

*A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

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 amended and restated 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 TDb Split 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](http://www.sedar.com).*

NEW ISSUE

December 10, 2019

**AMENDED AND RESTATED  
PRELIMINARY SHORT FORM PROSPECTUS**

**AMENDING AND RESTATING  
THE PRELIMINARY SHORT FORM PROSPECTUS  
DATED DECEMBER 9, 2019**



**TDb SPLIT CORP.**

**\$35,643,935**

**2,600,012 Priority Equity Shares and 1,568,100 Class A Shares**

This short form prospectus qualifies for distribution (the “**Offering**”) 2,600,012 Priority Equity Shares (the “**Priority Equity Shares**”) and 1,568,100 Class A Shares (the “**Class A Shares**”) of TDb Split Corp. (the “**Company**”) at a price of \$10.00 per Priority Equity Share and \$6.15 per Class A Share (the “**Offering Prices**”). Priority Equity Shares and Class A Shares are issued only on a basis that an equal number of Priority Equity Shares and Class A Shares (referred to as a “**Unit**”) will be outstanding at all material times. The Priority Equity Shares and Class A Shares will be sold pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated December 10, 2019 between the Company, Quadravest Capital Management Inc. (“**Quadravest**”) as the manager and investment manager of the Company and National Bank Financial Inc. (“**National Bank Financial**”), CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Ltd., 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 primarily in a portfolio of dividend-yielding common shares (the “**Portfolio**”) of The Toronto-Dominion Bank (the “**Bank**”).

The Priority Equity Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbols “XTD.PR.A.” and “XTD”, respectively. On December 9, 2019,

the closing price on the TSX of the Priority Equity Shares was \$10.10 and of the Class A Shares was \$6.31. As at December 6, 2019 (the last date prior to the date hereof on which the net asset value of the Company (“**Net Asset Value**”) was calculated), the Net Asset Value per Unit was \$15.25. The Company has applied to list the additional Priority Equity Shares and Class A Shares offered under this short form prospectus on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

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**Prices: \$10.00 per Priority Equity Share**

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**\$6.15 per Class A Share**

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	Price to the Public <sup>(1)</sup>	Underwriters' Fee	Net Proceeds to the Company <sup>(2)</sup>
Per Priority Equity Share	\$10.00	\$0.30	\$9.70
Total Offering	\$26,000,120	\$780,003.60	\$25,220,116.40
Per Class A Share	\$6.15	\$0.308	\$5.842
Total Offering	\$9,643,815	\$482,974.80	\$9,160,840.20

(1) The Offering Prices were established by negotiation between the Company and the Underwriters. The offering price per Unit is equal to or exceeds the most recently calculated Net Asset Value per Unit as at December 6, 2019 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 Priority Equity 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 Priority Equity 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 Priority Equity Shares and Class A Shares.

The Underwriters, as principals, conditionally offer the Priority Equity 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 Priority Equity 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 earnings coverage ratio for the Company is less than 1:1. See “Earnings Coverage Ratios”.**

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 December 23, 2019, but in any event no later than December 30, 2019. 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 Priority Equity Share or a Class A Share will be entitled to a physical certificate evidencing that person’s interest or ownership and a purchaser of Priority Equity 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 Priority Equity 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 Priority Equity Shares and 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 retirement income funds (“**RRIF**”), registered education savings plan (“**RESP**”), deferred profit sharing plans, registered disability savings plans (“**RDSP**”) and tax-free savings accounts (“**TFSA**”) (collectively, “**Registered Plans**”).

Notwithstanding the foregoing, if the Priority Equity 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 Priority Equity 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, Priority Equity 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 Priority Equity 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 Quadrainvest. Forward-looking statements are not historical facts but reflect the current expectations of the Company and Quadrainvest regarding future results or events. Such forward-looking statements reflect the Company’s and Quadrainvest’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 Quadrainvest believe to be reasonable, neither the Company nor Quadrainvest 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 Quadrainvest 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 Quadrainvest, the manager of the Company, at 200 Front Street West, Suite 2150, Toronto, Ontario, Canada, M5V 3K2, and are also available electronically at [www.sedar.com](http://www.sedar.com). You may call Quadrainvest 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](http://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 25, 2019 for the financial year ended November 30, 2018 (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, 2018;
- (c) the Company’s annual management report of fund performance in respect of its financial year ended November 30, 2018;
- (d) the Company’s unaudited interim financial statements for the six-month period ended May 31, 2019; and
- (e) the Company’s interim management report of fund performance in respect of the six-month period ended May 31, 2019.

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

TDb Split Corp. (the “**Company**”) is a mutual fund corporation incorporated under the laws of Ontario by articles of incorporation (the “**Articles**”) dated May 24, 2007, as amended July 26, 2007 and May 20, 2014. QuadraVest Capital Management Inc. (“**QuadraVest**”) is the manager and investment manager of the Company. 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 2,600,012 Priority Equity Shares and 1,568,100 Class A Shares (the “**Offering**”) at a price of \$10.00 per Priority Equity Share and \$6.15 per Class A Share (the “**Offering Prices**”). Priority Equity Shares and Class A Shares are issued only on the basis that an equal number of Priority Equity Shares and Class A Shares (referred to as a “**Unit**”) will be issued and outstanding at all material times. A Unit consists of one Priority Equity Share with a termination value of \$10.00 and one Class A Share. The Priority Equity Shares and Class A Shares are listed on the Toronto Stock Exchange (“**TSX**”) under the symbols “XTD.PR.A.” and “XTD”, respectively. Priority Equity 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 objective with respect to the Priority Equity Shares is (a) to provide holders of Priority Equity Shares with cumulative preferential monthly cash dividends, the amount of which is fixed by the Board of Directors in respect of each five-year term of the Company; and (b) on the date the Company terminates (the “**Termination Date**”), to pay the holders of the Priority Equity Shares an amount per Priority Equity Share equal to the “**Priority Equity Share Repayment Amount**” of \$10.00.

The Company’s investment objective with respect to the Class A Shares is (a) to provide holders of Class A Shares with regular monthly cash distributions, in an amount to be determined by the board of directors of the Company; and (b) to permit such holders to participate in all growth in the Net Asset Value above \$10.00 per Unit, by paying such holders, on or about the Termination Date, such amounts as remain in the Company on the Termination Date after paying the Priority Equity Share Repayment Amount to the holders of the Priority Equity Shares.

The Company invests in common shares of the Bank (the “**Portfolio**”). To supplement the dividends earned on those common shares and to reduce risk, the Company will from time to time write covered call options in respect of all or a part of the common shares of the Bank that it holds. The number of such common shares that are the subject of call options and the terms of such options will vary from time to time as determined by QuadraVest. In addition, 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 price of the common shares of the Bank that it holds.

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.

### **Priority Equity Portfolio Protection Plan**

The Company has adopted a strategy (the “**Priority Equity Portfolio Protection Plan**”) intended to provide that the Priority Equity Share Repayment Amount will be paid in full to holders of the Priority Equity Shares on the Termination Date.

The Priority Equity Portfolio Protection Plan provides that if the Net Asset Value of the Company declines below the Required Amount (as defined herein), QuadraVest will liquidate a portion of the common shares of the Bank held by the Company and use the net proceeds to acquire qualifying debt securities (the “**Permitted Repayment Securities**”) in order to cover the Priority Equity Share Repayment Amount in the event of further declines in the Net Asset Value. To qualify as Permitted Repayment Securities, debt securities must be issued or guaranteed by the government of Canada or a province or the government of the United States, or be short term commercial paper with a rating of at least R-1 (mid) by DBRS Limited or the equivalent rating from another rating organization. The Company would also be permitted to use forward agreements in connection with the implementation of the Priority Equity Protection Plan, but does not currently intend to do so.

Under the Priority Equity Portfolio Protection Plan, the amount of the Company’s net assets, if any, required to be allocated to Permitted Repayment Securities (the “**Required Amount**”) will be determined such that (i) the Net Asset Value, less the value of the Permitted Repayment Securities held by the Company, is at least 125% of (ii) the Priority Equity Share Repayment Amount, less the amount anticipated to be received by the Company in respect of its Permitted Repayment Securities on the Termination Date.

The Company may unwind the Priority Equity Portfolio Protection Plan by selling Permitted Repayment Securities and using the net proceeds from such sale to purchase additional common shares of the Bank if, and then only to the extent, the value of the Permitted Repayment Securities exceeds the Required Amount. The Company may also implement the Priority Equity Portfolio Protection Plan at an earlier stage than the Priority Equity Portfolio Protection Plan calls for.

The Company implemented the Priority Equity Portfolio Protection Plan in November 2008 and unwound it on July 15, 2010. It was again implemented in November 2011. During the financial years ended November 30, 2012 and 2013, the Portfolio was rebalanced as necessary to meet the requirement of the Priority Equity Portfolio Protection Plan. During the financial years of the Company ended November 30, 2014 through November 30, 2018, and during the financial year of the Company to date, the Priority Equity Portfolio Protection Plan was not required to be implemented. As at December 6, 2019 (the last Valuation Date (as defined herein) for the Company prior to the date of this short form prospectus), the Net Asset Value per Unit was \$15.25.

### **Termination Date**

The Company was initially scheduled to terminate on December 1, 2014 (the date on which the Company is to terminate, the “**Termination Date**”). On May 14, 2014, the holders of the Priority Equity Shares and Class A Shares (“**Shareholders**”) voted at a special meeting to extend the term of the Company initially to December 1, 2019, and thereafter the Board of Directors may extend the Termination Date for further terms of five years each. On February 21, 2019, the Company announced that the Board of Directors had further extended the Termination Date of the Company from December 1, 2019 to December 1, 2024. In conjunction with this extension, Shareholders were given a special retraction right (the “**2019 Special**

**Retraction Right**”) which allowed Shareholders to tender one or both classes of Shares and receive a retraction price based on the November 29, 2019 Net Asset Value per Unit.

As noted above, Priority Equity Shares and Class A Shares are issued only on the basis that an equal number of Priority Equity Shares and Class A Shares will be issued and outstanding at all material times. In aggregate, in response to the 2019 Special Retraction Right, there were more Priority Equity Shares tendered for retraction than Class A Shares. Accordingly, in order to maintain an equal number of Priority Equity Shares and Class A Shares outstanding, the Company has determined to offer 1,031,912 Priority Equity Shares hereunder on an unmatched basis.

Further extensions for additional terms of five years after December 1, 2024 may be made in the discretion of the Board of Directors. In connection with each such extension, Shareholders will be provided with a Recurring Special Retraction Right (as defined herein).

### **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.

<b><u>Type of Fee</u></b>	<b><u>Amount and Description</u></b>
Fees Payable to the Underwriters:	\$0.30 (3.0%) per Priority Equity Share and \$0.308 (5.0%) 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 Priority Equity 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 Priority Equity 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 Priority Equity Shares and Class A Shares.
Administration Fee and Service Fee:	Pursuant to a management agreement between the Company and Quadravest Inc. dated July 27, 2007 and assigned to Quadravest effective June 1, 2010 (the “ <b>Management Agreement</b> ”), Quadravest is entitled to an administration fee (the “ <b>Administration Fee</b> ”) payable monthly in arrears at an annual rate equal to 0.1% of the Net Asset Value calculated as at the last date the Net Asset Value is calculated in each month (a “ <b>Valuation Date</b> ”), plus an amount equal to the service fee (the “ <b>Service Fee</b> ”) 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.

In respect of Priority Equity Shares and Class A Shares retracted on a monthly Retraction Date (as defined herein) other than the Retraction Date in December in each year, Shareholders receive a retraction price equal to 98% of the Net Asset Value per Unit determined as of the applicable Retraction Date, less the cost to the Company of the purchase of a Priority Equity Share or Class A Share, as the case may be, in the market for cancellation and less any other applicable costs. Quadravest is paid the 2% discount to the Net Asset Value per Unit for each Unit retracted on such monthly Retraction Date.

Management Fee:

Pursuant to an investment management agreement between the Company and Quadravest dated July 27, 2007, as amended May 15, 2014 (the “**Investment Management Agreement**”), Quadravest is entitled to a management fee (the “**Management Fee**”) at an annual rate equal to 0.55% 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.

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 \$200,000 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, as registrar and transfer agent with respect to the Priority Equity 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 Priority Equity Shares, an unlimited number of Class A Shares and 1,000 Class B Shares (the “**Class B Shares**”). The Priority Equity Shares and the Class A Shares are redeemable monthly at the option of the holder. Since November 30, 2018, 1,031,912 Priority Equity Shares and 200 Class A Shares have been redeemed in accordance with the 2019 Special Retraction Right. Pursuant to the Recirculation Agreement, the Company intends to recirculate the 200 Class A Shares surrendered for retraction.

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 interim financial statements of the Company (including the notes thereto) for the period ended May 31, 2019, incorporated by reference into this short form prospectus.

	<b>Outstanding as at May 31, 2019</b>	<b>Outstanding as at ●, 2019 after giving effect to the 2019 Special Retraction Right</b>	<b>Outstanding as at ●, 2019 after giving effect to the 2019 Special Retraction Right and this Offering</b>
Priority Equity Shares	\$33,866,600 (3,386,660 shares)	\$● (● shares)	\$● (● shares)
Class A Shares <sup>(1)</sup>	\$19,223,823 (3,386,660 shares)	\$● (● shares)	\$● (● shares)
Class B Shares <sup>(2)</sup>	\$1,000 (1,000 shares)	\$1,000 (1,000 shares)	\$1,000 (1,000 shares)
Total Capitalization	\$53,091,423	\$●	\$●

Notes:

<sup>(1)</sup> Includes all issue-related costs of this Offering, deemed to be deducted from the gross proceeds of the issuance of Class A Shares (to a maximum of 1.5% of the gross proceeds of the Offering).

<sup>(2)</sup> The Class B Shares are held by TDb Split Corp. Holding Trust (the “**Voting Trust**”), the beneficiaries of which include the holders of the Priority Equity 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 \$34,230,956.60 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 Priority Equity Shares

#### *Dividends*

The Company will pay, as and when declared by the Board of Directors, a fixed cumulative preferential monthly dividend of \$0.04375 per Priority Equity Share to holders of Priority Equity Shares on the last day of each month (each a “**Dividend Record Date**”). From and after December 1, 2019, 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 Priority Equity 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 in connection with the extension of the term of the Company).

Based on market conditions and the composition of the Portfolio, it is anticipated that such dividends will consist solely of Ordinary Dividends (as defined herein). Dividends that are declared by the Board of Directors will be payable to holders of Priority Equity 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 the Priority Equity Shares each month during the Company’s current financial year. See “*Dividend History*”.

#### *Retraction Privileges*

Priority Equity 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**”). Priority Equity 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 15<sup>th</sup> business day following such Retraction Date (the “**Retraction Payment Date**”). If a holder of Priority Equity Shares makes such surrender after 5:00 p.m. (local time in Toronto, Ontario) on the 20<sup>th</sup> business day immediately preceding a Retraction Date, the Priority Equity Shares will be retracted on the Retraction Date in the following month and the holder will receive payment for the retracted shares as of the Retraction Payment Date in respect of the Retraction Date in the following month.

Except as noted below, holders of Priority Equity Shares whose shares are surrendered for retraction will be entitled to receive a price per Priority Equity Share (the “**Priority Equity Share Retraction Price**”) equal to the lesser of (i) \$10.00; and (ii) 98% 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. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share and commissions and costs, if any, related to the liquidation of any portion of the common shares of the Bank or Permitted Repayment Securities to fund the purchase of the Class A Share (to a maximum of 1% of the Net Asset Value per Unit). Any accrued or declared and unpaid dividends payable on or before a Retraction Date in respect of Priority Equity Shares tendered for retraction on such Retraction Date will be paid on or before the Retraction Payment Date. The 2% discount to Net Asset Value so applied to retractions of Priority Equity Shares is payable to Quadravest. See “*The Company – Fees and Expenses*”.

Shareholders also have an annual retraction right under which they may concurrently retract an equal number of Priority Equity Shares and Class A Shares on the Retraction Date in December in each year (the

“**December 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 such date.

A Shareholder who retracted a Priority Equity Share under the 2019 Special Retraction Right will receive a retraction price per Priority Equity Share equal to (i) the sum of (A) the lesser of (x) \$10.00 and (y) the Net Asset Value calculated on November 29, 2019 divided by the number of Priority Equity Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Priority Equity Share to but excluding November 30, 2019, plus (ii) all declared and unpaid dividends thereon to but excluding November 30, 2019. 1,031,912 Priority Equity Shares were surrendered for retraction pursuant to the 2019 Special Retraction Right. Payment for the Priority Equity Shares so tendered for retraction pursuant to the 2019 Special Retraction Right will be made no later than December 16, 2019. In order to maintain an equal number of Class A Shares and Priority Equity Shares outstanding, the Company has determined to offer 1,031,912 Priority Equity Shares hereunder on an unmatched basis.

As disclosed below under “*Description of the Shares of the Company – Resale of Shares Tendered for Retraction*”, if a holder of Priority Equity Shares tendered for retraction has not withheld his or her consent thereto in the manner provided in the Retraction Notice (as defined herein) delivered to CDS through a participant in the CDS book-entry 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 Priority Equity Shares tendered for retraction prior to the relevant Retraction Payment Date pursuant to the Recirculation Agreement (as defined herein). In such event, the amount to be paid to the holder of the Priority Equity Shares on the Retraction Payment Date will be an amount equal to the proceeds of the sale of the Priority Equity Shares less any applicable commission. Such amount will not be less than the Priority Equity Share Retraction Price. Holders of Priority Equity Shares are free to withhold their consent to such treatment and to require the Company to retract their Priority Equity Shares in accordance with their terms.

Subject to the Company’s right to require the Recirculation Agent (as defined herein) to use its best efforts to find purchasers prior to the relevant Retraction Payment Date for any Priority Equity Shares tendered for retraction, any and all Priority Equity 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 Priority Equity Share Retraction Price is not paid on the Retraction Payment Date, in which event such Priority Equity 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 Priority Equity Shares which are not retracted by the Company on the relevant Retraction Date.

If any Priority Equity Shares are tendered for retraction and are not resold in the manner described below 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 Priority Equity Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

#### *Priority and Rating*

The Priority Equity Shares rank in priority to the Class A Shares with respect to the payment of dividends 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. The Priority Equity Shares have not been rated by any rating organization.

## **Certain Provisions of the Class A Shares**

### *Dividends and other Distributions*

The policy of the Board of Directors is to endeavour to declare and pay regular monthly dividends targeted to be \$0.05 per Class A Share to yield 6.0% per annum on the original issue price. It is also the policy of the Board of Directors to pay dividends to the holders of Class A Shares in a year in an amount equal to all net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year end) earned by the Company in such year (net of expenses, taxes and loss carry-forwards) that are in excess of the dividends paid on the Priority Equity Shares. Accordingly, if any amounts remain available for the payment of dividends after payment of the dividends on the Priority Equity Shares and the regular monthly dividends on the Class A Shares, a special year-end dividend of such amount will be payable to holders of the Class A Shares of record on the last day of November in each year. Distributions paid on the Class A Shares may consist of Ordinary Dividends (as defined herein), capital gains dividends and non-taxable returns of capital.

No regular monthly dividends or other monthly distributions will be paid on the Class A Shares in any month as long as any dividends on the Priority Equity Shares are then in arrears or so long as the Net Asset Value per Unit is equal to or less than \$12.50.

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 \$20.00, unless the purpose of paying such a special dividend would be to reduce or eliminate the amount of net tax payable by the Company under the Tax Act for that year. Any dividends so declared would be payable in additional Class A Shares, and not in cash, and following the payment the Articles would be further amended to effect a share consolidation, so that after such payment, Shareholders would hold the same number of Class A Shares as were held immediately prior to such payment. This share consolidation would also restore the Net Asset Value per Unit to the same amount as immediately before the year end distribution.

The amount of dividends or other distributions in any particular month will be determined by the Board of Directors on the advice of QuadraVest, having regard to the investment objectives of the Company, the net income and net realized capital gains of the Company during the month and in the year to date, the net income and net realized capital gains of the Company anticipated in the balance of the year, the Net Asset Value per Unit and dividends or distributions paid in previous monthly periods.

Dividends or other distributions declared by the Board of Directors on the Class A Shares 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.

Regular monthly dividends were paid to holders of the Class A Shares each month during the Company's last financial year ended November 30, 2018 and to date in each month in the Company's current financial year. See "*Dividend History*".

### *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 20<sup>th</sup> 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 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 shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share (“**Class A Share Retraction Price**”) equal to 98% of the Net Asset Value per Unit determined as of the Retraction Date less the cost to the Company of the purchase of a Priority Equity Share in the market for cancellation. For this purpose, the cost of the purchase of a Priority Equity Share will include the purchase price of the Priority Equity Share and commissions and costs, if any, related to the liquidation of any portion of the common shares of the Bank or Permitted Repayment Securities to fund the purchase of the Priority Equity Share (to a maximum of 1% of the Net Asset Value per Unit). 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 be paid on or before the Retraction Payment Date. The 2% discount to Net Asset Value so applied to retractions of Class A Shares is payable to Quadravest. See “*The Company – Fees and Expenses*”.

Shareholders also have an annual retraction right under which they may concurrently retract one Priority Equity Share and one Class A Share on the December 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 such date.

A Shareholder who retracted a Class A Share under the 2019 Special Retraction Right will receive a retraction price per Class A Share equal to the greater of (i) the Net Asset Value per Unit calculated on November 29, 2019 less \$10.00, and (ii) zero. 200 Class A Shares were surrendered for retraction pursuant to the 2019 Special Retraction Right. Payment for the Class A Shares so tendered for retraction pursuant to the 2019 Special Retraction Right will be made no later than December 16, 2019.

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 its 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. In such event, the amount to be paid to the holder of the Class A Shares on the Retraction Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission. Such amount will not be less than the Class A Share Retraction Price. 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 below 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 Priority Equity Shares which equals the number of Class A Shares so retracted. Any Priority Equity Shares so purchased for cancellation will be purchased in the market.

#### *Priority*

The Class A Shares rank subordinate to the Priority Equity Shares with respect to the payment of dividends and subordinate to the Priority Equity Shares 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 Priority Equity 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 Priority Equity Shares an amount in respect of each Priority Equity 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 Priority Equity Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Priority Equity Share to but excluding the Termination Date (the “**Priority Equity Share Termination Redemption Price**”), plus (ii) all declared and unpaid dividends on the Priority Equity 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 upon the redemption of the Class B Shares on the Termination Date;
- (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 \$15.25, the asset coverage ratio based on the Priority Equity Share Repayment Amount of \$10.00 is 153% and the Downside Protection is 34.4%. “**Downside Protection**” refers to the percentage that the Portfolio would have to decline in value before holders of the Priority Equity Shares would be in a first-dollar loss position. Note that if the Priority Equity Portfolio Protection Plan operates in accordance with its terms, holders of the Priority Equity Shares will never be in a first dollar loss position.

#### *Early Termination Following a Liquidation Event*

Subject to any applicable law, the Priority Equity Shares and the Class A Shares may in the discretion of QuadraVest be redeemed by the Company on a Liquidation Date following a Liquidation Event. For these purposes, a “**Liquidation Event**” means the receipt by the Company of a notice from the TSX that the

Priority Equity 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 is 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 Priority Equity Shares or Class A Shares to be redeemed of the intention of the Company to redeem such Priority Equity Shares and Class A Shares on such Liquidation Date, and (iii) set out the manner and place or places within Canada at which such Priority Equity Shares and Class A Shares will be redeemed.

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

- (a) an amount in respect of each Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity Share to but excluding the Liquidation Date, plus (B) all declared and unpaid dividends on a Priority Equity 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 Priority Equity 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, 2024 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 Priority Equity 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 Priority Equity Shares or Class A Shares either of (i) of the determination of the Board of Directors to extend the Termination Date for a further five year period, of the rights of the holders of such shares to the Recurring Special Retraction Right, and of the rate at which cumulative preferential cash dividends shall be paid on the Priority Equity Shares for the ensuing five year period; or (ii) of 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 on which the Priority Equity 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 Priority Equity 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 Priority Equity Shares or Class A Shares shall have the right to retract such Priority Equity Shares or Class A Shares effective December 1 of such Extension Year (the “**Recurring Special Retraction Right**”). The price payable per Priority Equity 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 Priority Equity Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Priority Equity 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 Priority Equity Shares or Class A Shares wishing to take advantage of the Recurring Special Retraction Right must surrender their Priority Equity 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 Priority Equity 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 Priority Equity Shares (if more Class A Shares than Priority Equity Shares are tendered for redemption upon any exercise of the Recurring Special Retraction Right) or such number of Class A Shares (if more Priority Equity 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 Priority Equity Shares and Class A Shares (the “**Special Redemption Right**”) at a price per Priority Equity 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 Priority Equity Shares then outstanding, plus (B) an amount equal to the accrued and unpaid dividends on each Priority Equity 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 Priority Equity Shares (in the case of a redemption of Priority Equity 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 Priority Equity Shares or Class A Shares, as the case may be, and of the manner and place or places within Canada at which such Priority Equity 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 Priority Equity Shares or Class A Shares to be redeemed, as the case may be, an amount per Priority Equity 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 Priority Equity Shares or Class A Shares, as the case may be. The mailing of such a cheque to a registered holder of Priority Equity Shares or Class A Shares from the Company's registered office or the principal office in Toronto of the registrar for the Priority Equity Shares or Class A Shares shall be deemed to be payment in accordance with these requirements 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 Priority Equity 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 Priority Equity Shares or Class A Shares shall remain unimpaired.

#### *Subdivision or Consolidation of the Priority Equity Shares or the Class A Shares*

The Company shall have the right to further amend its Articles to provide for a subdivision or consolidation of the Priority Equity 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 Priority Equity Shares and Class A Shares remain outstanding.

#### **Resale of Shares Tendered for Retraction**

The Company has entered into an agreement dated December 3, 2019 (the "**Recirculation Agreement**") with National Bank Financial Inc. (the "**Recirculation Agent**") and Computershare whereby the Recirculation Agent has agreed to use its best efforts to find purchasers for any Priority Equity Shares or Class A Shares tendered for retraction prior to the relevant Retraction Payment Date, provided that the holder of the Priority Equity Shares or Class A 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 Priority Equity Shares or Class A Shares is found in this manner, the Retraction Notice will be deemed to have been withdrawn prior to the relevant Retraction Date and the Priority Equity Shares or Class A Shares shall remain outstanding. The amount to be paid to the holder of the Priority Equity Shares or Class A Shares on the relevant Retraction Payment Date will be an amount equal to the proceeds of the sale of the Priority Equity Shares or Class A Shares less any applicable commission. Such amount will not be less than the applicable Priority Equity Share Retraction Price or 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 Priority Equity Share Retraction Price or the Class A Share Retraction Price.

#### **Suspension of Retractions or Redemptions**

The Company may suspend the retraction or redemption of Priority Equity 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 the common shares of the Bank 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 Priority Equity Shares and Class A Shares will be made only through a book-entry system administered by CDS (the “**book-entry only system**”). On closing of the Offering, the Company will direct that the Priority Equity Shares and Class A Shares subscribed for under the Offering will be electronically deposited with CDS. Priority Equity 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 Priority Equity 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 Priority Equity Shares or Class A Shares. Upon purchase of any Priority Equity Shares or Class A Shares, the beneficial owner will receive only the customary confirmation. References in this short form prospectus to a holder of Priority Equity Shares or Class A Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Priority Equity 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 Priority Equity 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. An owner who desires to retract Priority Equity 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 Retraction Notices 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 Priority Equity Shares or Class A Shares through the book-entry only system, in which case certificates for Priority Equity 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 Priority Equity Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

The following matters require the approval of the holders of Priority Equity 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 the use of derivatives as described in the Current AIF and any other use of derivatives 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; (e) the introduction of a fee or expense to be charged to the Company or directly to Shareholders by the Company or Quadrainvest 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 Quadrainvest as manager following the resignation of Quadrainvest unless an affiliate of Quadrainvest is appointed; (g) the removal of Quadrainvest as manager and the appointment of a successor in the event Quadrainvest 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 Quadrainvest; (h) the approval of any other change of manager of the Company unless an affiliate of Quadrainvest becomes the manager; (i) the approval of the assignment of the Investment Management Agreement by Quadrainvest, except to an affiliate; (j) the confirmation of the appointment of a successor to Quadrainvest 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 Quadrainvest, 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 Quadrainvest 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 or of retraction privileges; (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 provisions or rights attaching to the Priority Equity Shares, Class A Shares or Class B Shares; and (p) any other change for which the approval of the holders of the Priority Equity Shares and the Class A Shares is required under the provisions of the *Business Corporations Act* (Ontario).

Each Priority Equity 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), (i) 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). Ten per cent of the outstanding Priority Equity 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 holders of Priority Equity Shares and Class A Shares 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 semi-annual 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 August 7, 2007, the aggregate dividends paid on the Priority Equity Shares have been \$6.42 per Priority Equity Share, representing 147 monthly dividends of \$0.04375 per Priority Equity Share paid since the commencement of investment operations, inclusive of the \$0.033871 per Priority Equity Share for the first dividend.

Since the commencement of investment operations, the aggregate dividends paid on the Class A Shares have been \$6.20 per Class A Share, representing 124 regular monthly dividends of \$0.05 per Class A Share.

On November 20, 2019, the Company declared dividends of \$0.04375 per Priority Equity Share and \$0.05 per Class A Share payable on December 10, 2019 to shareholders of record as at November 29, 2019. Purchasers under this Offering are not expected to receive this dividend.

### **EARNINGS COVERAGE RATIOS**

The Company's dividend requirements on all of its Priority Equity Shares, after giving effect to the 2019 Special Retraction Right and the issue of the Priority Equity Shares in this Offering, amounted to \$2,601,495 for the 12 month period ended November 30, 2018 and \$2,601,250 for the 12 month period ended May 31, 2019. For the 12 month period ended November 30, 2018, the Company's net income (loss) under International Financial Reporting Standards ("IFRS") available for the payment of dividends on the Priority Equity Shares was \$1,722,731 which represents 0.66 times the aggregate dividend requirements on the Priority Equity Shares, after giving effect to the Offering. For the 12 month period ended May 31, 2019, the Company's net income (loss) under IFRS available for the payment of dividends on the Priority Equity Shares was \$291,609, which represents 0.11 times the aggregate dividend requirements on the Priority Equity Shares, after giving effect to the Offering.

For the 12 month period ended November 30, 2018, the Company's dividend income net of total expenses, excluding gains and losses, available for the payment of dividends on the Priority Equity Shares was \$1,182,423 which represents 0.45 times the aggregate dividend requirements on the Priority Equity Shares, after giving effect to the 2019 Special Retraction Right and the issue of Priority Equity Shares under the Offering. For the 12 month period ended May 31, 2019, the Company's dividend income net of total expenses, excluding gains and losses, available for the payment of dividends on the Priority Equity Shares was \$1,261,226 which represents 0.48 times the aggregate dividend requirements on the Priority Equity Shares, after giving effect to the 2019 Special Retraction Right and the issue of Priority Equity Shares under the Offering.

If the net cash proceeds of this Offering had been invested since December 1, 2017, the Company's net income (loss) under IFRS available for the payment of dividends on the Priority Equity Shares (after giving effect to the 2019 Special Retraction Right and the issue of Priority Equity Shares under the Offering) for the 12 month period ended November 30, 2018 would have been \$2,520,284, which is 0.97 times the aggregate dividend requirements on such Priority Equity Shares and for the 12 month period ended May 31, 2019 would have been \$426,631, which is 0.16 times the aggregate dividend requirements on such Priority Equity Shares. **The Company would have needed to generate an additional \$81,211 in net income (loss) under IFRS to have achieved an earnings coverage ratio of 1:1, in respect of the period ended November 30, 2018 and \$2,174,619 in respect of the period ended May 31, 2019.**

If the net cash proceeds of this Offering had been invested since December 1, 2017, the Company's dividend income net of total expenses, excluding gains and losses, available for the payment of dividends on the Priority Equity Shares (after giving effect to the 2019 Special Retraction Right and the issue of Priority Equity Shares under the Offering) for the 12 month period ended November 30, 2018 would have been \$1,729,836, which is 0.66 times the aggregate dividend requirements on such Priority Equity Shares and for the 12 month period ended May 31, 2019 would have been \$1,845,202, which is 0.71 times the aggregate dividend requirements on such Priority Equity Shares. **The Company would have needed to generate an additional \$871,659 in dividend income to have achieved an earnings coverage ratio of 1:1, based on dividend income net of total expenses, excluding gains and losses, in respect of the period ended November 30, 2018 and \$756,048 in respect of the period ended May 31, 2019.**

### TRADING PRICES AND VOLUMES

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

Month	Class A Shares			Priority Equity Shares		
	High	Low	Volume	High	Low	Volume
December 2018	\$6.35	\$5.10	158,599	\$10.06	\$9.79	92,958
January 2019	\$6.33	\$5.66	144,877	\$10.23	\$9.90	84,496
February 2019	\$6.65	\$6.15	145,515	\$10.15	\$10.00	38,816
March 2019	\$6.50	\$6.15	91,809	\$10.17	\$9.95	21,956
April 2019	\$6.31	\$6.15	99,739	\$10.25	\$10.06	34,754
May 2019	\$6.35	\$6.05	103,922	\$10.18	\$10.07	8,500
June 2019	\$6.32	\$6.10	66,834	\$10.20	\$10.04	30,994
July 2019	\$6.50	\$6.28	75,256	\$10.20	\$10.12	21,690
August 2019	\$6.40	\$6.00	94,848	\$10.24	\$10.10	7,107
September 2019	\$6.49	\$6.11	79,048	\$10.22	\$10.10	8,907
October 2019	\$6.46	\$6.10	91,563	\$10.18	\$9.99	47,857
November 2019	\$6.40	\$6.20	94,988	\$10.39	\$10.09	12,249
December 1 – 9, 2019	\$6.34	\$6.20	20,475	\$10.25	\$9.88	25,707

On December 9, 2019, the closing prices of the Priority Equity Shares and the Class A Shares on the TSX were \$10.10 and \$6.31, respectively. As at December 6, 2019 (the last date prior to the date hereof on which the Net Asset Value was calculated), the Net Asset Value per Unit was \$15.25.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated December 10, 2019 between the Company, Quadravest and National Bank Financial Inc. (“**National Bank Financial**”), CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Canaccord Genuity Corp., Echelon Wealth Partners Inc., Industrial Alliance Securities Inc., Raymond James Ltd., Desjardins Securities Inc., Hampton Securities Ltd., 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 December 23, 2019 or such other date as may be agreed upon by the Company and the Underwriters but in any event no later than December 30, 2019 (the “**Closing Date**”), all but not less than all of the 2,600,012 Priority Equity Shares and 1,568,100 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 Priority Equity 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 Priority Equity Share sold and \$0.308 (5.0%) 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 Priority Equity 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 Priority Equity 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 Priority Equity Shares and the Class A Shares initially at the Offering Prices. After the Underwriters have made reasonable efforts to sell all the Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity Shares and Class A Shares offered under this short form prospectus on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

The Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity 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 Priority Equity Shares and Class A Shares as capital property. Certain investors who might not otherwise be considered to hold their Priority Equity 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 Priority Equity 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, Quadrevest 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 Priority Equity 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 Bank will not be a foreign affiliate of the Company or any Shareholder of the Company;
- (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 Priority Equity 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 Priority Equity 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 its 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 is 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 (including shares of the Bank).

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  $\frac{1}{3}$ % 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 common shares of the Bank 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 the 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 on the 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.

The Company may acquire Permitted Repayment Securities in connection with the Priority Equity Portfolio Protection Plan. The holding of Permitted Repayment Securities may result in the Company earning taxable income or gain.

### **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 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 deemed 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 Priority Equity 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 <sup>1</sup>/<sub>3</sub>% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on Class A Shares or Priority Equity 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 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 (payable in cash or in Class A Shares) in certain circumstances, including in situations where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains in respect of options that are outstanding at year end) or would not otherwise obtain a refund of refundable tax in respect of dividend income. 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.

Certain year-end dividends on the Class A Shares may be paid by issuing additional Class A Shares. If such a year-end dividend is a capital gains dividend, the cost of the Class A Shares received will be equal to the amount of the dividend. Where a year-end dividend on the Class A Shares that is an Ordinary Dividend is paid by issuing Class A Shares, the cost of such Class A Shares acquired by a Shareholder who is an individual will be equal to the amount of the dividend. A Shareholder that is a corporation and that receives an Ordinary Dividend that is paid by issuing Class A Shares should consult with its own tax advisors regarding the cost of such Class A Shares because such cost may be less than the amount of the dividend if such dividend is deductible by such corporation and to the extent that such dividend exceeds the "safe income" in respect of the Class A Shares held by such corporation. A consolidation of Class A Shares following a special year-end dividend paid in the form of additional Class A Shares generally will

not be considered to result in a disposition of such Class A Shares. The Class A Shares resulting from the consolidation will have an aggregate adjusted cost base to the Shareholder equal to the aggregate adjusted cost base to the Shareholder of the Class A Shares held immediately before the consolidation.

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 a 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 "*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 which provides for the automatic exchange of certain tax information between the tax

authorities of participating jurisdictions. Affected investors are 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 Priority Equity Shares and Class A Shares which Shareholders should be aware of (reference should be made to pages 31 through 35 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.TDBSplit.com](http://www.TDBSplit.com) or on the internet at [www.sedar.com](http://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 21, 2019 in respect of the Company’s financial statements as at and for the years ended November 30, 2018 and November 30, 2017. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct 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 agreement dated July 27, 2007, Computershare, at its principal office in Toronto, has been appointed the registrar and transfer agent for the Priority Equity Shares and the Class A Shares and is responsible for assisting the Company in disbursing dividends and other distributions to holders of the Priority Equity Shares and the Class A Shares.

Pursuant to an agreement dated July 27, 2007 (the “**Custodian Agreement**”), RBC Dexia Investor Services Trust (now RBC Investor Services Trust (“**RBC Trust**”)) was appointed as the custodian of the assets of the Company. 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, 2<sup>nd</sup> 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: December 10, 2019

This amended and restated 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 amended and restated 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) SILVIA GOMES  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF TDB SPLIT 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) SILVIA GOMES  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed) PETER F. CRUICKSHANK  
Director

(Signed) LAURA L. JOHNSON  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: December 10, 2019

To the best of our knowledge, information and belief, this amended and restated 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 amended and restated 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

**TD SECURITIES INC.**

(Signed) ADAM LUCHINI

**BMO NESBITT BURNS INC.**

(Signed) ROBIN G. TESSIER

**RBC DOMINION SECURITIES  
INC.**

(Signed) CHRISTOPHER BEAN

**CANACCORD GENUITY CORP.**

(Signed) MICHAEL D. SHUH

**ECHELON WEALTH PARTNERS  
INC.**

(Signed) BETH SHAW

**INDUSTRIAL ALLIANCE  
SECURITIES INC.**

(Signed) RICHARD KASSABIAN

**RAYMOND JAMES LTD.**

(Signed) MATTHEW COWIE

**DESJARDINS  
SECURITIES INC.**

(Signed) NAGLAA  
PACHECO

**HAMPTON SECURITIES  
LTD.**

(Signed) MICHAEL B.  
LIGETI

**MACKIE RESEARCH  
CAPITAL  
CORPORATION**

(Signed) DAVID KEATING

**MANULIFE SECURITIES  
INCORPORATED**

(Signed) WILLIAM  
PORTER