tax Treatment of the Company*").

From and after December 1, 2018, assuming the Termination Date of the Company is then extended beyond December 1, 2018, and in respect of each five year extension, if any, thereafter, the Company shall determine the rate of cumulative preferential monthly dividends to be paid on the Preferred Shares for the ensuing five year period. Such determination shall be made no later than September 30 (or the first business day thereafter, if September 30 is not a business day) of the year in which the otherwise scheduled Termination Date is extended (the "**Extension Year**"); failing which the then-applicable dividend rate shall continue to apply. The dividend rate will be announced by press release (which press release will also set out a Shareholder's entitlement to the Recurring Special Retraction Right (as defined herein) in connection with the extension of the term of the Company).

Dividends that are declared by the Board of Directors will be payable to holders of Preferred Shares of record at 5:00 p.m. (local time in Toronto, Ontario) on the applicable Dividend Record Date with payment being made within 15 days thereafter.

Regular monthly dividends were paid to holders of Preferred Shares each month during the Company's last financial year ended November 30, 2017.

Rating

The Preferred Shares have been rated Pfd-3 (high) by DBRS as at August 2017. Each of the rating categories used by DBRS for preferred shares is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category. Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by DBRS. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant. Customary fee payments were made, and may reasonably be made, by the Company to DBRS in connection with the rating assigned to the Preferred Shares, including the confirmation of such rating as at August 2017. The Company did not make any payments to DBRS in respect of any other service provided to the Company by DBRS during the last two years.

Retraction Privileges

Preferred Shares may be surrendered at any time for retraction to Computershare Investor Services Inc. ("**Computershare**"), the Company's registrar and transfer agent, but will be retracted only as of the last business day of each month (a "**Retraction Date**"). Preferred Shares surrendered for retraction by a holder of Preferred Shares at least 20 business days prior to a Retraction Date will be retracted and the holder will receive payment on or before the 15th business day following such Retraction Date (the "**Retraction Payment Date**"). If a holder of Preferred Shares makes such surrender after 5:00 p.m. (local time in Toronto, Ontario) on the 20th business day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the holder will receive payment for the retracted Preferred Shares as of the Retraction Payment Date in respect of the Retraction Date in the following month.

Except as noted below, holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a price per Preferred Share (the "**Preferred Share Retraction Price**") equal to the lesser of (i) $10.00 and (ii) 96% of the Net Asset Value per Unit determined as of the Retraction Date, less the cost to the Company of the purchase of a Class A Share in the market for cancellation and less any other applicable costs. For this purpose, the cost of the purchase of a Class A Share includes the purchase price of the Class A Share and commissions and costs, if any (to a maximum of 1% of the Net Asset Value per Unit), related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share and the payment of the Preferred Share Retraction Price. Any accrued or declared and unpaid dividends payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on or before the Retraction Payment Date.

Shareholders also have an annual retraction right under which they may concurrently retract a Preferred Share and a Class A Share on the Retraction Date in July of each year (the "**July Retraction Date**"). The price paid by the Company for such a concurrent retraction will be equal to the Net Asset Value per Unit calculated as of that date, less any related commissions and other costs (to a maximum of 1% of the Net Asset Value per Unit) related to liquidating the Portfolio to pay such redemption amount.

As disclosed under "*Description of the Shares of the Company − Resale of Shares Tendered for Retraction*", if a holder of Preferred Shares tendered for retraction has not withheld its consent thereto in the manner provided in the Retraction Notice (as defined herein) delivered to CDS Clearing and Depository Services Inc. ("**CDS**") through a participant in the CDS book-based system (a "**CDS Participant**"), the Company may, but is not obligated to, require the Recirculation Agent (as defined herein) to use its best efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement (as defined herein). Holders of Preferred Shares are free to withhold their consent to such treatment and to require the Company to retract their Preferred Shares in accordance with their terms.

Subject to the Company's right to require the Recirculation Agent to use its best efforts to find purchasers prior to the relevant Retraction Payment Date for any Preferred Shares tendered for retraction, any and all Preferred Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the Preferred

Share Retraction Price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by a holder by causing written notice to be given within the notice periods prescribed herein and in the manner described below under "*Description of the Shares of the Company − Book-Entry Only System*". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date.

If any Preferred Shares are tendered for retraction and are not resold in the manner described under "*Description of the Shares of the Company − Resale of Shares Tendered for Retraction*", the Company will, prior to the Retraction Payment Date, purchase for cancellation that number of Class A Shares which equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

Holders of Preferred Shares will also have the Recurring Special Retraction Right in connection with any extension of the Termination Date of the Company beyond December 1, 2018. See "*Description of the Shares of the Company − Term and Termination of the Company*".

Priority

The Preferred Shares rank in priority to the Class A Shares with respect to the payment of dividends (no dividends are payable on the Class B Shares) and in priority to the Class A Shares and the Class B Shares with respect to the repayment of capital on the dissolution, liquidation or winding-up of the Company.

Certain Provisions of the Class A Shares

Dividends and Distributions

The Class A Share conditions provide that the Company may pay dividends on the Class A Shares in such amounts as are determined by the Board of Directors in their discretion. The current policy of the Board of Directors is to provide holders of Class A Shares with regular monthly cash distributions targeted to be at an annualized rate of 10% based upon the volume-weighted average trading price of the Class A Shares on the TSX for the last three trading days of the preceding month. Such distributions may consist of Ordinary Dividends, capital gains dividends or non-taxable returns of capital. In addition, if any amounts remain available for the payment of dividends, a special year-end dividend of such amount will be payable to holders of Class A Shares of record on the last day of November in each year.

No regular monthly distributions will be paid on the Class A Shares in any month as long as any dividends on the Preferred Shares are then in arrears or so long as the Net Asset Value per Unit is equal to or less than $15.00. Additionally, it is currently intended that no special year-end dividends will be paid if after payment of such a dividend the Net Asset Value per Unit would be less than $25.00.

Regular monthly dividends were paid to holders of the Class A Shares each month during the Company's last financial year ended November 30, 2017.

Distributions declared by the Board of Directors will be payable to holders of Class A Shares of record at 5:00 p.m. (local time in Toronto, Ontario) on the applicable Dividend Record Date with payment being made within 15 days thereafter.

Retraction Privileges

Class A Shares may be surrendered at any time for retraction to Computershare, but will be retracted only as of a Retraction Date. Class A Shares surrendered for retraction by a Shareholder at least 20 business days prior to a Retraction Date will be retracted and the holder will receive payment on or before the Retraction Payment Date. If a holder of Class A Shares makes such surrender after 5:00 p.m. (local time in Toronto, Ontario) on the 20th business day immediately preceding a Retraction Date, the Class A Shares will be retracted as of the Retraction Date in the following month and the holder will receive payment for the retracted Class A Shares as of the Retraction Payment Date in respect of the Retraction Date in the following month.

Except as noted below, holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share ("**Class A Share Retraction Price**") equal to 96% of the Net Asset Value per Unit determined as of the Retraction Date, less the cost to the Company of the purchase of a Preferred Share in the market for cancellation and less any other applicable costs. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share and commissions and costs, if any (to a maximum of 1% of the Net Asset Value per Unit), related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share and the payment of the Class A Share Retraction Price. Any declared and unpaid dividends payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on or before the Retraction Payment Date.

Shareholders also have an annual retraction right under which they may concurrently retract a Preferred Share and a Class A Share on the July Retraction Date in each year. The price paid by the Company for such a concurrent retraction will be equal to the Net Asset Value per Unit calculated as of that date, less any related commissions and other costs (to a maximum of 1% of the Net Asset Value per Unit) related to liquidating the Portfolio to pay such redemption amount.

As disclosed under "*Description of the Shares of the Company − Resale of Shares Tendered for Retraction*", if the holder of Class A Shares tendered for retraction has not withheld his consent thereto in the manner provided in the Retraction Notice delivered to CDS through a CDS Participant, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement. Holders of Class A Shares are free to withhold their consent to such treatment and to require the Company to retract their Class A Shares in accordance with their terms.

Subject to the Company's right to require the Recirculation Agent to use its best efforts to find purchasers prior to the relevant Retraction Payment Date for any Class A Shares tendered for retraction, any and all Class A Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the Class A Share Retraction Price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under "*Description of the Shares of the Company − Book-Entry Only System*". Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Date.

If any Class A Shares are tendered for retraction and are not resold in the manner described under "*Description of the Shares of the Company − Resale of Shares Tendered for Retraction*", the Company will, prior to the Retraction Payment Date, purchase for cancellation that number of Preferred Shares which equals the number of Class A Shares so retracted. Any Preferred Shares so purchased for cancellation will be purchased in the market.

Holders of Class A Shares will also have the Recurring Special Retraction Right in connection with any extension of the Termination Date of the Company beyond December 1, 2018. See "*Description of the Shares of the Company − Term and Termination of the Company*".

Priority

The Class A Shares rank subordinate to the Preferred Shares with respect to the payment of dividends (no dividends are payable on the Class B Shares) and subordinate to the Preferred Shares, certain provisions of which are described above, and the Class B Shares with respect to the repayment of capital on the dissolution, liquidation or winding-up of the Company. See "*Description of the Shares of the Company – Term and Termination of the Company – Payments on Termination*".

Term and Termination of the Company

Payments on Termination

All Preferred Shares and Class A Shares outstanding on the Termination Date will be redeemed by the Company on such date. Immediately prior to the Termination Date, the Company will, to the extent possible, convert the Portfolio to cash and will pay or make adequate provision for all of the Company's liabilities. Except in the case of an early termination following a Liquidation Event (as defined herein), the Company will, after receipt of the net cash proceeds of the liquidation of the Portfolio, as soon as practicable after the Termination Date:

(a) distribute to the holders of the Preferred Shares an amount in respect of each Preferred Share to be redeemed equal to (i) the sum of (A) the lesser of (x) $10.00 and (y) the Net Asset Value on the Termination Date, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding the Termination Date, plus (ii) all declared and unpaid dividends on the Preferred Shares to but excluding the Termination Date;

(b) return the initial investment amount of $1,000 ($1.00 per Class B Share) to the Voting Trust which holds such shares for the benefit of the holders of the Preferred Shares and Class A Shares upon the redemption of the Class B Shares on the Termination Date; and

(c) thereafter distribute to holders of the Class A Shares the remaining assets of the Company, if any, as soon as practicable after the Termination Date.

Based on the most recently calculated Net Asset Value per Unit of $22.34, the asset coverage ratio based on the Preferred Share issue price of $10.00 is 223% and the Downside Protection is 55%. "**Downside Protection**" refers to the percentage that the Portfolio would have to decline in value before holders of the Preferred Shares would be in a first dollar loss position.

Early Termination Following a Liquidation Event

Subject to any applicable law, the Preferred Shares and the Class A Shares shall be redeemed on a date determined by the Company as the date on which the Preferred Shares and the Class A Shares are to be redeemed following the occurrence of a Liquidation Event ("**Liquidation Date**"). For these purposes, a

"**Liquidation Event**" means the receipt by the Company of a notice from the TSX that the Preferred Shares or the Class A Shares are to be delisted by the TSX, or if the Net Asset Value shall on any date on which such Net Asset Value is calculated shall be less than $5,000,000.

In the event a Liquidation Event occurs, the Company will (in addition to any obligation the Company may have under applicable law to issue an immediate press release and file a material change report in respect of such Liquidation Event), not less than 15 business days thereafter, issue an announcement (the "**Liquidation Announcement**") referencing such occurrence and stating whether the Company will exercise its discretion to elect early termination of the Company as a result of such Liquidation Event. The Company will (i) specify in the Liquidation Announcement the Liquidation Date, which shall not be less than 60 days nor more than 90 days following the date the Liquidation Announcement is made, (ii) provide notice to each person who is a registered holder of Preferred Shares or Class A Shares to be redeemed of the intention of the Company to redeem such Preferred Shares and Class A Shares on such Liquidation Date, and (iii) set out the manner and place or places within Canada at which such Preferred Shares and Class A Shares will be redeemed.

In the event the Company elects to redeem all issued and outstanding Preferred Shares and Class A Shares on a Liquidation Date, the Company shall pay:

(a) an amount in respect of each Preferred Share to be redeemed equal to the sum of (A) the sum of (x) the Net Asset Value per Unit on the Liquidation Date multiplied by a fraction, the numerator of which is the volume weighted average trading price ("**VWAP**") of the Preferred Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement and the denominator of which is the aggregate VWAP of the Preferred Shares and the Class A Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement plus (y) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding the Liquidation Date, plus (B) all declared and unpaid dividends on a Preferred Share to be redeemed to but excluding the Liquidation Date; and

(b) an amount in respect of each Class A Share to be redeemed equal to the sum of (A) the Net Asset Value per Unit on the Liquidation Date multiplied by a fraction, the numerator of which is the VWAP of the Class A Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement and the denominator of which is the aggregate VWAP of the Class A Shares and the Preferred Shares calculated over the 20 trading days ending immediately prior to the Liquidation Announcement, plus (B) all declared and unpaid dividends on a Class A Share to be redeemed to but excluding the Liquidation Date.

Extensions of the Termination Date

The Termination Date of the Company may be extended after December 1, 2018 for a further period of five years and thereafter for additional successive periods of five years each as determined by the Board of Directors. In the event the Board of Directors elects to so extend the Termination Date, holders of Preferred Shares and Class A Shares shall have the right to retract such Shares by exercising the Recurring Special Retraction Right. Not less than 60 days prior to a scheduled Termination Date, the Company shall provide notice to each person who is a registered holder of Preferred Shares or Class A Shares either of (i) the determination of the Board of Directors to extend the Termination Date for a further five year period, the rights of the holders of such Shares to the Recurring Special Retraction Right, and the rate at which cumulative preferential cash dividends shall be paid on the Preferred Shares for the ensuing five year period; or (ii) the determination of the Board of Directors not to extend the Termination

Date for a further five year period, in which event such notice shall set out the Termination Date, and the manner and place or places within Canada in which the Preferred Shares and Class A Shares will be redeemed on that Termination Date. The Company shall also issue a press release providing the same information on the date such notice is given to the registered holder or holders of Preferred Shares and Class A Shares.

Recurring Special Retraction Right

In the event that the Termination Date is extended in any Extension Year, each holder of Preferred Shares or Class A Shares shall have the right to retract such Preferred Shares or Class A Shares effective December 1 of such Extension Year (the "**Recurring Special Retraction Right**"). The price payable per Preferred Share so retracted shall be equal to (i) the sum of (A) the lesser of (x) $10.00 and (y) the Net Asset Value calculated on November 30 of such Extension Year, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding November 30 of such Extension Year, plus (ii) all declared and unpaid dividends thereon to but excluding November 30 of such Extension Year. The price payable per Class A Share so retracted shall be equal to the greater of (i) the Net Asset Value per Unit calculated on November 30 of such Extension Year less $10.00, and (ii) zero. Holders of Preferred Shares or Class A Shares wishing to take advantage of the Recurring Special Retraction Right must surrender their Preferred Shares or Class A Shares for retraction no later than the close of business on November 1 of such Extension Year (or, if November 1 of such year is not a business day, on the immediately preceding business day). Payment of the retraction price per Preferred Share or Class A Share owing in respect of the exercise of the Recurring Special Retraction Right will be made on or before December 15 of such Extension Year (or, if December 15 of such year is not a business day, on the immediately succeeding business day).

Special Redemption Right

Following any exercise of the Recurring Special Retraction Right, the Company shall have the right to redeem, on a pro rata basis, as at December 31 of the year in which the Recurring Special Retraction Right is exercised, such number of Preferred Shares (if more Class A Shares than Preferred Shares are tendered for redemption upon any exercise of the Recurring Special Retraction Right) or such number of Class A Shares (if more Preferred Shares than Class A Shares are tendered for redemption upon any exercise of the Recurring Special Retraction Right) as is required to achieve an equality in the number of outstanding Preferred Shares and Class A Shares (the "**Special Redemption Right**") at a price per Preferred Share equal to (i) the sum of (A) the lesser of (x) $10.00 and (y) the Net Asset Value calculated on December 31 of the year in which the Recurring Special Retraction Right is exercised, divided by the number of Preferred Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Preferred Share to but excluding December 31 of such year, plus (ii) all declared and unpaid dividends thereon to but excluding December 31 of such year; and at a price per Class A Share equal to the greater of (i) the Net Asset Value per Unit calculated on December 31 of the year in which the Recurring Special Retraction Right is exercised less $10.00, and (ii) zero (the "**Applicable Special Redemption Price**"). In connection with any exercise of this Special Redemption Right, the Company shall, at least 15 days prior to December 31 of the year in which the Recurring Special Retraction Right is exercised, provide notice to each person who is a registered holder of Preferred Shares (in the case of a redemption of Preferred Shares) or a registered holder of Class A Shares (in the case of a redemption of Class A Shares) to be redeemed of the intention of the Company to redeem such Preferred Shares or Class A Shares, as the case may be, and of the manner and place or places within Canada at which such Preferred Shares or Class A Shares will be redeemed.

No later than 30 days after December 31 of the year in which the Special Redemption Right is exercised, the Company shall pay or cause to be paid to or to the order of the registered holders of the Preferred

Shares or Class A Shares to be redeemed, as the case may be, an amount per Preferred Share or Class A Share equal to the Applicable Special Redemption Price. Payment of the Applicable Special Redemption Price shall be made by cheque(s) of the Company drawn on a Canadian chartered bank or a trust company incorporated under or governed by the laws of Canada or of a Province of Canada and payable to the holders thereof in lawful money of Canada at par at any branch in Canada of such bank or trust company or in any other manner acceptable to the Company and a registered holder of Preferred Shares or Class A Shares, as the case may be. The mailing of such a cheque to a registered holder of Preferred Shares or Class A Shares from the Company's registered office or the principal office in Toronto of the registrar for the Preferred Shares or Class A Shares shall be deemed to be payment in accordance with the terms of the Special Redemption Right and shall satisfy and discharge all liability in respect of such Applicable Special Redemption Price to the extent of the amount represented by such cheque, unless such cheque is not paid on due presentation. From and after December 31 of such year, the holders of the Preferred Shares or Class A Shares called for redemption shall cease to be entitled to dividends or to exercise any rights as Shareholders of the Company in respect of such Shares except the right to receive the Applicable Special Redemption Price; provided that if payment of such Applicable Special Redemption Price is not made in accordance with the provisions hereof, then the rights of the holders of the Preferred Shares or Class A Shares shall remain unimpaired.

Subdivision or Consolidation of the Preferred Shares or the Class A Shares

The Company shall have the right, subject to the approval of the holder of the Class B Shares, to further amend its Articles to provide for a subdivision or consolidation of the Preferred Shares or the Class A Shares to the extent that Quadravest advises the Company that it considers such subdivision or consolidation necessary or advisable in connection with any implementation of the Recurring Special Retraction Right, so as to ensure that after such implementation an equal number of Preferred Shares and Class A Shares remain outstanding.

Resale of Shares Tendered for Retraction

The Company entered into an agreement dated June 28, 2005 (the "**Recirculation Agreement**") with CIBC World Markets Inc. (the "**Recirculation Agent**") and Computershare whereby the Recirculation Agent has agreed to use its best efforts to find purchasers for any Preferred Shares or Class A Shares tendered for retraction prior to the relevant Retraction Payment Date, provided that the holder of the shares so tendered has not withheld consent thereto. The Company is not obligated to require the Recirculation Agent to seek such purchasers but may elect to do so. In the event that a purchaser for such shares is found in this manner, the Retraction Notice will be deemed to have been withdrawn prior to the relevant Retraction Date and the shares shall remain outstanding. The amount to be paid to the holder of such shares on the relevant Retraction Payment Date will be an amount equal to the proceeds of the sale of such shares less any applicable commission. Such amount will not be less than the applicable Preferred Share Retraction Price or the Class A Share Retraction Price, as the case may be. Accordingly, the proceeds of the sale of the tendered securities by the Recirculation Agent must be equal to or exceed the applicable Preferred Share Retraction Price or the Class A Share Retraction Price.

Suspension of Retractions or Redemptions

The Company may suspend the retraction or redemption of Preferred Shares and Class A Shares or payment of retraction or redemption proceeds during any period when normal trading is suspended on one or more stock exchanges on which more than 50% of the equity securities held by the Company are listed or, with the prior permission of the Ontario Securities Commission, for any period not exceeding 120 days during which the Company determines that conditions exist which render impractical the sale of assets of the Company or which impair the ability of the Company to determine the value of the assets of the Company. The suspension may apply to all requests for retraction received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect.

All Shareholders making such requests shall be advised by the Company of the suspension and that the retraction will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for retraction. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Company, any declaration of suspension made by the Company shall be conclusive.

Book-Entry Only System

Registration of interests in and transfers of the Preferred Shares and Class A Shares will be made only through a book-entry only system administered by CDS (the "**book-entry only system**"). On the closing of the Offering, the Company will direct that the Preferred Shares and Class A Shares subscribed for under the Offering be electronically deposited with CDS. Preferred Shares and Class A Shares must be purchased, transferred and surrendered for retraction or redemption through a CDS Participant. All rights of a beneficial owner of Preferred Shares or Class A Shares must be exercised through, and all payments or other property to which such beneficial owner is entitled will be made or delivered by, CDS or the CDS Participant through which the beneficial owner holds such Preferred Shares or Class A Shares. Upon purchase of any Preferred Shares or Class A Shares, the beneficial owner will receive only the customary confirmation. References in this short form prospectus to a holder of Shares means, unless the context otherwise requires, the beneficial owner of the beneficial interest in such shares.

The ability of a beneficial owner of Preferred Shares or Class A Shares to pledge such shares or otherwise take action with respect to such beneficial owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

A beneficial owner of Preferred Shares or Class A Shares who desires to exercise its retraction privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the beneficial owner a written notice of the beneficial owner's intention to retract Shares, no later than 5:00 p.m. (local time in Toronto, Ontario) on the relevant notice date. A beneficial owner who desires to retract Preferred Shares or Class A Shares should ensure that the CDS Participant is provided with notice (the "**Retraction Notice**") of its intention to exercise its retraction privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The Retraction Notice will be available from a CDS Participant or Computershare, the Company's transfer agent and registrar. Any expense associated with the preparation and delivery of a Retraction Notice will be for the account of the beneficial owner exercising the retraction privilege.

By causing a CDS Participant to deliver to CDS a notice of the beneficial owner's intention to retract Shares, a beneficial owner shall be deemed to have irrevocably surrendered its Shares for retraction and appointed such CDS Participant to act as its exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect, and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the beneficial owner's instructions will not give rise to any obligations or liability on the part of the Company to the CDS Participant or the beneficial owner.

The Company has the option to terminate registration of the Preferred Shares or Class A Shares through the book-entry only system, in which case certificates for Preferred Shares or Class A Shares, as the case may be, in fully registered form would be issued to beneficial owners of such shares, or their nominees.

Meetings of Shareholders and Acts Requiring Shareholder Approval

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders.

The following matters require the approval of the holders of Preferred Shares and Class A Shares by a two-thirds majority vote (other than matters referred to in paragraphs (c), (l) and (m), which require approval of a simple majority vote) at a meeting called and held for such purpose: (a) a change in the fundamental investment objectives and strategy of the Company as described under "*Investment Objectives*" in the Current AIF; (b) a change in the investment restrictions of the Company as described under "*Investment Restrictions*" in the Current AIF; (c) the entering into by the Company of transactions involving derivatives, other than as described in the Current AIF and other than the use of derivatives as permitted under NI 81-102; (d) any change in the basis of calculating fees or other expenses that are charged to the Company which could result in an increase in charges to the Company other than a fee or expense charged by a person or company that is at arm's length to the Company and in respect of which Shareholders are sent a written notice at least 60 days before the effective date of such change (for purposes of this provision, Quadravest shall be deemed to not be at arm's length to the Company); (e) the introduction of a fee or expense to be charged to the Company or directly to Shareholders by the Company or Quadravest in connection with the holding of securities of the Company that could result in an increase in charges to the Company or its Shareholders; (f) the approval of the appointment of a successor to Quadravest as manager of the Company following its resignation as manager unless an affiliate of Quadravest is appointed; (g) the removal of Quadravest as manager and the appointment of a successor in the event Quadravest is insolvent, or is in breach or default of its obligations under the Management Agreement and such breach or default is not cured within 30 days of notice of such breach or default being given to Quadravest; (h) the approval of any other change of manager of the Company unless an affiliate of Quadravest becomes the manager; (i) the approval of the assignment of the Investment Management Agreement by Quadravest, except to an affiliate; (j) the confirmation of the appointment of a successor to Quadravest as investment manager in the event the Company terminates the Investment Management Agreement unless an affiliate is appointed; (k) the approval of the termination of the Investment Management Agreement by Quadravest, unless the reason for such termination is (i) a material breach or default by the Company of its obligations under the Investment Management Agreement where notice of such breach or default has been provided by Quadravest to the Company and it remains uncured for 30 days, or (ii) there has been a material change to the fundamental investment objectives, strategies or criteria of the Company; (l) a decrease in the frequency of calculating the Net Asset Value; (m) a change of the auditor of the Company, unless such change does not require Shareholder approval under applicable securities legislation; (n) any merger of the Company for which Shareholder approval under NI 81-102 would be required; (o) an amendment, modification or variation in the rights, privileges, restrictions or conditions attaching to the Preferred Shares, Class A Shares or Class B Shares; and (p) any other change for which the approval of the holders of the Preferred Shares and the Class A Shares is required under the provisions of the *Business Corporations Act* (Ontario).

Each Preferred Share and Class A Share will have one vote at such a meeting and will not vote separately as a class in respect of any vote taken (except for a vote in respect of the matters referred to in paragraphs (a), (b) and (o) above and any other matters referred to above if a class is affected by the matter in a manner different from the other classes of shares of the Company or if the *Business Corporations Act* (Ontario) or NI 81-102 otherwise requires). Ten per cent of the outstanding Preferred Shares and Class A Shares, respectively, represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the Shareholders then present will constitute a quorum at an adjourned meeting.

Reporting to Shareholders

The Company will deliver (or, if permitted by law, make available) to each Shareholder annual and interim financial statements of the Company, annual and interim management reports of fund performance and such additional or other statements or reports as may be required by law. Each Shareholder will be mailed annually, no later than February 28, information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Company in respect of the preceding calendar year.

DIVIDEND HISTORY

Since the Company commenced investment operations on May 25, 2005, the Company has paid a monthly dividend on the Preferred Shares equal to the Prime Rate plus 0.75% with a minimum rate of 5.0%. The aggregate amount of dividends paid on the Preferred Shares since inception has been $6.77 per Preferred Share, representing 152 monthly dividends of, on average, $0.04455 per Preferred Share.

The Company has also announced that holders of Preferred Shares of record on April 30, 2018 will receive a monthly dividend of $0.04167 per Preferred Share payable on or before May 10, 2018. Investors who acquire Preferred Shares in the Offering will not receive such dividend.

Under the Company's dividend distribution policy in respect of the Class A Shares, effective September 17, 2013, the monthly dividend payable on Class A Shares is determined by applying a 10% annualized rate on the VWAP of the Class A Shares over the last three trading days of the preceding month. Since inception, the Company has paid a total of $13.52 in dividends for each Class A Share. As discussed above, due to the subdivision of Class A Shares on a 1.180459885 for 1 basis on January 17, 2012 resulting from the rebalancing required after the special retraction, distributions on a per Class A Share basis over the life of the Company are not comparable. Class A Shares received aggregate dividends of $5.81 per Class A Share from inception to the subdivision and aggregate dividends of $7.71 per Class A Share since the subdivision.

The Company has also announced that holders of Class A Shares of record on April 30, 2018 will receive a monthly dividend of $0.11183 per Class A Share payable on or before May 10, 2018. Investors who acquire Class A Shares in the Offering will not receive such dividend.

EARNINGS COVERAGE RATIOS

The Company's dividend requirements on all of its Preferred Shares, after giving effect to the issue of the Preferred Shares in this Offering, amounted to $5,574,375 for the 12 month period ended November 30, 2017. For the 12 month period ended November 30, 2017, the Company's net income (loss) under International Financial Reporting Standards ("**IFRS**") available for the payment of dividends on the Preferred Shares was $27,559,791, which represents 4.94 times the aggregate dividend requirements on the Preferred Shares, after giving effect to the issue of Preferred Shares under the Offering.

For the 12 month period ended November 30, 2017, the Company's dividend income net of total expenses, excluding gains and losses, available for the payment of dividends on the Preferred Shares was $3,924,807, which represents 0.70 times the aggregate dividend requirements on the Preferred Shares, after giving effect to the issue of Preferred Shares under the Offering.

If the net proceeds of this Offering had been invested since December 1, 2016, the Company's net income (loss) under IFRS, available for the payment of dividends on the Preferred Shares (after giving effect to the issue of Preferred Shares under the Offering) for the 12 month period ended November 30, 2017 would have been $37,317,860 which is 6.69 times the aggregate dividend requirements on such Preferred Shares.

If the net proceeds of this Offering had been invested since December 1, 2016, the Company's dividend income net of total expenses, excluding gains and losses, available for the payment of dividends on the Preferred Shares (after giving effect to the issue of Preferred Shares under the Offering) for the 12 month period ended November 30, 2017 would have been $5,314,460 which is 0.95 times the aggregate dividend requirements on such Preferred Shares. The Company would have needed to generate an additional $259,915 in dividend income to have achieved a ratio of 1:1 in respect of the period ended November 30, 2017.

TRADING PRICES AND VOLUMES

The following table sets forth the reported high and low sale prices and the trading volume for the Preferred Shares and the Class A Shares on the TSX for each of the months indicated.

	Class A Shares			Preferred Shares		
Month	High	Low	Volume	High	Low	Volume
May-17	$12.38	$11.70	230,711	$10.39	$10.20	171,098
June-17	$12.51	$11.90	114,801	$10.33	$10.25	151,913
July-17	$12.77	$12.18	164,042	$10.38	$10.25	34,972
Aug-17	$12.64	$12.05	108,275	$10.35	$10.25	39,441
Sep-17	$13.15	$12.00	195,115	$10.34	$10.17	52,374
Oct-17	$13.70	$13.00	201,234	$10.30	$10.10	53,923
Nov-17	$13.99	$13.24	90,093	$10.30	$10.13	81,711
Dec-17	$14.05	$13.50	99,104	$10.25	$10.12	58,720
Jan-18	$14.49	$13.70	139,839	$10.24	$10.13	67,611
Feb-18	$14.06	$12.52	189,032	$10.20	$10.10	43,022
Mar-18	$14.14	$13.18	96,551	$10.20	$10.04	47,796

	Class A Shares			Preferred Shares		
Month	High	Low	Volume	High	Low	Volume
Apr -18	$13.48	$12.75	117,025	$10.24	$10.05	47,022
May 1 – 15, 2018	$13.68	$12.95	421,958	$10.16	$10.04	829,179

On May 15, 2018, the closing price of the Class A Shares and the Preferred Shares on the TSX were $12.98 and $10.08, respectively. As at May 7, 2018 (the last date prior to the date hereof on which the Net Asset Value was calculated), the Net Asset Value per Unit was $22.34.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated May 9, 2018 between the Company, Quadravest and National Bank Financial Inc. ("**National Bank Financial**"), CIBC World Markets Inc., Scotia Capital Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the "**Underwriters**"), the Company has agreed to issue and sell, and the Underwriters have agreed to purchase as principals, on the closing of this Offering on May 23, 2018 or such other date as may be agreed upon by the Company and the Underwriters but in any event no later than May 30, 2018, (the "**Closing Date**") all but not less than all of the 2,915,000 Preferred Shares and 2,915,000 Class A Shares offered under this short form prospectus at the Offering Prices payable in cash to the Company against delivery, subject to compliance with all necessary legal requirements and terms of conditions of the Underwriting Agreement. The Offering Prices for the Preferred Shares and the Class A Shares were established by negotiation between the Company and the Underwriters. The Underwriters will receive a fee equal to $0.30 (3.0%) for each Preferred Share sold and $0.6008 (4.5%) for each Class A Share sold, and will be reimbursed for out of pocket expenses incurred. The Underwriters may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fee.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase the Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase the Shares. The Underwriters are, however, obligated to take-up and pay for all of the Shares if any are purchased under the Underwriting Agreement. The Company has agreed under the Underwriting Agreement to indemnify the Underwriters and their affiliates and the respective directors, officers, employees, partners and agents thereof against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

Subscriptions for the Preferred Shares and the Class A Shares will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice.

The Company has agreed with the Underwriters not to issue any Shares or financial instruments convertible or exercisable into Preferred Shares or Class A Shares until 120 days from the Closing Date, without the prior written consent of the Underwriters.

The Underwriters propose to offer the Preferred Shares and the Class A Shares initially at the Offering Prices. After the Underwriters have made reasonable efforts to sell all the Preferred Shares and Class A Shares offered under this short form prospectus at the Offering Prices, the Offering Prices may be decreased, and further changed from time to time to an amount not greater than the Offering Prices specified herein. The fee realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Preferred Shares and the Class A Shares is less than the gross proceeds paid by the Underwriters to the Company.

Pursuant to applicable securities legislation, the Underwriters may not, throughout the period of distribution, bid for or purchase the Preferred Shares or the Class A Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares or the Class A Shares. These exceptions include: (i) a bid for, or purchase of, Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Subject to applicable law and in connection with this Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Preferred Shares or the Class A Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Company has applied to list the additional Preferred Shares and Class A Shares offered under this short form prospectus on the TSX. Listing is subject to the Company fulfilling all of the listing requirements of the TSX.

The Preferred Shares and the Class A Shares have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The distribution of this short form prospectus and the offering and sale of the Preferred Shares and the Class A Shares are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. The Underwriters have agreed that they will not offer for sale or sell or deliver the Preferred Shares or the Class A Shares in any such jurisdiction except in accordance with the laws thereof.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who acquire Preferred Shares or Class A Shares in the Offering and who, at all relevant times and for purposes of the Tax Act, are resident in Canada, deal at arm's length with the Company and the Underwriters and are not affiliated with the Company or the Underwriters, and hold their Preferred Shares and Class A Shares as capital property. Certain investors who might not otherwise be considered to hold their Preferred Shares or Class A Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act, the effect of which is to deem such Preferred Shares or Class A Shares and any other "Canadian security", as defined in the Tax Act, owned by such investor in the taxation year in which the election is made and in all subsequent taxation years, to be capital property.

This summary is based upon the facts set out in this short form prospectus and the Current AIF, the current provisions of the Tax Act and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") made publicly available in writing prior to the date hereof, and relies as to certain factual matters on certificates of an officer of the Company, Quadravest and National Bank Financial.

This summary also takes into account specific proposals to amend the Tax Act announced prior to the date hereof by or on behalf of the Minister of Finance (Canada) (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted as proposed. No assurances can be given that the Proposed Amendments will become law.

This summary is based on the assumptions that:

(a) the Preferred Shares and the Class A Shares will at all times be listed on a designated stock exchange in Canada (which currently includes the TSX);

(b) the Company was not established and will not be maintained primarily for the benefit of non-residents of Canada;

(c) the issuers of the securities held in the Portfolio will not be foreign affiliates of the Company or any Shareholder;

(d) the investment objectives and restrictions applicable to the Company will at all relevant times be as set out in this prospectus and the Current AIF and that the Company will at all times comply with such investment objectives and restrictions; and

(e) the Company does not and will not invest in or hold (i) a share of, an interest in, or a debt of a non-resident entity, an interest in or a right or option to acquire such a share, interest or debt or an interest in a partnership which holds such a share, option or right, interest or debt that would cause the Company (or partnership) to include amounts in income under section 94.1 of the Tax Act, (ii) securities of a non-resident trust other than an "exempt foreign trust" as defined in subsection 94(1) of the Tax Act, or (iii) an interest in a trust that would require the Company to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

This summary is not exhaustive of all possible federal income tax considerations and does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which may differ from the federal considerations. This summary does not address the deductibility of interest on any funds borrowed by an investor to purchase Preferred Shares or Class A Shares.

This summary does not apply to an investor (i) that is a "financial institution" as defined in section 142.2 of the Tax Act, (ii) an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (iii) which makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act, or (iv) which enters into a "derivative forward agreement" (a "DFA"), as such term is defined in the Tax Act, with respect to the purchase or sale of Preferred Shares or Class A Shares.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to their individual circumstances.

Status of the Company

The Company qualifies, and intends at all relevant times to qualify, as a "mutual fund corporation" as defined in the Tax Act.

Tax Treatment of the Company

As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. The amount of the available refund to the Company in any taxation year is determined by a formula which is based in part on (i) the amount of the capital gains dividends (described below) paid by the Company to Shareholders, and (ii) the amount of the Company's "capital gains redemptions" (as defined in the Tax Act) for the year, which amount is determined in part by reference to the amount paid by the Company to Shareholders on the redemption of Shares. As a mutual fund corporation, the Company maintains a capital gains dividend account in respect of capital gains realized by the Company and from which it may elect to pay dividends ("**capital gains dividends**") which are treated as capital gains in the hands of Shareholders (see *"Canadian Federal Income Tax Considerations — Tax Treatment of Shareholders"*). In certain circumstances where the Company has recognized a capital gain in a taxation year on which tax would be payable by the Company, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient capital gains dividends and/or capital gains redemptions.

The Company will be required to include in computing its income for a taxation year all dividends received in the year. In computing its taxable income, the Company will generally be entitled to deduct all taxable dividends received on shares of taxable Canadian corporations (which include the Portfolio Companies). Dividends received by the Company on other shares will, however, be included in computing the income of the Company, and will not be deductible in computing its taxable income.

The Company is a "financial intermediary corporation" (as defined in the Tax Act) and, as such, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company nor is it generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on "taxable preferred shares" (as defined in the Tax Act). As a mutual fund corporation (which is not an "investment corporation" as defined in the Tax Act), the Company will generally be subject to a refundable tax of 38 1/3% under Part IV of the Tax Act on taxable dividends received during the year to the extent such dividends are deductible in computing the taxable income of the Company for the taxation year. This tax is fully refundable upon payment of sufficient dividends other than capital gains dividends ("**Ordinary Dividends**") by the Company.

The Company has purchased and will purchase shares in the Portfolio with the objective of earning dividends thereon over the life of the Company, and intends to treat and report transactions undertaken in respect of such shares on capital account. Generally, the Company will be considered to hold such shares on capital account unless the Company is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Company has advised counsel that it has elected in accordance with the Tax Act to have each of its "Canadian securities" (as defined in subsection 39(6) of the Tax Act) treated as capital property.

In computing the adjusted cost base of any particular security held by the Company, the Company will generally be required to average the cost of that security with the adjusted cost base of all other identical securities owned by the Company and held as capital property.

A loss realized by the Company on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Company, or a person "affiliated" with the Company (within the meaning of the Tax Act), acquires a property (a "**substituted property**") that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Company, or a person affiliated with the Company, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Company cannot deduct the loss from the Company's capital gains until the substituted property is sold and is not reacquired by the Company, or a person affiliated with the Company, within 30 days before and after the sale.

The Company will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the common shares in the Portfolio. In accordance with CRA's published administrative practice, a transaction undertaken by the Company in respect of such options will be treated and reported for purposes of the Tax Act on capital account, unless such transaction is considered to be a DFA. In general, the writing of a covered call option by the Company in the manner described in *"The Company – Investment Objectives and Strategy"* above is not expected to constitute a DFA. It is not clear whether the writing of covered calls, if coupled with certain other transactions, could be considered to be DFAs.

Quadravest and the Company have advised counsel that the Company will not enter into a DFA the effect of which would be to materially increase the income tax payable by the Company (taking into account all DFAs entered into).

Premiums received on call options written by the Company (to the extent such call options relate to securities actually owned by the Company at the time the option is written and such securities are held on capital account as discussed above) will constitute capital gains of the Company in the year received, and gains or losses realized upon dispositions of securities owned by the Company (whether upon the exercise of call options written by the Company or otherwise) will generally constitute capital gains or capital losses of the Company in the year realized. Where a call option is exercised the premium received by the Company for the option will be included in the proceeds of disposition of the securities sold pursuant to the option and such premium will not give rise to a capital gain at the time the option is written.

If the Company sells a security under a DFA, the amount by which the proceeds of disposition exceed (or are less than) the fair market value of the security at the time the DFA is entered into will generally be recognized as ordinary income (or loss) realized upon the disposition of the security. The deductibility of any loss realized on the disposition of a security under a DFA may be restricted depending upon the particular circumstances. The adjusted cost base to the Company of any such security will be increased (or decreased) by the amount of income recognized (or loss that is deductible) because of the DFA, and the Company's capital gain (or capital loss) will be adjusted accordingly.

Generally, the Company will include gains and deduct losses on income account in connection with investments made through derivative securities (except where such derivatives are used to hedge Portfolio securities held on capital account and provided there is sufficient linkage), and will recognize such gains or losses for tax purposes at the time they are realized by the Company. The Company may also use derivative instruments for hedging purposes. Gains or losses realized on such derivatives hedging Portfolio securities held on capital account will be treated and reported for tax purposes on capital account (subject to adjustment for any ordinary income or loss recognized from the disposition of property pursuant to a derivative that constitutes a DFA), provided there is sufficient linkage.

To the extent that the Company earns net income (other than taxable dividends from taxable Canadian corporations and taxable capital gains) such as interest, dividends from corporations other than taxable

Canadian corporations or certain gains from the disposition of a security under a DFA, the Company will be subject to income tax on such income and no refund will be available in respect thereof.

Tax Treatment of Shareholders

Shareholders must include in income Ordinary Dividends received from the Company. For individual Shareholders, Ordinary Dividends will be subject to the usual gross-up and dividend tax credit rules with respect to taxable dividends paid by taxable Canadian corporations under the Tax Act. An enhanced gross-up and dividend tax credit is available on “eligible dividends” received or deemed to be received from a taxable Canadian corporation which are so designated by the corporation. Ordinary Dividends received by a corporation other than a “specified financial institution” (as defined in the Tax Act) will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Shareholder that is a corporation as proceeds of disposition or a capital gain. Shareholders that are corporations should consult their own tax advisors having regard to their own circumstances.

In the case of a Shareholder that is a specified financial institution, Ordinary Dividends received on a particular class of Shares will be deductible in computing its taxable income only if either (a) the specified financial institution did not acquire the Shares in the ordinary course of its business; or (b) at the time of the receipt of the dividends by the specified financial institution the Shares of that class are listed on a designated stock exchange in Canada, and dividends are received by (i) the specified financial institution, or (ii) the specified financial institution and persons with whom it does not deal at arm’s length (within the meaning of the Tax Act), in respect of not more than 10% of the issued and outstanding Shares of that class. For purposes of the exception in (b), a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner’s share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act when such dividends are received by a corporation (other than a “private corporation” or a “financial intermediary corporation”, as defined in the Tax Act) to the extent that such dividends are deductible in computing the corporation’s taxable income. Such corporations should consult their own tax advisors with respect to whether Ordinary Dividends on the Class A Shares are subject to Part IV.1 tax when received by such corporations.

A Shareholder which is a private corporation for purposes of the Tax Act, or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable to pay a 38 1/3% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on Class A Shares or Preferred Shares, to the extent that such dividends are deductible in computing the corporation’s taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a particular corporation, the rate of Part IV tax payable by such corporation on such dividend is reduced by 10%. The tax payable by a Shareholder under Part IV of the Tax Act may be refunded in certain circumstances to the extent the Shareholder pays sufficient taxable dividends.

The amount of any capital gains dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

The current policy of the Company is to pay monthly distributions and, in addition, to pay a special year-end dividend to holders of Class A Shares if any amounts remain available for the payment of dividends (provided that no special year-end dividends will be paid if after payment of such a dividend the Net Asset Value per Unit would be less than $25.00). Therefore, a person acquiring Shares may become taxable on distributions derived from income and capital gains of the Company that accrued before such person acquired such Shares and on realized capital gains that have not been distributed before such time.

The Company may make returns of capital in respect of the Class A Shares. A return of capital in respect of a Class A Share will not be included in the income of the holder of the Class A Share, but will reduce the adjusted cost base of such Class A Share. To the extent that the adjusted cost base of a Class A Share would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Shareholder from the disposition of the Class A Share and the adjusted cost base will be increased by the amount of such deemed capital gain.

Upon the redemption, retraction or other disposition of a Share, a capital gain (or a capital loss) will be realized by the Shareholder to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a Share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the Share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. For purposes of computing the adjusted cost base of each Share of a particular class, a Shareholder must average the cost of such Share with the adjusted cost base of any Shares of that class already held as capital property.

One-half of a capital gain is included in computing a Shareholder's income as a taxable capital gain and one-half of a capital loss must generally be deducted against taxable capital gains to the extent and under the circumstances prescribed in the Tax Act. A Shareholder that is a Canadian-controlled private corporation will be subject to an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), which includes an amount in respect of taxable capital gains. The additional tax is refundable in certain circumstances to the extent the Shareholder pays sufficient taxable dividends.

Individuals (other than certain trusts) realizing net capital gains or receiving dividends may be subject to an alternative minimum tax under the Tax Act.

Taxation of Registered Plans

Registered Plans, as holders of Shares, generally will be exempt from tax on any dividend or other income derived from such Shares and on any capital gain realized upon the sale, redemption or other disposition of such Shares. If and when cash or securities are withdrawn from a Registered Plan, other than from a TFSA (or in certain circumstances from an RDSP or RESP), the holder of the Registered Plan generally will be liable to pay income tax based on the amount of cash or the fair market value of the securities withdrawn, unless the cash or securities are transferred to another Registered Plan in accordance with the Tax Act.

INTERNATIONAL INFORMATION REPORTING

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States on February 5, 2014 (the "**IGA**") and related Canadian legislation in the Tax Act, the dealers through which Shareholders hold their Shares are required to report certain financial information (e.g. account balances) with respect to Shareholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), and certain other "U.S. Persons", as defined under the IGA (excluding Registered Plans as defined under the heading "*Eligibility* *for Investment"*), to the CRA. The CRA is expected to provide the information to the U.S. Internal Revenue Service.

Canada has also implemented the OECD Multilateral Competent Authority Agreement and Common Reporting Standard ("**CRS**") which provides for the automatic exchange of certain tax information. The CRS became effective in Canada as of July 1, 2017 with the first exchanges of financial account information beginning in 2018. The first deadline for information reporting in respect of the CRS was May 1, 2018. Affected investors will be required to provide certain information including their tax identification numbers for the purpose of such information exchange.

RISK FACTORS

In addition to the risks described in this short form prospectus, the Current AIF contains a detailed discussion of risks and other considerations relating to an investment in Preferred Shares and Class A Shares which Shareholders should be aware of (reference should be made to pages 32 through 34 of the Current AIF). You can obtain a copy of the Current AIF by contacting Quadravest, or you can download or view it on www.canadianbanc.com or on the internet at www.sedar.com. The contents of the Current AIF are specifically incorporated by reference herein. See "*Documents Incorporated by Reference*". Information contained on Quadravest's website is not part of this short form prospectus and is not incorporated herein by reference.

Additional risks and uncertainties not currently known to the Company or Quadravest, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company could be materially adversely affected.

INTEREST OF EXPERTS

Certain legal matters in connection with this distribution have been passed upon on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. As of the date of this short form prospectus, the partners and associates of Blake, Cassels & Graydon LLP as a group and the partners and associates of McCarthy Tétrault LLP as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

The Company's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who have prepared an independent auditor's report dated February 23, 2018 in respect of the Company's financial statements as at November 30, 2017 and November 30, 2016 and for the years ended November 30, 2017 and November 30, 2016. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

TRANSFER AGENT AND REGISTRAR, CUSTODIAN AND AUDITOR

Pursuant to a transfer agent, registrar and dividend disbursing agent agreement dated June 28, 2005 between the Company and Computershare, Computershare, at its principal office in Toronto, is the appointed the registrar and transfer agent for the Preferred Shares and the Class A Shares and is responsible for assisting the Company in disbursing dividends and other distributions to holders of the Preferred Shares and the Class A Shares.

Pursuant to an agreement (the "**Custodian Agreement**") dated July 4, 2005, The Royal Trust Company was appointed as the custodian of the assets of the Company. Such agreement was assigned to RBC

Dexia Investor Services Trust (now RBC Investor Services Trust) ("**RBC Trust**") effective January 1, 2006. RBC Trust is, in addition to acting as custodian, also responsible for certain aspects of the day-to-day administration of the Company, including processing retractions, calculating Net Asset Value and maintaining the fund valuation books and records of the Company. The address of RBC Trust is 155 Wellington Street West, 2nd Floor, Toronto, Ontario M5V 3L3. RBC Trust will not have any responsibility or liability for any assets of the Company which it does not directly hold or have control over (including through its sub-custodians), including, without limitation, any assets of the Company pledged to a counterparty pursuant to derivatives transactions entered into by the Company, if any. RBC Trust is entitled to receive fees from the Company and to be reimbursed for all expenses and liabilities which are properly incurred by RBC Trust in connection with the activities of the Company.

The auditor of the Company is PricewaterhouseCoopers LLP, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

PURCHASERS' STATUTORY RIGHTS

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 of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such 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 adviser.

CERTIFICATE OF THE COMPANY AND MANAGER

Dated: May 16, 2018

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

(Signed) S. Wayne Finch President and Chief Executive Officer	*(Signed) Peter F. Cruickshank* Chief Financial Officer

On behalf of the Board of Directors of Canadian Banc Corp.

(Signed) Laura L. Johnson Director	*(Signed) William C. Thornhill* Director

QUADRAVEST CAPITAL MANAGEMENT INC.

As Manager

(Signed) S. Wayne Finch President and Chief Executive Officer	*(Signed) Peter F. Cruickshank* Chief Financial Officer

On behalf of the Board of Directors

(Signed) S. Wayne Finch Director	*(Signed) Peter F. Cruickshank* Director	*(Signed) Laura L. Johnson* Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 16, 2018

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

NATIONAL BANK FINANCIAL INC.

(Signed) Gavin Brancato

CIBC WORLD MARKETS INC.

(Signed) Valerie Tan

SCOTIA CAPITAL INC.

(Signed) Robert Hall

RBC DOMINION SECURITIES INC.

(Signed) Christopher Bean

TD SECURITIES INC.

(Signed) Adam Luchini

BMO NESBITT BURNS INC.

(Signed) Robin Tessier

CANNACORD GENUITY CORP.

(Signed) Michael Shuh

ECHELON WEALTH PARTNERS INC.

(Signed) Farooq Moosa

INDUSTRIAL ALLIANCE SECURITIES INC.

(Signed) Richard Kassabian

GMP SECURITIES L.P.

(Signed) Harris Fricker

RAYMOND JAMES LTD.

(Signed) J. Graham Fell

DESJARDINS SECURITIES INC.

(Signed) Naglaa Pacheco

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) David J. Keating

MANULIFE SECURITIES INCORPORATED

(Signed) William Porter