

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 lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States, except in certain transactions exempt from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Accord Financial Corp. at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario M4P 3A2, telephone: (416) 961-0007, and are also available electronically at www.sedar.com.

FINAL SHORT FORM PROSPECTUS

New Issue

December 11, 2018



ACCORD FINANCIAL CORP.

\$15,000,000

7.00% Convertible Unsecured Subordinated Debentures

Price: \$1,000 per Debenture

This short form prospectus qualifies the distribution (the "Offering") of \$15,000,000 aggregate principal amount of convertible unsecured subordinated debentures ("Debentures") of Accord Financial Corp. (the "Company" or "Accord") due December 31, 2023 (the "Maturity Date") at a price of \$1,000 per Debenture (the "Offering Price"). The Debentures bear interest at an annual rate of 7.00% payable semi-annually in arrears on June 30 and December 31 of each year (an "Interest Payment Date"), commencing on June 30, 2019. The June 30, 2019 interest payment will represent accrued interest from (and including) the Closing Date (as defined herein) to (but excluding) June 30, 2019. The Debentures will be governed by a trust indenture (the "Indenture") to be dated as of the Closing Date and to be entered into between the Company and Computershare Trust Company of Canada (the "Debenture Trustee"). The Company's registered office is located at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario M4P 3A2.

Conversion Privilege

Each Debenture will be convertible into common shares of the Company ("Common Shares") at the option of the holder thereof at any time prior to the close of business on the earliest of (i) the business day immediately preceding the Maturity Date; (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for redemption of the Debentures; or (iii) if the Company is required to offer to purchase such Debentures pursuant to a Change of Control Purchase Offer (as defined herein), on the business day immediately preceding the payment date, in each case, at an initial conversion price of \$13.50 per Common Share (the "Conversion Price"), representing a conversion rate of approximately 74.0741 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain circumstances as described herein and in the Indenture. Holders (as defined herein) converting their Debentures will receive, in addition to the applicable number of Common Shares to be received on conversion, accrued and unpaid interest thereon from the last Interest Payment Date on their Debentures prior to the date of conversion, to (but excluding) the date of conversion. See "Description of the Debentures".

The Debentures are not redeemable by the Company prior to December 31, 2021, except in limited circumstances following a Change of Control (as defined herein). On or after December 31, 2021 and at any time prior to December 31, 2022, the Debentures may be redeemed at the option of the Company, in whole or in part from time to time, on not more than 60 days' and not less than 40 days' prior notice at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest thereon up to (but excluding) the date set for redemption, provided that the Current Market Price (as defined herein) is at least 125% of the Conversion Price. On or after December 31, 2022 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days' and not less than 40 days' prior notice at a

redemption price equal to 100% of their principal amount plus any accrued and unpaid interest thereon up to (but excluding) the date set for redemption.

Subject to required regulatory approvals and provided that there is not a current Event of Default (as defined herein) under the Indenture, the Company may, at its option, on at least 40 days' and not more than 60 days' prior notice, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures on redemption or at maturity through the issuance of Common Shares with any accrued and unpaid interest being paid in cash. The number of Common Shares a holder will receive in respect of each Debenture will be determined by dividing the principal amount of the Debentures that are to be redeemed or repaid at maturity, as the case may be, and that are to be paid in Common Shares, by 95% of the Current Market Price. See "Description of Debentures – Method of Payment".

There is currently no market pursuant to which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "Risk Factors".

The issued and outstanding Common Shares are listed on the TSX under the symbol "ACD". On December 10, 2018, the last full trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$9.69 per Common Share. The TSX has conditionally approved the listing of the Debentures (including any Debentures that may be issued pursuant to the Over-Allotment Option (as defined herein)) and the Common Shares issuable upon the conversion, redemption or maturity of the Debentures, including Common Shares issuable on a conversion premium in the event of a Change of Control resulting in a Cash Change of Control (as defined herein), on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

The price and terms of the Offering were determined by negotiations between the Company, RBC Dominion Securities Inc. ("RBC"), CIBC World Markets Inc. ("CIBC" and together with RBC, the "Lead Underwriters"), the co-lead underwriters and bookrunners, Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Cormark Securities Inc., Echelon Wealth Partners Inc., HSBC Securities (Canada) Inc. and Mackie Research Capital Corporation (together with the Lead Underwriters, the "Underwriters").

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Proceeds to Company⁽²⁾</u>
Per Debenture	\$1,000	\$45	\$955
Total ⁽³⁾	\$15,000,000	\$675,000	\$14,325,000

Notes:

- (1) The Underwriters' fee (the "Underwriters' Fee") is equal to 4.50% of the gross proceeds of the Offering, including any gross proceeds raised on the exercise of the Over-Allotment Option. See "Plan of Distribution".
- (2) After deducting the Underwriters' Fee but before deducting the expenses of the Offering, which are estimated to be approximately \$700,000.
- (3) The Company has granted the Underwriters an option, exercisable, in whole or in part, at the sole discretion of the Underwriters at any time until 30 days following the Closing Date, to purchase up to an additional \$2,250,000 aggregate principal amount of Debentures (the "Over-Allotment Debentures") at the Offering Price (the "Over-Allotment Option") on the same terms and conditions of the Offering to cover over-allotments, if any, and for market stabilization purposes. In the event that the Over-Allotment Option is exercised in full, the total offering price to the public, the Underwriters' Fee and the net proceeds to the Company in respect of the Debentures will be \$17,250,000, \$776,250 and \$16,473,750, respectively. See "Plan of Distribution". This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the over-allocation position acquires such Debentures under this short form prospectus regardless of whether the over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets forth the aggregate principal amount of Debentures that may be purchased by the Underwriters pursuant to the Over-Allotment Option.

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	\$2,250,000 aggregate principal amount of Debentures	At any time until 30 days following closing of the Offering	\$1,000 per Debenture

Unless the context otherwise requires, when used herein, all references to "Offering" and "Debentures" include the Over-Allotment Debentures issuable upon exercise of the Over-Allotment Option.

The Underwriters, as principals, conditionally offer the Debentures, 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 agreement dated December 11, 2018 between the Company and the Underwriters in respect of the Offering (the “Underwriting Agreement”) referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. The Debentures (other than any Debentures issuable pursuant to the exercise of the Over-Allotment Option) shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this short form prospectus. This prospectus does not qualify the sale of any Debentures to investors outside the provinces of Canada. See “Plan of Distribution”.

Each of CIBC, Scotia Capital Inc., BMO Nesbitt Burns Inc. and HSBC Securities (Canada) Inc. (collectively, the “Connected Underwriters”) is a subsidiary of a Canadian chartered bank that is a member of a syndicate of lenders that have made the Credit Facilities (as defined herein) available to the Company. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a “connected issuer” of each of the Connected Underwriters. See “Relationship between the Company and Certain Underwriters”.

In addition to the Offering, on the Closing Date, the Company expects to issue to certain existing shareholders, other insiders of the Company and certain other individuals resident in the United States on a private placement basis, \$3,400,000 aggregate principal amount of Debentures (the “Non-Brokered Private Placement”). No fees or commissions will be payable by the Company to the Underwriters in connection with the Non-Brokered Private Placement and the Underwriters are not involved, directly or indirectly, in the issuance, offer and sale of the Debentures under the Non-Brokered Private Placement. This short form prospectus does not qualify any securities issued under the Non-Brokered Private Placement. See “Plan of Distribution” and “Non-Brokered Private Placement”. The Company expects that of the Debentures sold under the Offering and the Non-Brokered Private Placement, \$3,895,000 aggregate principal amount of Debentures will be purchased by insiders of the Company.

The Company will use the proceeds from the Offering and the Non-Brokered Private Placement to partially repay outstanding indebtedness under the Credit Facilities. See “Use of Proceeds”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Debentures at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Debentures initially at the Offering Price. After a reasonable effort has been made to sell all of the Debentures at the Offering Price, the Underwriters may reduce the selling price to investors from time to time in order to sell any unsold Debentures. Any such reduction will not affect the proceeds received by the Company.** See “Plan of Distribution”.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Debentures will be registered and deposited directly with CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and held by, or on behalf of, CDS, as depository of the Debentures for the participants of CDS (the “Participants”), as non-certificated inventory pursuant to the book-based system administered by CDS and no certificates evidencing the Debentures will be issued to purchasers thereof. Purchasers will receive only a customer confirmation or statement from the Underwriter or other dealer who is a Participant and from or through whom a beneficial interest in the Debentures is purchased. The closing of the Offering is expected to occur on or about December 18, 2018 (the “Closing Date”). See “Plan of Distribution” and “Description of Debentures – Book-Based, Delivery and Form”.

An investment in the Debentures involves a high degree of risk. An investment in the Debentures should be considered speculative due to various factors. An investment in the Debentures should only be made by persons who can afford the total loss of their investment. See “Forward-Looking Statements” and “Risk Factors”.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
ELIGIBILITY FOR INVESTMENT..... 1	DESCRIPTION OF SHARE CAPITAL 26
DOCUMENTS INCORPORATED BY REFERENCE 1	PRIOR SALES 26
MARKETING MATERIALS 2	PRICE RANGE AND TRADING VOLUME..... 26
MEANING OF CERTAIN REFERENCES 2	RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN UNDERWRITERS 27
FORWARD-LOOKING STATEMENTS 2	PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS 27
NON-IFRS FINANCIAL MEASURES 3	ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES 30
THE COMPANY 3	INTEREST OF EXPERTS 30
BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES 4	AUDITORS, TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE 31
MATERIAL INDEBTEDNESS 9	RISK FACTORS 31
CONSOLIDATED CAPITALIZATION OF THE COMPANY 10	STATUTORY AND CONTRACTUAL RIGHTS OF RESCISSION AND STATUTORY RIGHTS OF WITHDRAWAL 40
USE OF PROCEEDS 10	CERTIFICATE OF THE COMPANY C-1
PLAN OF DISTRIBUTION 11	CERTIFICATE OF THE UNDERWRITERS C-2
NON-BROKERED PRIVATE PLACEMENT 13	
EARNINGS COVERAGE RATIO 13	
DESCRIPTION OF DEBENTURES 14	

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Company has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he, she, or it should not rely on it. The Company is not making an offer to sell these Debentures in any jurisdiction where such offer or sale is not permitted. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the Debentures.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, provided that the Common Shares are at all material times listed on a “designated stock exchange”, as defined in the *Income Tax Act* (Canada) as amended (the “**Tax Act**”), which currently includes the TSX, the Debentures being offered pursuant to this short form prospectus and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (a “**RRSP**”), a registered education savings plan (a “**RESP**”), a registered retirement income fund (a “**RRIF**”), a deferred profit sharing plan (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution), a registered disability savings plan (a “**RDSP**”) and a tax-free savings account (a “**TFSA**” and together with a RRSP, RESP, RRIF, and RDSP, a “**Registered Plan**”).

Notwithstanding the foregoing, if the Debentures or Common Shares are a “prohibited investment” for a Registered Plan, the holder, annuitant or subscriber (as applicable) of such Registered Plan will be subject to a penalty tax as set out in the Tax Act. Debentures or Common Shares, as the case may be, will generally be a “prohibited investment” for a Registered Plan if the holder, annuitant or subscriber, as the case may be, does not deal at arm’s length with the Company for purposes of the Tax Act or has a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Company. In addition, the Common Shares will not be a “prohibited investment” if the Common Shares are “excluded property”, as defined in the Tax Act, for trusts governed by Registered Plans. Holders, annuitants and subscribers of Registered Plans should consult their own tax advisors as to whether the Debentures or Common Shares will be a “prohibited investment” in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario M4P 3A2, telephone: (416) 961-0007, or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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

- (a) the annual information form of the Company dated March 21, 2018 (the “**AIF**”);
- (b) the management information circular of the Company dated March 21, 2018 distributed in connection with the annual meeting of shareholders of the Company held on May 2, 2018 (the “**Circular**”);
- (c) the audited consolidated financial statements of the Company as at and for the financial years ended December 31, 2017 and 2016, together with the auditors’ report thereon and the notes thereto;
- (d) the management’s discussion and analysis of results of operations and financial condition of the Company for the financial years ended December 31, 2017 and 2016 (“**Annual MD&A**”);
- (e) the condensed interim unaudited consolidated financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2018 and 2017 (“**Interim Statements**”);
- (f) the management’s discussion and analysis of results of operations and financial condition of the Company for the three and nine months ended September 30, 2018 and 2017 (“**Interim MD&A**”);
- (g) the material change report of the Company dated September 19, 2018 (the “**MCR**”);

- (h) the template version of the term sheet for the Offering dated November 26, 2018 filed on SEDAR on November 26, 2018 in connection with the Offering;
- (i) the investor presentation dated November 26, 2018 filed on SEDAR on November 26, 2018 in connection with the Offering; and
- (j) the template version of the revised term sheet for the Offering dated December 11, 2018 filed on SEDAR on December 11, 2018 in connection with the Offering.

Any material change reports (excluding confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations in respect of the periods covered by such financial statements, and management information circulars (excluding those portions that are not required pursuant to National Instrument 41-101 – *General Prospectus Requirements* (“NI 41-101”) to be incorporated by reference herein) filed by the Company with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of the distribution of the Debentures shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this 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 a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was 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.

MARKETING MATERIALS

Any “template version” of “marketing materials” (as such terms are defined in NI 41-101) used in connection with the Offering are not part of this short form prospectus to the extent that the contents of the “template version” of “marketing materials” are modified or superseded by a statement contained in this short form prospectus. Any “template version” of “marketing materials” filed with a securities commission or similar authority in connection with the Offering, after the date hereof, but prior to the termination of the distribution of the Debentures under this short form prospectus, is deemed to be incorporated by reference herein.

MEANING OF CERTAIN REFERENCES

The Company, an Ontario corporation, is the issuer of the Debentures. Unless otherwise stated or the context otherwise requires, references in this short form prospectus to the “Company” or “Accord” refer to Accord Financial Corp. or to the combination of Accord Financial Corp. and all of its direct and indirect subsidiaries, as the context requires.

Unless expressly provided to the contrary, all monetary amounts in this short form prospectus refer to Canadian dollars. References to “US\$” are to United States dollars.

FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated by reference, includes forward-looking statements within the meaning of applicable Canadian securities legislation. These forward-looking statements include, among others, statements regarding the Company's financial position, business strategy, projected costs and plans, objectives of management for future operations and certain risks affecting the Company's business, the intention of the Company to complete the Offering and the Non-Brokered Private Placement on the terms and conditions described herein, the expected timing regarding completion of the Offering and the Non-Brokered Private

Placement, the use of proceeds of the Offering and the Non-Brokered Private Placement, as well as statements with respect to the Company's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. They are based on certain factors and assumptions, including expected growth, results of operations, business prospects and opportunities. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation that all conditions to completion of the Offering and the Non-Brokered Private Placement will be satisfied or waived. Actual results may differ materially from those expressed or implied in such statements. The Company cautions readers not to place undue reliance on these statements, as a number of important risks and factors, many of which are beyond the Company's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These risks and factors include, but are not limited to, the ability to compete effectively with current and future competitors, general economic conditions, clients' credit risk, interest rate risk, foreign currency risk, the impact of recent or potential acquisitions and investments, reliance on key personnel and risks relating to an investment in the Debentures.

The Company cautions that the foregoing list of risks and factors that may affect future results is not exhaustive. When reviewing the Company's forward-looking statements, the foregoing factors and other uncertainties and potential events should be carefully considered. Additional information about risks and factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements, may be found in the "Risk Factors" section of this short form prospectus, in the "Risks and Uncertainties That Could Affect Future Results" section on pages 23 and 24 of the Company's annual report for the year ended December 31, 2017 which is incorporated by reference into the AIF (and the same as the "Risks and Uncertainties That Could Affect Future Results" section on pages 14 and 15 of the Annual MD&A) and elsewhere in the Company's filings with Canadian securities regulators. The Company does not undertake to update any forward-looking statements, except as required by applicable Canadian securities law; such statements speak only as of the date made. Forward-looking statements made in a document incorporated by reference in this short form prospectus are made as of the date of the original document and have not been updated except as expressly provided herein.

NON-IFRS FINANCIAL MEASURES

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. However, information presented in certain documents incorporated by reference includes non-IFRS measures, such as return on average equity ("ROE"), adjusted net earnings, adjusted earnings per Common Share, adjusted ROE, book value per share, average funds employed, return on average assets, return on average equity, adjusted return on average equity, net revenue / average assets, operating expenses / average assets, tangible equity / assets, equity / assets, debt (bank indebtedness, loan payable & notes payable) / equity, reserves / portfolio, reserves / net charge-offs and net charge-offs / revenue, that the Company uses to monitor its performance. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency and comparability between companies using them and are, therefore, considered to be non-IFRS measures. The Company primarily derives these measures from amounts presented in its financial statements, which were prepared in accordance with IFRS. The Company's focus continues to be on IFRS measures and any other information presented in this short form prospectus or in documents incorporated by reference is purely supplemental to help the reader better understand the key performance indicators used by the Company in monitoring its operating performance and financial position.

THE COMPANY

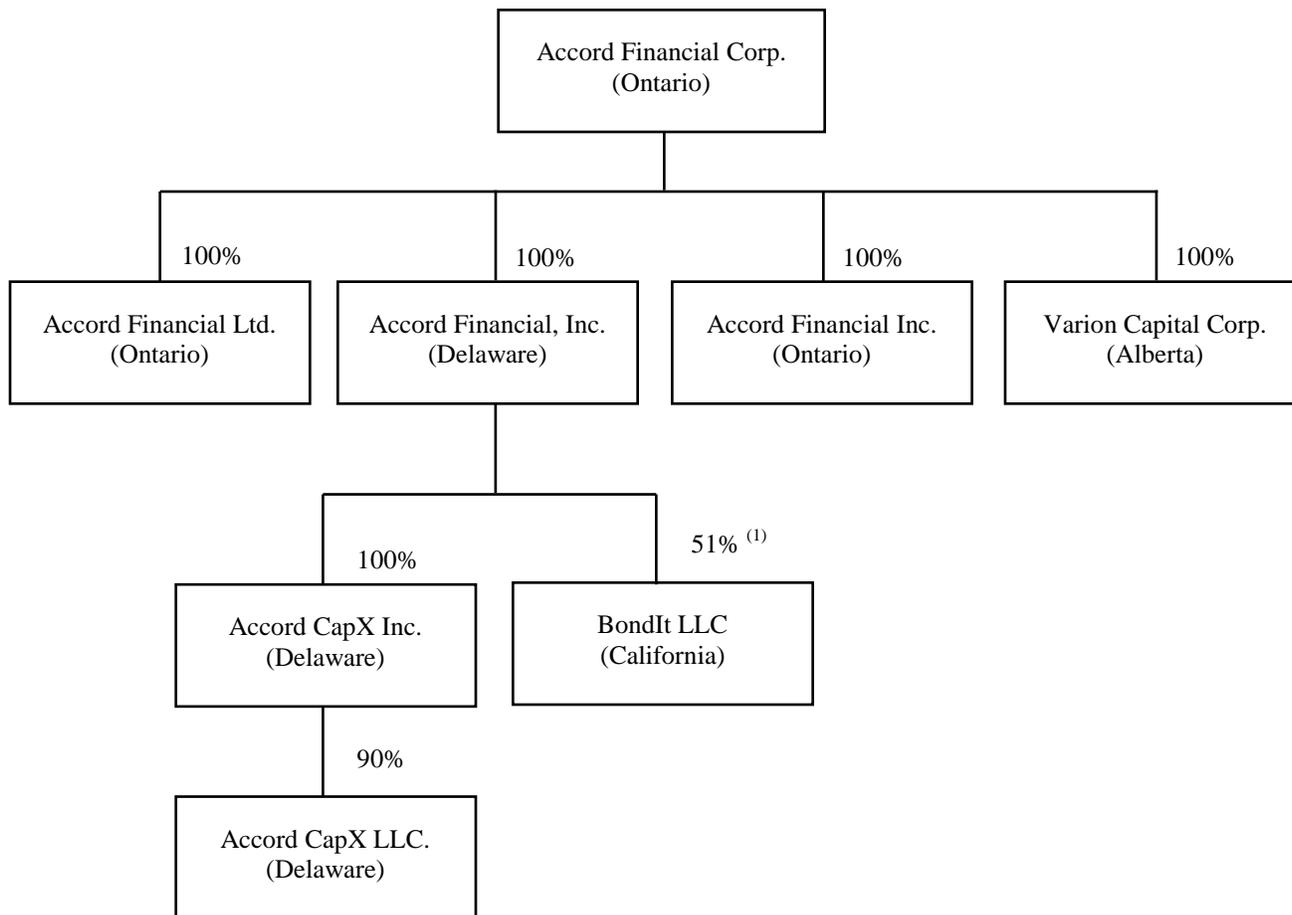
Accord Financial Corp. and its predecessor have been in the asset-based lending business since 1978. The Company was continued under the laws of Ontario by articles of continuance dated March 26, 1992. By articles of amendment dated March 31, 1992, the Company changed its name to Accord Financial Corp. and split the outstanding common shares on a 6.4-for-1 basis. By articles of amendment dated August 5, 1993, the authorized capital of the Company

was amended by deleting the class A special shares, the class B special shares and the second preferred shares in their entirety and conforming changes were made to the first preferred shares.

The Company’s registered head office is located at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario, Canada, M4P 3A2.

Corporate Structure

The following organization chart sets forth the Company’s corporate structure and its voting and equity interest in each of its material operating subsidiaries and their respective jurisdictions of incorporation:



Note:

(1) AFIU (as defined herein) acquired convertible preferred member units of BondIt (as defined herein) which can be converted into a 51% interest in common member units of BondIt at the sole option of AFIU at any time prior to July 13, 2020.

For further information regarding the Company’s corporate structure, see the “Corporate Structure” section in the AIF.

BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES

General

The Company is one of North America’s leading independent finance companies, providing specialized lending and working capital solutions to largely small and medium-sized companies from coast-to-coast. Accord’s finance

programs cover a broad range of services, including asset-based lending (factoring, receivables, inventory, lease and equipment financing), working capital financing, film and media financing, credit protection and receivables management, as well as supply chain financing for importers. The Company's clients are businesses that operate in numerous industries, including apparel, financial and professional services, leasing, manufacturing, wholesale and distribution, retail, transportation, media, chemicals, real estate, electronics, oilfield services, telecommunications, textiles, furniture, sporting goods, footwear, floor coverings, printing and industrial products.

The Company operates six finance companies in North America: namely, Accord Financial Ltd. (“**AFL**”), Accord Financial Inc. (“**AFIC**”) and Varion Capital Corp. (“**Varion**”) in Canada, and Accord Financial, Inc. (“**AFIU**”), BondIt LLC (doing business as BondIt Media Capital) (“**BondIt**”) and Accord CapX LLC (“**CapX**”) in the United States.

Each of the Company's six operating companies provides a distinct suite of financing services to its clients, including: (i) asset-based lending by AFIC and AFIU, which entails financing or purchasing accounts receivable on a recourse basis, as well as financing other tangible assets, such as inventory and equipment; (ii) lease and equipment financing by CapX, Varion and Varion's two wholly-owned subsidiaries (Accord Small Business Finance Corp. and Accord Small Business Leasing Corp. (doing business as Accord Small Business Finance (“**ASBF**”), which also provides working capital financing); (iii) film and media production financing by BondIt; and (iv) credit protection and receivables management services by AFL, which principally involves providing credit guarantees and collection services, generally without financing.

At September 30, 2018, the total gross finance receivables and loans employed by the Company (“**total funds employed**”) reached a record, with \$304 million total funds employed. Of the total funds employed, approximately 67% represented asset-based loans (including lender finance) by its asset-based lending subsidiaries, 29% represented lease and equipment financings by its equipment finance subsidiaries and 4% represented media and film loans originated through BondIt. At September 30, 2018, approximately 51% of the \$304 million in total funds employed was provided to clients in the United States, while 49% was provided to clients in Canada. Since 2013, the average total funds employed has increased at a 19.2% compounded annual growth rate (“**CAGR**”).

<u>Finance receivables and loans</u>	
	30-Sep-18
	\$
Factored receivables	121,642,781
Loans to clients	124,706,290
Lease receivables	57,382,386
	<u>303,731,457</u>
less allowance for losses	(4,163,000)
	<u><u>299,568,457</u></u>

Finance receivables and loans can be summarized under the three stage credit criteria of IFRS 9 as follows:

Stage 1 accounts	297,318,760	97.9%
Stage 2 accounts	5,974,955	2.0%
Stage 3 accounts	437,742	0.1%
	<u>303,731,457</u>	<u>100.0%</u>

Broadly speaking, the Company operates in one large industry segment - namely, the provision of asset-based financing services to principally non-public industrial and commercial enterprises in Canada and the United States. As such, the Company is a participant in North America's "private debt" market which encompasses the extension of loans and other similar activities to borrowers that are, for the most part, non-public entities. Management believes that the North American private debt market is the largest and most developed in the world, and has grown at an approximate 23% CAGR between 2008 and 2017. The financial crisis of 2008 and 2009 was followed by a prolonged period of retrenchment by banks worldwide, particularly from longer-dated or riskier lending activities, as banks sought to deleverage balance sheets and meet stringent new capital requirements imposed in the wake of the crisis. This resulted in a shift of many types of riskier lending activities from the traditional bank funding model towards alternative lending platforms. This has been particularly evident in North America's mid-market segment

where many borrowers, unable to secure conventional loans from banks, have increasingly looked to the private debt markets for financing. Given the relative withdrawal of large, global financial institutions owing to increased risk oversight and regulation, lenders providing financing in North America's private debt markets have historically realized attractive risk-adjusted returns.

North American Private Debt Deal Value (US\$B)

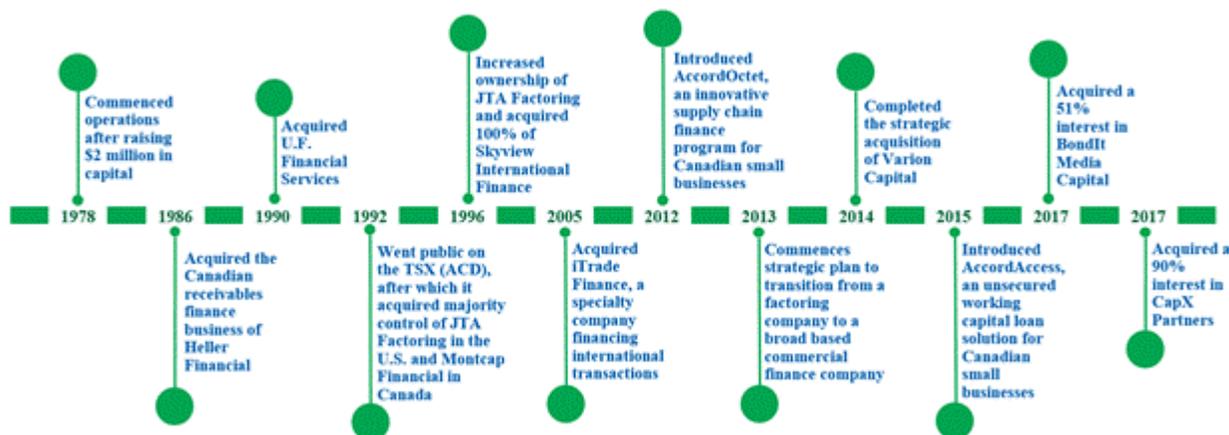


Source: Prequin Private Debt Database (<https://www.prequin.com/>)

Development of the Business

The following timeline provides a high-level overview of the history of the Company, from the beginning of its operations through a predecessor entity in 1978, and also showing certain of the Company's acquisitions and other milestones.

History of the Company



From its inception in 1978 until recently, the Company had been focused on the provision of recourse and non-recourse factoring activities in Canada and the United States. In 2013, recognizing growth opportunities in a number of adjacent business segments, the Company began a transition from a traditional factoring company to a more broad-based commercial finance company. Since then, the Company has implemented this new strategy through both external acquisitions and internal new product development. The goal of these initiatives is to enhance the Company's product line by adding new growth segments, broadening geographic diversity by expanding the Company's market coverage and deepening the Company's management team.

Strategic Acquisitions

Since the 2013 shift in strategic direction, the Company has made significant progress in its efforts to diversify its lending activities, and has become a one-stop source of senior secured financing for small and medium-sized

businesses. Much of this diversification has been achieved through the Company's active acquisition program. Management believes that it has been highly selective in identifying acquisition targets and prospective business partners. In assessing potential acquisitions, the Company has generally sought businesses that feature:

- highly skilled management teams;
- complementary product and/or geographic fit;
- operations in underserved markets;
- a defensible competitive advantage; and
- an ability to benefit from the Company's public profile and capital.

Recent Acquisitions

The Company has recently made the following acquisitions:

a) Varion Capital Corp.

On January 31, 2014, the Company acquired Varion Capital Corp., a Canadian equipment finance company founded in 2004. Varion finances equipment for small and medium-sized businesses, serving a broad base of Canada's most dynamic industries, from forestry and energy to hospitality and manufacturing. Varion's loan portfolio has increased from \$6 million at the time of its acquisition to \$38 million at September 30, 2018.

b) BondIt Media Capital

Effective July 1, 2017, AFIU completed a strategic investment in BondIt Media Capital acquiring convertible preferred member units in BondIt, which can be converted at the option of the Company into a 51% interest in BondIt's common member units at any time prior to July 13, 2020. Based in Santa Monica, California, BondIt is a senior secured media lender providing financing to film, television and new media projects. At September 30, 2018, BondIt's loan portfolio was US\$11 million.

c) Accord CapX LLC

On October 27, 2017, Accord CapX Inc., a wholly-owned subsidiary of AFIU, acquired a 90% interest in Accord CapX LLC, which had concurrently acquired the business and assets of CapX Partners, as well as the personal goodwill of James Hallene, Barrett Carlson and Eric Starr (all partners at CapX Partners). CapX Partners is a Chicago-based provider of equipment finance to middle market companies throughout the United States through its offices in Chicago, Boston and New York. Prior to Accord CapX Inc.'s acquisition, CapX Partners had originated nearly US\$500 million of equipment leases and loans through four investment funds. CapX's total funds employed has significantly grown since Accord CapX Inc.'s acquisition, from US\$4 million at October 27, 2017 to US\$38 million at September 30, 2018.

For further information regarding the Company's business and operating companies, see the "Description of the Company's Business" section in the AIF.

Organic Growth Initiatives

The Company has experienced strong organic growth in recent years driven primarily by new product development. The Company's forty years of experience as a specialty finance company have provided it with a strong foundation on which it has developed a lender finance product aimed at providing wholesale debt financing to smaller lenders operating in the growing non-bank finance company segment. This product represented approximately 19.7% of the Company's portfolio as of September 30, 2018. The Company also leveraged its deep experience financing receivables in the wholesale and retail apparel industry to develop a new inventory finance product. The inventory finance product complements the Company's receivables expertise, allowing it to finance multiple parts of the supply chain for importers, wholesalers and distributors, as well as retailers. This product represented approximately 11.9% of the Company's portfolio as of September 30, 2018. Finally, ASBF now offers an equipment-based revolving credit facility, which borrowers view as significantly more flexible than term financing, the more common form of equipment-based borrowing available from non-bank lenders. This product represented approximately 4.6% of the Company's portfolio as of September 30, 2018.

The Company is also now benefitting from growth resulting from synergies between its asset-based lending businesses (AFIC and AFIU) and its newly-acquired equipment finance businesses (Varion and CapX). Among other things, the Company benefits from a larger network of referral sources, and is able to offer more, complementary products through its expanded network. This is contributing to the healthy levels of organic growth recently exhibited by all four of these business units.

Recent Developments

Effective October 1, 2018, Simon Hitzig was appointed as President and Chief Executive Officer of the Company and as a director of the Company. Tom Henderson, the previous President and Chief Executive Officer, has taken on a new role as Vice-Chairman of the Company. For more information regarding the Company's leadership transition, see the news release of the Company dated September 19, 2018 and the MCR.

Recent Financial Milestones & Highlights

The impact of the strategic shift initiated in 2013 is evident in the most recent quarterly financial results released by the Company. As of the quarter ended September 30, 2018, Accord achieved a number of financial milestones including:

- Total funds employed reached a record high of \$304 million, compared to \$111 million at December 31, 2013.
- Record adjusted earnings per share of \$1.19 for the last 12 month period ended September 30, 2018.
- Record quarterly revenue of \$13.1 million achieved in the quarter ended September 30, 2018.
- Maintained a well-diversified finance receivables and loan portfolio comprised of approximately 67% asset-based loans, 29% equipment financings and 4% media financings, compared to a book that was 100% comprised of non-equipment backed asset-based loans as at December 31, 2013.
- Increases in annual adjusted net income, annual revenue and gross finance receivables and loans of approximately 46%, 68% and 173%, respectively, over the period December 31, 2013 to September 30, 2018.
- Consistent record of growth as evidenced by the Company's book value per share and earnings per share CAGRs of approximately 9% and 7%, respectively, from 1987 (the earliest period in respect of which public financial information for the Company is available) to September 30, 2018.
- Book value per share reached a record high of \$9.82 at September 30, 2018.
- Stable annual dividend payment, which was \$0.36 per share for the last 12 month period ended September 30, 2018 and has grown from \$0.24 per share in 2008.
- Continued and ongoing credit strength in the Company's loan book as evidenced by low net charge-offs as a percentage of average finance receivables and loans equal to 0.3% over the last 12 month period ended September 30, 2018, and compared to 0.4% in 2013, 0.3% in 2014, 0.4% in 2015, 0.7% in 2016 and 1.3% in 2017.

MATERIAL INDEBTEDNESS

Credit Agreement

Accord and certain of its subsidiaries (each, a “**Borrower**” and collectively, the “**Borrowers**”) have entered into an amended and restated credit agreement dated as of July 26, 2018 (as further amended on November 14, 2018, the “**Credit Agreement**”), with The Bank of Nova Scotia, as administrative agent, sole arranger and sole bookrunner, and a syndicate of lenders including The Bank of Nova Scotia, HSBC Bank of Canada, Canadian Imperial Bank of Commerce, M&T Bank, Bank of Montreal and Branch Banking and Trust Company. The Credit Agreement amended and restated the credit agreement dated as of June 16, 2014 between AFIC and AFIU, as borrowers, the lenders party thereto from time to time, and The Bank of Nova Scotia, as administrative agent, sole lead arranger and sole bookrunner. The Credit Agreement makes available the following credit facilities (collectively, the “**Credit Facilities**”) during the period commencing on July 26, 2018 and ending on July 25, 2021 (the “**Revolving Period**”): (i) a revolving credit facility in the amount of up to \$285.0 million (not including a \$75.0 million uncommitted accordion feature) and (ii) a U.S. swingline facility in the amount of US\$5 million in favour of AFIU and CapX. At September 30, 2018, the aggregate amount outstanding under the Credit Facilities was approximately \$195 million.

As at the date of this short form prospectus, the Company was in compliance with all covenants contained in the Credit Agreement, and no breach of such agreement has occurred or been waived.

The Credit Facilities have various interest rate charge options that are based on Canadian prime rates, Canadian base rates and U.S. base rates plus the applicable margin from time to time in effect.

Each of the Borrowers has guaranteed the obligations under the Credit Facilities of any other credit party and, as general and continuing collateral security, has granted in favour of the secured creditors a first ranking lien over all its business assets. Each Borrower has also pledged any capital stock held by it in any other credit party in favour of the secured creditors under the Credit Agreement.

The Credit Agreement contains restrictive covenants customary for credit agreements of this nature, including restrictive covenants relating to the Company’s capacity to materially change the nature of its business, incur indebtedness, grant liens, wind-up, liquidate or dissolve its affairs or amalgamate, merge or consolidate with another entity, make investments, acquisitions or loans, make certain distributions, make material changes to its credit and collection policies, change its fiscal year or accounting practices, issue capital stock or convertible instruments which would result in a change of control of a Borrower or enter into or guarantee any derivative instruments. The above restrictive covenants are subject to certain exceptions set out in the Credit Agreement.

Also, under the Credit Agreement none of the Borrowers (including Accord) may declare, make or pay any principal or interest of or premium on, redeem, prepay, purchase, retire, defease (including in substance legal defeasance), or make a sinking fund or similar payment or make any other distribution with respect to the Debentures, save and except for scheduled cash interest payments on the Debentures provided that on the date of such payment no default or event of default exists under the Credit Agreement or would result therefrom. Notwithstanding the foregoing, the Debentures may be paid, prepaid or repurchased at any time by way of the issuance of Common Shares, preferred shares or equivalent equity interests of Accord.

In addition, the Credit Agreement requires the Company to maintain a total debt to tangible net worth ratio of not more than 4.5:1, a senior debt to tangible net worth ratio of not more than 3.5:1 and an interest coverage ratio of at least 1.75:1.

Notes Payable

The Company has issued short-term and long-term unsecured notes (the “**Notes**”) to related and third parties. At September 30, 2018, there was approximately \$22 million of Notes outstanding.

BondIt Line of Credit

A revolving line of credit totalling US\$10.0 million was established during the second quarter of 2018 with a non-bank lender (the “**BondIt Line of Credit**”). The BondIt Line of Credit bears interest at variable rates depending on

the U.S. base rate. The BondIt Line of Credit was established to finance BondIt's business and is secured by a security interest granted over all of BondIt's assets. At September 30, 2018, there was \$5.3 million outstanding under this line of credit.

For additional information regarding the Company's material indebtedness, see the Interim MD&A and Interim Statements, which are incorporated by reference in this prospectus.

CONSOLIDATED CAPITALIZATION OF THE COMPANY

Except for the issuance of the CapX Shares (as defined herein), there have been no material changes in the Company's share or loan capital, on a consolidated basis, since September 30, 2018. The following table sets forth the consolidated capitalization of the Company as at the dates indicated before and after completion of the Offering and the Non-Brokered Private Placement, assuming the Over-Allotment Option is not exercised. This table should be read in conjunction with the financial statements of the Company (including the notes thereto) incorporated by reference into this short form prospectus.

	As at September 30, 2018 before giving effect to the Offering and the Non-Brokered Private Placement (\$000s)	As at September 30, 2018 after giving effect to the Offering and the Non-Brokered Private Placement (\$000s)
Cash	(5,045)	(5,045)
Bank indebtedness	195,290	178,265
Loan payable	5,333	5,333
Notes payable	22,061	22,061
Convertible debentures ⁽²⁾⁽³⁾	-	18,400
Capital stock	6,914	6,914
Contributed surplus ⁽²⁾	317	317
Retained earnings	67,700	67,700
Accumulated other comprehensive income	6,673	6,673
Non-controlling interests in subsidiaries	4,485	4,485
Total Capitalization	303,728	305,103

Note:

- (1) Table assumes the Over-Allotment Option is not exercised.
- (2) The equity component of the Debentures is included in the "Convertible debentures" amount and not contributed surplus as would be required by IFRS.
- (3) Fees of \$1,375,000 are estimated to be paid in connection with the Offering. The net proceeds of the Offering and the Non-Brokered Private Placement to the Company, expected to be \$17,025,000, will be used to repay a portion of the Company's indebtedness under the Credit Facilities. See "Use of Proceeds". The "Convertible debentures" amount is not shown net of fees as would be required by IFRS.
- (4) Amounts have been rounded to the nearest thousand.

USE OF PROCEEDS

The estimated net proceeds to be received by the Company from the Offering and the Non-Brokered Private Placement is \$17,025,000 (assuming the Over-Allotment Option is not exercised), after deducting the Underwriters' Fee and expenses of the Offering (estimated to be, together, \$1,375,000).

The net proceeds from the Offering and the Non-Brokered Private Placement will be used to repay a portion of the Company's outstanding indebtedness under the Credit Facilities.

The Company's outstanding indebtedness under the Credit Agreement has been incurred in the normal course of business, including in connection with, among other things, the funding of client loans, and for working capital requirements and investments in BondIt and CapX.

If the Over-Allotment Option is exercised in full, the additional net proceeds to the Company, after deducting the additional Underwriters' Fee of \$101,250 will be approximately \$2,148,750, which will also be used to partially repay the Company's outstanding indebtedness under the Credit Facilities.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Underwriting Agreement, the Company has agreed to issue and sell and the Underwriters have agreed to purchase on the Closing Date, expected to be on or about December 18, 2018 or any other date as may be agreed upon by the Company and the Underwriters, but in any event not later than December 27, 2018, all but not less than all, of the Debentures offered hereby at a price of \$1,000 per Debenture for total gross consideration of \$15,000,000, payable in cash against delivery by the Company of the Debentures. In addition, the Company has granted the Underwriters the Over-Allotment Option to purchase up to an additional \$2,250,000 aggregate principal amount of Debentures at the Offering Price, exercisable in whole or in part, at the Underwriters' sole discretion at any time and from time to time until 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Debentures pursuant to the exercise of the Over-Allotment Option.

The Debentures are being offered to the public in all of the provinces of Canada. The Offering Price was determined by negotiations between the Company and the Underwriters. The Underwriting Agreement provides that the Company will pay the Underwriters' Fee of 4.50% of the aggregate principal amount of Debentures issued and sold by the Company pursuant to the Offering, for an aggregate fee payable by the Company to the Underwriters of \$675,000 (assuming the Over-Allotment Option is not exercised), in consideration for their services in connection with the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events. Each Underwriter may, at its option, terminate its obligations to purchase the Debentures, by written notice to that effect given to the Company prior to the Closing Date if, prior to the Closing Date: (a) any order to cease or suspend trading in any securities of the Company, or prohibiting or restricting the distribution of the Debentures is made, or any proceeding is announced or commenced for the making of any such order, by any securities regulatory authority, any stock exchange or by any other competent authority, and has not been rescinded, revoked or withdrawn; (b) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, threatened or announced or any order or ruling is issued or made under or pursuant to any relevant statute, or by any governmental authority (other than any proceeding, order or ruling based solely upon the activities or alleged activities of the Underwriters or their agents contrary to the Underwriting Agreement) or there is any change of law, or the interpretation or administration thereof, which in the opinion of the Underwriter, acting reasonably, operates or would be expected to operate to prevent or suspend, hinder, delay or restrict, or otherwise materially adversely affect, the distribution of, trading in, or marketability of, the Debentures or the trading in any other securities of the Company; (c) there should develop, occur or come into effect or existence any event, action, state, condition or occurrence of national or international consequence (including any natural catastrophe), acts of hostilities or escalation thereof, act of terrorism, or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or any action, law, regulation, inquiry or other occurrence of any nature whatsoever which, in the opinion of such Underwriter, materially adversely affects, or involves, or might reasonably be expected to materially adversely affect, or involve, the financial markets of Canada or the United States or the business, operations or affairs of the Company and its subsidiaries, taken as a whole, or the market price, value or marketability of the Debentures, Common Shares or any other securities of the Company; (d) there shall occur any material change (actual, contemplated, imminent or reasonably expected) in the assets, liabilities (contingent or otherwise), financial condition, properties, business, affairs, prospects, operations, results of operations, income, revenue, cash flow or capital of the Company or ownership of the Company and any of its subsidiaries, taken as a whole, or any change in material fact, whether or not arising in the ordinary course, or there is discovered any previously undisclosed material fact or material change, which has or, in the opinion of the Underwriter, might reasonably be expected to have, a material adverse effect on the assets, liabilities (contingent or otherwise), financial condition, properties, business, affairs, prospects, operations, results of operations, income, revenue, cash flow or

capital of the Company and its subsidiaries, taken as a whole, or the market price, value or marketability of the Debentures, Common Shares or any other securities of the Company, or result in the purchasers of a material amount of Debentures exercising their right under applicable law to withdraw from their purchase of the Debentures; or (e) the state of the financial markets in Canada is such that, in the reasonable opinion of any of the Underwriters, the Debentures cannot be marketed profitably. If an Underwriter fails to purchase the Debentures which it has agreed to purchase, the other Underwriters may purchase such Debentures.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures.

Pursuant to the Underwriting Agreement, each of Accord and the officers and directors of Accord, have agreed not to, during the period ending 90 days after the Closing Date (the “**Standstill Period**”), subject to certain exceptions stated in the Underwriting Agreement: (i) offer, issue, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable for Common Shares; (ii) enter into any swap or other similar arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares; or (iii) announce any intention to do any of the foregoing.

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

Pursuant to the rules and policy statements of certain Canadian securities regulators, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Debentures. The foregoing restriction is subject to certain exceptions, on the condition that 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 Debentures. Such exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws in connection with the Offering, the Underwriters may over-allot Debentures or effect transactions intended to stabilize or maintain the market price of the Debentures at a higher level than that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time during the Offering.

The Debentures and the Common Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. The Underwriters may re-offer and resell the Debentures that they have acquired pursuant to the Underwriting Agreement, through their United States registered broker-dealer affiliates to persons who are “qualified institutional buyers”, as such term is defined in Rule 144A under the U.S. Securities Act, in compliance with Rule 144A under the U.S. Securities Act and applicable state securities laws. In addition, the Underwriters will offer and sell the Debentures outside the United States only in accordance with Regulation S under the U.S. Securities Act. Moreover, the Company expects to directly issue Debentures to certain existing shareholders, other insiders of the Company and certain other individuals resident in the United States pursuant to a private placement exemption from the registration requirements of the U.S. Securities Act. See “Non-Brokered Private Placement”. The Debentures that are sold in the United States will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Debentures in the United States.

Pursuant to the Underwriting Agreement, the Company has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees and agents against certain liabilities.

With the exception of Debentures issued in the Non-Brokered Private Placement, the Debentures will be issued and deposited in electronic form with CDS or its nominee as non-certificated inventory pursuant to the book-based system administered by CDS. Except under certain circumstances described under “Description of Debentures – Book-Based, Delivery and Form”, no certificates evidencing the Debentures will be issued to purchasers of Debentures and purchasers of Debentures will only receive a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. No fractional Debentures will be issued.

The TSX has conditionally approved the listing of the Debentures (including any Debentures that may be issued pursuant to the Over-Allotment Option) and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, including Common Shares issuable on a conversion premium in the event of a Change of Control resulting in a Cash Change of Control, on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

NON-BROKERED PRIVATE PLACEMENT

In addition to the Offering, on the Closing Date, the Company expects to directly issue to a limited number of existing shareholders, other insiders of the Company and certain other individuals resident in the United States who are “accredited investors”, as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act (“**U.S. Accredited Investors**”), on a private placement basis pursuant to the exemption from registration provided by Section 4(a)(2) under the U.S. Securities Act, \$3,400,000 aggregate principal amount of Debentures. No fees or commissions will be payable by the Company to the Underwriters in connection with the Non-Brokered Private Placement and the Underwriters are not involved, directly or indirectly, in the issuance, offer and sale of the Debentures under the Non-Brokered Private Placement.

This short form prospectus does not qualify any securities issued under the Non-Brokered Private Placement. The closing of the Offering will not be subject to the closing of the Non-Brokered Private Placement.

Purchasers of Debentures pursuant to this short form prospectus should not rely on the fact that investors will participate in the Non-Brokered Private Placement, and should make their own investment decision with respect to the purchase of the Debentures offered under this prospectus.

See “Use of Proceeds” for the principal purposes for which the net proceeds of the Non-Brokered Private Placement will be used by the Company.

EARNINGS COVERAGE RATIO

The Company’s earnings coverage ratio for the 12 month period ended September 30, 2018 was 2.34.

The Company’s earnings coverage ratio for the 12 month period ended September 30, 2018, after giving effect to the completion of the Offering and the Non-Brokered Private Placement (assuming the Over-Allotment Option is not exercised) and the use of the net proceeds of the Offering to repay a portion of the Company’s outstanding indebtedness under the Credit Facilities, after all servicing costs incurred or expected to be incurred in connection with the same would be 2.19.

The Company’s earnings coverage ratio for the 12 month period ended December 31, 2017 was 2.72.

The Company’s earnings coverage ratio for the 12 month period ended December 31, 2017 after giving effect to completion of the Offering and the Non-Brokered Private Placement (assuming the Over-Allotment Option is not exercised) and the use of the net proceeds of the Offering to repay a portion of the Company’s outstanding indebtedness under the Credit Facilities, after all servicing costs incurred or expected to be incurred in connection with the same would be 2.38.

The earnings coverage ratios set forth above have been prepared in accordance with Canadian disclosure requirements, using financial information that was prepared in accordance with IFRS. The net earnings used to calculate the above earnings coverage ratios assume that no additional earnings are derived from the net proceeds of the Offering or the Non-Brokered Private Placement.

Earnings coverage is equal to net earnings of the Company before borrowing costs and income taxes divided by borrowing costs. The above earnings coverage ratios include the borrowing costs on all outstanding bank borrowings and debt of the Company in the calculation thereof assuming that the full principal amount of such borrowings or debt, as applicable, after giving effect to the Offering and the Non-Brokered Private Placement, would be characterized as debt and borrowing costs would be characterized as interest expense in the financial statements of the Company.

DESCRIPTION OF DEBENTURES

The following description of the Debentures is a brief summary of their material attributes and characteristics, which does not purport to be complete, and is qualified in its entirety by reference to the provisions of the Indenture. The following summary uses words and terms that will be defined in the Indenture. For full particulars, reference is made to the Indenture. After execution, the Indenture will be available for inspection at the offices of the Company and will be filed on SEDAR at www.sedar.com.

General

The Debentures offered hereby will be created and issued under the Indenture.

The Debentures will be issued in denominations of \$1,000 or in integral multiples thereof. The Debentures will be dated as of the Closing Date and unless previously converted, redeemed or purchased, as described below, the Debentures will mature on December 31, 2023. The principal amount of the Debentures is payable at maturity in cash or, at the Company's option and subject to the satisfaction of certain conditions, by delivery of freely tradeable Common Shares or a combination of cash and freely tradeable Common Shares as further described below under "— Method of Payment". The Debentures will be payable at the principal corporate trust office of the Debenture Trustee.

The Debentures will bear interest from the date of issue at 7.00% per annum, which will be payable semi-annually in arrears on June 30 and December 31 of each year, commencing on June 30, 2019 to holders of record at the close of business on the fifth business day preceding each such date. The first interest payment will include any interest accrued from (and including) the Closing Date to (but excluding) June 30, 2019. Assuming that the Closing Date is December 18, 2018, the first interest payment, payable on June 30, 2019 will be \$37.33 per \$1,000 principal amount of Debentures. Each payment of interest on the Debentures will include any interest accrued for the period commencing on and including the immediately preceding Interest Payment Date (or, if none, the initial issuance date of the Debentures) through and including the day before the applicable Interest Payment Date (or redemption or purchase date, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day. Interest for all periods shall be computed on the basis of a 360 day year comprised of twelve 30 day months.

Rank and Subordination

The Debentures will be direct, subordinated, unsecured obligations of the Company and will rank equally with one another and subordinate to all other existing and future senior secured and senior unsecured indebtedness of the Company, including accounts payable to trade creditors, and will rank *pari passu* with all future subordinated unsecured indebtedness of the Company, except as prescribed by law as described below. The Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

The payments by the Company under the Debentures whether on account of principal, premium, if any, interest or otherwise, will be subordinated and postponed in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Company. "**Senior Indebtedness**" of the Company will be defined in the Indenture as: (a) indebtedness of the Company and its subsidiaries for borrowed money (including indebtedness under the Credit Facilities); (b) obligations of the Company and its subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (c) obligations of the Company and its subsidiaries arising pursuant to or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Company or its subsidiaries under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Company or

its subsidiaries under Guarantees (as defined in the Indenture), indemnities, assurances, legally binding comfort letters or other contingent obligations relating to Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Company or its subsidiaries representing deferred purchase price of any property including, without limitation, purchase money mortgages; (g) all capital and operating lease obligations; (h) accounts payable to trade creditors; (i) all renewals, extensions and refinancing of any of the foregoing; (j) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (k) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same; provided that “**Senior Indebtedness**” will not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate and to rank *pari passu* with the Debentures.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Company, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of the Company, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Company, holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that for as long as the Senior Indebtedness has not been repaid in full, the Company will not make any payment (by purchase of Debentures, as a result of a Change of Control or otherwise), except for scheduled cash interest payments to the extent no default or event of default exists under the Senior Indebtedness or would result therefrom, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures. Furthermore, the Indenture will provide that the Company will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures.

The Debenture Trustee and the Company will also be authorized (and will be obligated upon any request from certain holders of Senior Indebtedness) under the Indenture to enter into subordination agreements on behalf of the holders of Debentures with any holder of Senior Indebtedness.

Optional Redemption

The Debentures are not redeemable by the Company prior to December 31, 2021, except in limited circumstances following a Change of Control. On or after December 31, 2021 and at any time prior to December 31, 2022, the Debentures may be redeemed at the option of the Company, in whole or in part from time to time, on not more than 60 days’ and not less than 40 days’ prior notice at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest thereon up to (but excluding) the date set for redemption, provided that the Current Market Price is at least 125% of the Conversion Price. “**Current Market Price**” will be defined in the Indenture as, generally, the arithmetic average of the volume weighted average trading price of the Common Shares on the TSX, if the Common Shares are listed on the TSX, for the 20 consecutive trading days ending five trading days before the applicable date. If the Common Shares are not listed on the TSX, reference shall be made for the purpose of the above calculation to the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, then the Current Market Price shall be the fair value of a Common Share as reasonably determined by the board of directors of the Company.

On or after December 31, 2022 and prior to the Maturity Date, the Debentures may be redeemed at the option of the Company, in whole or in part from time to time, on not more than 60 days’ and not less than 40 days’ prior notice at a redemption price equal to 100% of their principal amount plus any accrued and unpaid interest thereon up to (but excluding) the date set for redemption.

In the event that a holder of Debentures exercises its conversion right following a notice of redemption by the Company, such holder shall be entitled to receive any accrued and unpaid interest, in addition to the applicable

number of Common Shares, for the period from the latest Interest Payment Date to, but excluding, the date of conversion.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to regulatory approvals.

Conversion Privilege

Holders of the Debentures may convert their Debentures into Common Shares at any time prior to the close of business on the earliest of (i) the business day immediately preceding the Maturity Date; (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for redemption of the Debentures, or (iii) if the Company is required to offer to purchase such Debentures pursuant to a Change of Control Purchase Offer, on the business day immediately preceding the payment date, based on an initial conversion ratio of 74.0741 Common Shares per \$1,000 principal amount of Debentures (equivalent to an initial conversion price of approximately \$13.50 per Common Share). Notwithstanding the foregoing, no Debentures may be converted on an Interest Payment Date or during the five business days preceding an Interest Payment Date. The Conversion Price is subject to adjustment in certain circumstances described below.

If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding business days, the person or persons entitled to receive Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the business day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder or holders of record of such Debentures at the close of business on the relevant record date.

A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer (as defined herein), requiring the Company to purchase the Debenture, may be surrendered for conversion only if such notice is withdrawn in accordance with the Indenture. A holder may convert fewer than all of such holder's Debentures so long as the Debentures converted are an integral multiple of \$1,000 principal amount of Debentures. A holder of a Debenture otherwise entitled to a fractional Common Share will receive cash equal to the fraction of the Common Share multiplied by the Current Market Price as at the date of conversion.

No adjustment to the Conversion Price for the Debentures will be made for distributions or dividends (except as set forth below) on Common Shares issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures shall be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest in respect thereof for the period up to, but excluding, the date of conversion from, and including, the most recent Interest Payment Date. For clarity, payment of such interest, whether in cash or by delivery of Common Shares pursuant to the exercise of the Share Interest Payment Election (as defined herein) may, at the option of the Company, be paid on the next regularly scheduled Interest Payment Date following the date of conversion.

The Conversion Price will not be adjusted for accrued interest. Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including (without duplication):

- (a) the subdivision or consolidation of the outstanding Common Shares;
- (b) the distribution of Common Shares to all the holders of Common Shares by way of dividend, distribution or otherwise;
- (c) the payment of a cash dividend or distribution to all the holders of Common Shares in excess of \$0.40 per annum (a "**Permitted Dividend**");
- (d) the issuance of options, rights or warrants to all the holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price;

(e) the distribution to all the holders of Common Shares of any securities, evidences of indebtedness or other assets (other than a Permitted Dividend); and

(f) the payment to all the holders of Common Shares of cash or any other consideration in respect of an issuer bid for Common Shares by the Company or any of the Company's subsidiaries to the extent that the market value of such payment or consideration exceeds the Current Market Price on the date of expiry of such issuer bid.

For a discussion of the Canadian income tax treatment of a holder receiving Common Shares upon converting its Debentures, see "Principal Canadian Federal Income Tax Considerations".

In the event that the Company pays a dividend or makes a distribution to all the holders of Common Shares consisting of capital stock of, or similar equity interests in, a subsidiary or other business of the Company, the Conversion Price will be adjusted based on the market value of the securities so distributed relative to the market value of Common Shares, in each case, based on the arithmetic average of the weighted average trading price of those securities for the 20 consecutive trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the TSX, or such other national or regional exchange or market on which the securities are then listed or quoted. No Conversion Price adjustment will be made to the extent that the Company makes an equivalent distribution to holders of Debentures.

There will be no adjustment of the Conversion Price in respect of any event described in (b), (d), (e) or (f) above if the holders of the Debentures are allowed to participate, subject to the prior written consent of the TSX, as though they had converted their Debentures prior to the applicable record date or effective date. Additionally, the Company will not be required to adjust the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, the Company will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when subsequently determining whether adjustments are required.

If following the issue of the Debentures, there is (i) a reclassification of the Common Shares or a capital reorganization of the Company, (ii) a consolidation, amalgamation, statutory arrangement, merger, binding share exchange, acquisition of the Company or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property, or (iii) any sale or conveyance of the property or assets of the Company as an entirety or substantially as an entirety to any person (other than a direct or indirect wholly-owned subsidiary of the Company) or a liquidation, dissolution or winding up of the Company, at the effective time of the transaction the right to convert the Debentures into Common Shares will be changed into the right to convert the Debentures into the kind and amount of cash, securities or other property which the holder would have received if the holder had converted its Debentures immediately prior to the effective time of the transaction. The Company shall give notice to the holders of Debentures at least 40 days prior to the effective date of such transaction in writing and by release to a business newswire stating the consideration into which the Debentures will be convertible after the effective time of such transaction.

Notwithstanding the foregoing, if a holder of a Debenture would otherwise be entitled to receive, upon conversion of that Debenture, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied immediately before January 1, 2008 (referred to herein as "**ineligible consideration**"), such holder shall not be entitled to receive such ineligible consideration and the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver to such holder "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied immediately before January 1, 2008 with a market value (as conclusively determined by the board of directors of the Company) equal to the market value of such ineligible consideration.

Change of Control

In the event of a Change of Control, the Company shall be required to offer to purchase all of the outstanding Debentures (a "**Change of Control Purchase Offer**") on the date (the "**Change of Control Purchase Date**") that is 30 business days after the date that such offer is delivered, at a purchase price equal to 100% of the principal amount of the Debentures plus any accrued and unpaid interest ("**Change of Control Purchase Price**"), up to, but not including, the purchase date. If such purchase date is after a record date but on or prior to an Interest Payment Date,

however, then the interest payable on such date will be paid to the holder of record of the Debentures on the relevant record date.

Within 30 days following the occurrence of a Change of Control, the Company shall be required to give written notice to the Debenture Trustee, and the Debenture Trustee shall deliver such notice to all holders of record of Debentures, as provided in the Indenture, stating among other things, the occurrence of a Change of Control and setting out the terms of the Change of Control Purchase Offer.

If holders of 90% or more of the aggregate principal amount of Debentures outstanding on the date the Debenture Trustee gives notice of the Change of Control have been tendered to the Company pursuant to the Change of Control Purchase Offer, the Company may redeem all the remaining Debentures at the Change of Control Purchase Price. Notice of such redemption must be given by the Company to the Debenture Trustee within 10 days following the expiry of the Change of Control Purchase Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Change of Control Purchase Offer. If the Company exercises its right to redeem the remaining Debentures, the rights under the terms of the Debentures of any holder that did not tender to the Company pursuant to the Change of Control Purchase Offer will cease effective as of the date of the Change of Control Purchase Offer.

Under the Indenture, a “**Change of Control**” of the Company will be deemed to have occurred at such time after the original issuance of the Debentures upon the occurrence of (i) any event as a result of or following which any person or group of persons acting jointly or in concert (within the meaning of National Instrument – 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”) as at the date hereof) (any such group, a “**Group**”), directly or indirectly acquires the right to cast more than 50% of the votes that may be ordinarily cast at a general meeting of shareholders of the Company; or (ii) the conveyance, transfer, sale, lease or other disposition, directly or indirectly, of all or substantially all of the assets and properties of the Company and its subsidiaries, taken as a whole, to another arm’s length person or Group.

The Company could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a Change of Control for purposes of the Indenture but that could increase the amount of the Company’s or its subsidiaries’ outstanding indebtedness.

Notwithstanding the above, the Company’s ability to purchase Debentures upon a Change of Control is limited by the terms of the Credit Agreement and the Indenture. See “Risk Factors – Change of Control” and “Material Indebtedness”.

Cash Change of Control

In addition to the requirement for the Company to make a Change of Control Purchase Offer in the event of a Change of Control, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares (or such other securities as the Common Shares may be reorganized, reclassified or otherwise changed in connection with the Change of Control) in the transaction(s) constituting a Change of Control consists of (any of (a) through (e), a “**Cash Change of Control**”):

- (a) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter’s appraisal rights;
- (b) trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity;
- (c) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange;
- (d) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (e) any combination of the consideration described in the foregoing clauses (a) through (d),

then subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Change of Control Purchase Offer is delivered, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares they would otherwise be entitled to receive as set forth under “— Conversion Privilege” above, an additional number of Common Shares per \$1,000 principal amount of Debentures as set forth below (the “**Make Whole Premium**”).

The number of additional Common Shares per \$1,000 principal amount of Debentures constituting the Make Whole Premium will be determined by reference to the table below and is based on the effective date of the Change of Control (the “**Effective Date**”) and the price (the “**Stock Price**”) paid per Common Share in the transaction(s) constituting the Change of Control. If holders of Common Shares receive only cash in the transaction(s) constituting a Change of Control, the Stock Price shall be the cash amount paid per Common Share. Otherwise, the Stock Price shall be equal to the Current Market Price immediately preceding the Effective Date.

The following table shows what the Make Whole Premium would be for each hypothetical Stock Price and Effective Date set forth below, expressed as additional Common Shares per \$1,000 principal amount of Debentures. For the avoidance of doubt, the Company shall not be obliged to pay the Make Whole Premium otherwise than by issuance of Common Shares upon conversion, subject to the provisions relating to the adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under “— Conversion Privilege” above.

Make Whole Premium Upon a Change of Control (Number of Additional Common Shares per \$1,000 Debentures)

Effective Date	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$17.50	\$20.00	\$25.00	\$30.00
18-Dec-18	25.9260	20.5373	16.3933	13.1662	10.6250	8.6027	5.1000	2.9865	0.8500	0.0637
31-Dec-19	25.9260	19.4109	15.1483	11.8854	9.3650	7.4027	4.1371	2.2825	0.5476	0.0107
31-Dec-20	25.9260	18.1245	13.6117	10.2238	7.6779	5.7640	2.8080	1.3500	0.2192	0.0000
31-Dec-21	25.9260	18.1245	11.6217	8.0015	5.3593	3.4140	0.4903	0.0000	0.0000	0.0000
31-Dec-22	25.9260	18.1245	11.6217	6.2630	0.9043	0.0000	0.0000	0.0000	0.0000	0.0000

The actual Stock Price and Effective Date may not be set forth in the table above, in which case:

- (a) if the actual Stock Price on the Effective Date is between two Stock Prices in the table above or the actual Effective Date is between two Effective Dates in the table above, the Make Whole Premium will be determined by a straight-line interpolation between the Make Whole Premiums set forth for the two Stock Prices and the two Effective Dates in the table based on a 365-day year, as applicable;
- (b) if the Stock Price on the Effective Date exceeds \$30.00 per Common Share, subject to adjustment as described below, the Make Whole Premium will be zero; and
- (c) if the Stock Price on the Effective Date is less than \$10.00 per Common Share, subject to adjustment as described below, the Make Whole Premium will be zero.

The Stock Prices set forth in the first row of the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted Stock Prices will equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Stock Price adjustment and the numerator of which is the Conversion Price as so adjusted. The number of additional Common Shares set forth in the table above will be adjusted in the same

manner as the Conversion Price as set forth above under “— Conversion Privilege”, other than by operation of an adjustment to the Conversion Price by adding the Make Whole Premium as described above.

Method of Payment

On redemption or at maturity of the Debentures, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada the amount required to repay the principal amount of such Debentures. Subject to required regulatory approvals and provided that there is not a current Event of Default under the Indenture, the Company may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, on redemption or at maturity through, in whole or in part, the issuance of Common Shares on at least 40 days’ and not more than 60 days’ prior notice. Any accrued and unpaid interest will be paid in cash.

The number of Common Shares a holder will receive in respect of each Debenture will be determined by dividing the principal amount of the Debentures that are to be redeemed or repaid at maturity, as the case may be, and that are to be paid in Common Shares, by 95% of the Current Market Price. No fractional Common Shares will be issued on redemption or repayment at maturity but in lieu thereof, the Company shall satisfy fractional interests by a cash payment equal to the fraction of the Common Share multiplied by the Current Market Price.

The Company may not satisfy its obligation to pay the principal amount of a Debenture, by issuing Common Shares unless the Company satisfies the requirements of applicable securities laws and certain other conditions, as provided in the Indenture, prior to the Maturity Date or the redemption date, as applicable, including the following conditions:

- (a) there is not a current Event of Default under the Indenture;
- (b) the Common Shares to be issued upon redemption or repayment at maturity of the Debentures shall not be subject to any “restricted period” or “seasoning period” under National Instrument 45-102 – *Resale of Securities* (“**NI 45-102**”) other than in respect of a “control distribution” (as defined in NI 45-102) or a transaction or series of transactions incidental to a control distribution; and
- (c) the Common Shares to be issued upon redemption or repayment at maturity of the Debentures shall be listed on the TSX or other national securities exchange or quoted in an inter-dealer quotation system of any registered national securities association.

If the conditions above are not satisfied (or waived) with respect to a holder of Debentures prior to the close of business on the business day preceding the applicable payment date, the Company will make the required payment entirely in cash. If the Company elects to satisfy any amount payable on redemption of the Debentures by issuing Common Shares, the Company will advise the holders of Debentures of such election in the applicable redemption notice. If the Company elects to satisfy any amount payable on repayment or maturity of the Debentures by issuing Common Shares, the Company will provide notice of such election to the holders of Debentures not more than 60 days and not less than 40 days before the payment date.

The Company may not change the form of components or percentages of consideration to be paid for the Debentures once it has given the required notice to holders of Debentures, except as described in the preceding paragraph. When the Company determines the actual number of Common Shares payable in accordance with the foregoing procedures, it will issue a news release on a national newswire.

As the Current Market Price will be determined prior to the applicable payment date, holders of the Debentures will bear the market risk with respect to the value of the Common Shares to be received from the date such price is determined to such payment date.

The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;

- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the payment of the principal amount of the Debentures in Common Shares, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the payment of the principal amount of the Debentures in Common Shares.

Interest Payment Option

The Company may elect by notice (the “**Share Interest Payment Notice**”), from time to time and subject to compliance with all applicable securities laws and subject to any regulatory approvals, provided that there is not a current Event of Default under the Indenture, to satisfy its obligation to pay interest on the Debentures (the “**Interest Obligation**”), on an Interest Payment Date (including following conversion, at the time of redemption, or at the time of maturity) by delivering a sufficient number of Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the “**Share Interest Payment Election**”) or a combination of the foregoing and cash. The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) accept delivery of the Common Shares from the Company; (ii) settle the sale of such Common Shares on behalf of the Company, as the Company shall direct in its absolute discretion through the investment banks, brokers or dealers identified by the Company in the Share Interest Payment Notice at the price identified therein; (iii) invest the proceeds of such sales on the direction of the Company in permitted short-term Canadian government obligations which mature prior to an applicable Interest Payment Date; (iv) use such proceeds, together with proceeds from the sale of Common Shares not invested as aforesaid, to pay the Interest Obligation in respect of which the Share Interest Payment Election was made; (v) deliver proceeds to holders of Debentures to satisfy all or a portion of the Interest Obligation, as directed by the Company in the Share Interest Payment Notice; and (vi) perform any other action necessarily incidental thereto as directed by the Company in its absolute discretion with the consent of the Debenture Trustee.

The Indenture will set forth the procedures to be followed by the Company and the Debenture Trustee in order to effect the Share Interest Payment Election.

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

Purchase for Cancellation

The Company may, to the extent permitted by applicable law, at any time purchase the Debentures in the open market or by tender at any price or by private agreement. Any Debenture purchased by the Company will be surrendered to the Debenture Trustee for cancellation. Any Debentures surrendered to the Debenture Trustee may not be reissued or resold and will be cancelled promptly.

Events of Default

The Indenture will provide that an event of default (“**Event of Default**”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (a) failure for 30 days to pay interest on the Debentures when due; (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Common Shares), if any, on the Debentures when due, whether at maturity, upon redemption, following a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Common Shares or other consideration, including any Make Whole Premium, payable upon conversion with respect to the Debentures, which default continues for 15 days; (d) default in the observance or performance of any other covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 25% of the aggregate principal amount of Debentures then outstanding to the Company specifying such default and requiring the Company to rectify or obtain a waiver for same; (e) certain events of bankruptcy, insolvency or

reorganization of the Company or any Material Subsidiary (as defined in the Indenture) under bankruptcy or insolvency laws; (f) the failure of the Company to make a Change of Control Purchase Offer within 30 days following the occurrence of a Change of Control; or (g) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money (other than non-recourse debt) of the Company or any Material Subsidiary thereof and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$10 million (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable; and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of the security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In the case of certain events of bankruptcy or insolvency, the principal amount of the Debentures, together with any accrued and unpaid interest through the occurrence of such event, shall automatically become due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Consolidation, Mergers or Sale of Assets

The Indenture will provide that the Company may not, without the consent of the holders of the Debentures, consolidate or amalgamate with or merge into any person or sell, convey, transfer or lease all or substantially all of the Company's properties and assets to another person (other than a direct or indirect wholly-owned subsidiary of the Company) unless:

- (a) the resulting, surviving, continuing or transferee person is a corporation organized and existing under the laws of the United States of America, any state thereof, or Canada or any province or territory thereof, and such corporation (if other than the Company) expressly assumes all the obligations of the Company under the Debentures and the Indenture;
- (b) after giving effect to the transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, has occurred and is continuing; and
- (c) other conditions described in the Indenture are met,

provided, however, that the sale, conveyance, transfer or lease (in a single transaction or a series of transactions) of the properties or assets of one or more subsidiaries of the Company (other than to the Company or another direct or indirect wholly-owned subsidiary of the Company) which, if such properties or assets were directly owned by the Company, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be a sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company.

Upon the assumption of the Company's obligations by such corporation in such circumstances, subject to certain exceptions, the Company shall be discharged from all obligations under the Debentures and the Indenture. Although such transactions are permitted under the Indenture, certain of the foregoing transactions occurring could constitute a Change of Control, which would require the Company to offer to purchase the Debentures as described above. An assumption of the Company's obligations under the Debentures and the Indenture by such corporation might be deemed for Canadian federal income tax purposes to be a disposition of the Debentures in exchange for new Debentures by the holders thereof, which could result in the recognition of gain or loss for such purposes and could possibly trigger other adverse tax consequences to the holders of Debentures. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Withholding Taxes

The Company will make payments on account of the Debentures without withholding or deducting on account of any present or future tax duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of any government authority

having the power to tax (“**Withholding Taxes**”), unless the Company is required by law or the interpretation or administration thereof, to withhold or deduct Withholding Taxes.

For greater certainty, should the Company be required by law or the interpretation or administration thereof to withhold or deduct an amount on account of Withholding Taxes in respect of any payment to be satisfied by issuing Common Shares, the Company shall be entitled to withhold and immediately liquidate such number of Common Shares necessary in order to meet its withholding and remittance obligations.

Modifications of the Indenture

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

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of NI 62-104 and holders of not less than 90% of the aggregate principal amount of the Debentures then outstanding (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Discharge of the Indenture

The Company may satisfy and discharge the Company’s obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Debentures or by depositing with the Debenture Trustee, or the paying agent, if applicable, after the Debentures have become due and payable, whether at stated maturity or any redemption date, or any purchase date, or a Change of Control Purchase Date, or upon conversion or otherwise, cash or Common Shares (as applicable under the terms of the Indenture) sufficient to pay all of the outstanding Debentures and paying all other sums payable under the Indenture.

Calculations in Respect of Debentures

The Company is responsible for making all calculations called for under the Indenture. These calculations include, but are not limited to, the determination of the Current Market Price. The Company will make all these calculations in good faith and, absent manifest error, the Company’s calculations are final and binding on holders of Debentures and the Debenture Trustee. The Company will provide a schedule of the Company’s calculations to the Debenture Trustee, and the Debenture Trustee is entitled to conclusively rely upon the accuracy of the Company’s calculations without independent verification.

No Personal Liability of Board, Officers, Employees, Subsidiaries, Incorporators and Shareholders

No past, present or future director, officer, employee, or shareholder of the Company or any successor thereof, as such, shall have any liability for any of the obligations of the Company under the Debentures or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Debentures by accepting a Debenture waives and releases all such liability. This waiver and release is part of the consideration for issuance of the Debentures.

Governing Law

The Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Ontario.

Book-Based, Delivery and Form

CDS will act as securities depository for the Debentures issued pursuant to the Offering. Such Debentures will be issued in and delivered electronically as non-certificated inventory pursuant to the book-based system administered by CDS and must be purchased or transferred through a Participant. On the Closing Date, the Debenture Trustee will cause the Debentures to be issued to CDS and registered in the name of its nominee.

Unless the book-based system is terminated, a purchaser acquiring a beneficial interest in the Debentures, will not be entitled to receive a certificate for Debentures or for the Common Shares issuable on the conversion, redemption or maturity of the Debentures. Purchasers acquiring a beneficial interest in the Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-based system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

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

Notwithstanding the foregoing, U.S. Accredited Investors purchasing Debentures directly from the Company in the Non-Brokered Private Placement will receive physical certificates, bearing a U.S. restrictive legend, evidencing their ownership of Debentures.

All interests in the Debentures will be subject to the operations and procedures of CDS. The following is a summary of those operations and is provided by the Company solely for convenience. The operations and procedures of each settlement system may be changed at any time. Neither the Company nor the Underwriters is responsible for those operations and procedures.

To facilitate subsequent transfers, all Debentures deposited by Participants are registered in the name of CDS. The deposit of Debentures with CDS and their registration in the name of CDS effect no change in beneficial ownership. CDS has no knowledge of the actual beneficial owners of the Debentures. CDS's records reflect only the identity of the direct Participants to whose accounts such Debentures are credited, which may or may not be the beneficial owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Transfers of ownership interests in the Debentures will be effected by entries made on the books of the Participants acting on behalf of beneficial owners of Debentures. Beneficial owners will not receive certificates representing their ownership interests in the Debentures except in the event that use of the book-based system for the Debentures is discontinued.

Conveyance of notices and other communications by CDS to direct participants, by direct participants to indirect Participants, and by Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

CDS will not consent or vote with respect to the Debentures. Under its usual procedures, CDS would mail an omnibus proxy to the Company as soon as possible after the record date. The omnibus proxy assigns CDS's consent or voting rights to those direct participants to whose accounts the Debentures are credited on the record date (identified in a listing attached to the omnibus proxy).

The Company will make any payments on the Debentures to CDS. CDS's practice is to credit direct Participants' accounts on the payment date in accordance with their respective holdings shown on CDS's records unless CDS has reason to believe that it will not receive payment on the payment date. Payments by Participants to beneficial owners of Debentures will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of CDS, the Company or the Underwriters, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Company will be responsible for the payment of all amounts due in respect of principal and interest to the Debenture Trustee to enable the Debenture Trustee to forward or cause to be forwarded such funds to CDS. CDS will be responsible for the disbursement of those payments to its Participants, and the Participants will be responsible for disbursements of those payments to beneficial owners of Debentures.

CDS may discontinue providing its service as securities depository with respect to the Debentures at any time by giving reasonable notice to the Company. If CDS discontinues providing its service as securities depository with respect to the Debentures and the Company is unable to obtain a successor securities depository, an investor will automatically take a position in the Debentures and the Company will print and deliver Debentures in fully registered and certificate form ("**Debenture Certificates**").

Also, in the event that the Company decides to discontinue use of the system of book-based transfers through CDS (or a successor securities depository), the Company will print and deliver to the investor Debenture Certificates for the Debentures the investor beneficially owns.

The information in this section concerning CDS and CDS' book-based system has been obtained from sources that the Company believes to be reliable, including CDS, but neither the Company nor the Underwriters take responsibility for its accuracy.

None of the Company, any trustee or the Underwriters will have any responsibility or obligation to Participants, or the persons for whom they act as nominees, with respect to:

- the accuracy of the records of CDS, its nominee, or any Participant, any ownership interest in the Debentures; or
- any payments, or the provision of notice, to a Participant or beneficial owner of Debentures.

Payments

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

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

Reports to Debenture Holders

The Company shall file with the Debenture Trustee and provide Debenture holders with the documents required to be sent to its shareholders pursuant to applicable securities laws and within the time prescribed by such applicable securities laws. In the event the Company is no longer subject to applicable securities laws, the Company shall continue to provide to the Debenture Trustee and the Debenture holders (a) within 90 days after the end of each fiscal year, copies of its annual report and of its annual financial statements, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information as would have previously been required to be provided by the Company in quarterly reports under the applicable securities laws. Each such report will be prepared in accordance with disclosure requirements of applicable securities laws.

DESCRIPTION OF SHARE CAPITAL

The authorized capital stock of the Company consists of an unlimited number of Common Shares and an unlimited number of first preferred shares, issuable in series. The first preferred shares may be issued in one or more series and rank in preference to the Common Shares. Designations, preferences, rights, conditions or prohibitions relating to each class of shares may be fixed by the board of directors of the Company. Holders of Common Shares are entitled to vote at all meetings of the shareholders of the Company and are entitled to receive dividends as and when declared on Common Shares. As at close of business on December 10, 2018, there were 8,428,542 Common Shares outstanding and no first preferred shares outstanding.

PRIOR SALES

On November 1, 2018, a total of 118,900 Common Shares (the “**CapX Shares**”) were issued to CapX Management Corporation, James Hallene, Barrett Carlson and Eric Starr at a price of \$10.00 per Common Share as partial consideration for Accord CapX Inc.’s acquisition of an interest in CapX in October 2017.

On June 1, 2018, 1,929 Common Shares were issued to Jason Rosenfeld at a price of \$9.33 per Common Share.

During the 2018 fiscal year, under the Company’s long-term incentive plan (the “**LTIP**”), \$213,609 of awards (“**LTIP awards**”) were issued to members of the Company’s management team. The number of Common Shares to be issued in respect of a particular year’s outstanding LTIP award cannot be determined until the end of that award’s vesting period (e.g. December 31, 2020 in respect of the 2018 LTIP award) as the purchase price of the Common Shares to be issued thereunder is based on the ten-day weighted average price of the Common Shares immediately before the end of the vesting period, and the return on equity payout multiplier, will not be known until the end of the vesting period. However, it is expected that the maximum number of Common Shares to be issued annually under a particular year’s LTIP award will not exceed 50,000 Common Shares. For further information regarding the LTIP, see the “Compensation Discussion and Analysis – Long-Term Incentive Plan (“**LTIP**”)” section in the Circular.

PRICE RANGE AND TRADING VOLUME

The Common Shares are listed and posted for trading on the TSX under the trading symbol “ACD”. The following table shows the monthly range of high and low prices per Common Share and total monthly volumes traded on the TSX during the 12-month period before the date of this short form prospectus.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
December 2017	\$9.50	\$9.20	22,010
January 2018	\$9.80	\$9.00	13,980
February 2018	\$9.10	\$8.22	11,739
March 2018	\$8.99	\$8.46	11,870
April 2018	\$8.95	\$8.45	10,550
May 2018	\$9.37	\$8.65	26,645
June 2018	\$9.23	\$8.81	23,154
July 2018	\$9.50	\$8.96	63,900
August 2018	\$9.85	\$9.12	51,870
September 2018	\$10.15	\$9.87	41,290

Month	High	Low	Volume
October 2018.....	\$10.19	\$9.38	19,020
November 2018.....	\$10.45	\$9.80	14,698
December 1 – 10, 2018	\$10.23	\$9.69	7,170

On December 10, 2018, being the last full trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$9.69.

RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN UNDERWRITERS

Each of the Connected Underwriters is a subsidiary of a Canadian chartered bank that is a member of a syndicate of lenders that have made the Credit Facilities available to the Company. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a “connected issuer” of each of the Connected Underwriters.

As of December 10, 2018, the Company was indebted to the affiliates of the Connected Underwriters that are lenders under the Credit Facilities in an aggregate amount of approximately \$172 million. As at the date hereof, the Company is in compliance with all terms of the Credit Facilities. Since the execution of the Credit Agreement, the lenders have not waived a breach, on the part of the Company, of the Credit Agreement. The financial position of the Company and the value of the security provided by the Company in connection with the Credit Facilities has not changed in any material manner since the Credit Agreement was entered into, except as disclosed herein.

The decision to distribute the Debentures pursuant to the Offering and the determination of the terms of the Offering, including the Offering Price, were made through negotiations between the Company and the Underwriters. The lenders under the Credit Facilities who are affiliates of the Connected Underwriters were not involved in such decision or determination but have been advised of the issuance and terms thereof. As a consequence of this Offering, none of the Connected Underwriters will receive any direct benefit other than their respective share of the Underwriters’ Fee.

PRINCIPAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, (collectively, “**Counsel**”) the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and generally applicable to a holder that acquires Debentures pursuant to this offering and that, for purposes of the Tax Act and all relevant times is, or is deemed to be, resident in Canada, holds the Debentures and will hold the Common Shares issuable on the conversion, redemption or maturity of the Debentures (collectively, the “**Securities**”) as capital property and deals at arm’s length with the Company and the Underwriters, and is not affiliated with the Company or the Underwriters (a “**Holder**”). Generally, the Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders that might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have the Securities and every other “Canadian security” (as defined in the Tax Act) owned by such Holders in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

This summary is not applicable to (i) a Holder that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) a Holder an interest in which would be a “tax shelter investment” as defined in the Tax Act, (iii) a Holder that is a “specified financial institution” as defined in the Tax Act, (iv) a Holder that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act to report its “Canadian tax results” as defined in the Tax Act in a currency other than Canadian currency, (v) a Holder that has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to Securities, or (vi) a Holder that is a corporation resident in Canada and is (or does not deal at arm’s length for the purposes of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or

event or series of transactions or events that includes the acquisition of Securities, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Any such Holder should consult its own tax advisor with respect to an investment in the Securities.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and Counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, administrative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein. **Holders that are not residents of Canada for the purposes of the Tax Act should consult with their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Securities in any jurisdiction in which they may be subject to tax, including Canada.**

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to this offering, having regard to their particular circumstances.

Taxation of Interest on Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues or is deemed to accrue to the Holder to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder’s income for a preceding taxation year.

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

A Holder of Debentures that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include interest income.

Any amount paid by the Company as a penalty or bonus because of the early repayment or repurchase of all or part of the principal amount of the Debenture (other than a repurchase in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will be deemed to be received by the Holder as interest on the Debenture and will be required to be included in the Holder’s income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for the taxation years of the Company ending after the payment of such amount.

If the Company was to satisfy an Interest Obligation in the manner described under “Method of Payment – Payment of Interest”, the Canadian federal income tax consequences to a Holder should not differ from those described above.

Exercise of Conversion Privilege

Generally, a Holder that converts a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture for the purposes of the Tax Act and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Holder that, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the Holder's adjusted cost base of the Debenture immediately before the conversion. The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base immediately before that time of any other Common Shares owned by the Holder as capital property at that time.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Holder, including a redemption, payment on maturity or purchase for cancellation or otherwise, but not including the conversion of a Debenture into Common Shares pursuant to the Holder's conversion privilege as described above, will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below and net of any other amount included in computing income) exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

If the Company pays any amount upon the redemption, purchase or repayment at maturity of a Debenture by issuing Common Shares to the Holder, the Holder's proceeds of disposition of the Debenture will be equal to the fair market value, at the time of disposition of the Debenture, of the Common Shares and any other consideration so received (except any consideration received in satisfaction of accrued interest). The Holder's adjusted cost base of any Common Shares so received will be equal to the fair market value of such Common Shares. The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base immediately before that time of any other Common Shares owned by the Holder as capital property at that time.

Upon a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition will be included in computing the income of the Holder as described above under "Taxation of Interest on Debentures", and will be excluded in computing the Holder's proceeds of disposition of the Debenture.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Holder (except to the Company, other than a purchase by the Company in the open market if the Company purchased the Common Shares in the manner in which shares would normally be purchased by any member of the public in the open market) will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in

any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Holder is a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Holder that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax on “aggregate investment income” which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Receipt of Dividends on Common Shares

A Holder will be required to include in computing its income for a taxation year any taxable dividends received (or deemed to be received) on such Holder’s Common Shares, unless in the case of Holders that are corporations, the application of a specific anti-avoidance rule recharacterizes such dividends as proceeds of disposition or a capital gain. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

In the case of a Holder that is an individual (other than certain trusts), such taxable dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules for “eligible dividends”. Eligible dividends will generally include dividends paid by a taxable Canadian corporation, such as the Company, where those dividends have been designated as “eligible dividends” by the corporation at or prior to the time the dividends are paid.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

In the case of a Holder that is a corporation, dividends received (or deemed to be received) on Common Shares by the Holder will generally be included in the Holder’s income for the taxation year in which such dividends are received and will generally be deductible in computing the Holder’s taxable income. A Holder that is or is deemed to be a “private corporation” or a “subject corporation”, as such terms are defined in the Tax Act, may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on Common Shares in a taxation year to the extent such dividends are deductible in computing the corporation’s taxable income for the year.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Tom Henderson, Gary Prager and Robert Sandler, each a director of the Company, reside outside of Canada. Tom Henderson, Gary Prager and Robert Sandler have each appointed Accord Financial Corp. located at 40 Eglinton Avenue East, Suite 602, Toronto, Ontario M4P 3A2 as his agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Stikeman Elliott LLP, on behalf of the Company, and by Davies Ward Phillips & Vineberg LLP, on behalf of the Underwriters. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in

this short form prospectus or in a document that is specifically incorporated by reference into this short form prospectus as having prepared or certified a part of this short form prospectus has received or shall receive a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company.

As at the date hereof, the partners and associates of each of Stikeman Elliott LLP and Davies Ward Phillips & Vineberg LLP beneficially own, directly or indirectly, less than one percent of the securities of the Company and its associates and affiliates. In addition, none of the aforementioned persons or companies, nor any director, partner, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a trustee, officer or employee of the Company or of any associates or affiliates of the Company.

The Company's auditors, KPMG LLP, Chartered Professional Accountants, are independent in accordance with the Rules of Professional Conduct of Chartered Professional Accountants Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., at its principal offices in Toronto, Ontario. The Debenture Trustee is Computershare Trust Company of Canada, at its principal office in Toronto, Ontario.

RISK FACTORS

An investment in the Debentures involves a high degree of risk and should be considered speculative due to various factors. An investment in the Debentures should only be made by persons who can afford the total loss of their investment. **Prospective investors should consider carefully all of the information set out in this short form prospectus and in the documents incorporated by reference herein and the risks attaching to an investment in Debentures and the Company, including, in particular, those risk factors set forth below before making any investment decision.** All statements regarding the Company's business should be viewed in light of these risk factors. Investors should consider carefully whether investment in the Debentures is suitable for them in light of the information in this short form prospectus and in the documents incorporated by reference herein and their personal circumstances. Such information does not purport to be exhaustive. If any of the identified risks were to materialize, the Company's business, financial position, results and/or future operations may be materially adversely affected. Additional risks and uncertainties not presently known to the Company, or which the Company currently deems immaterial, may also have an adverse effect upon the Company. There can be no certainty that the Company will be able to implement successfully the strategy set out in this short form prospectus or in the documents incorporated by reference herein. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. Prospective investors should consult their own professional advisors to assess the tax, legal and other aspects of an investment in Debentures.

Risks Related to the Business of the Company

Competition from Alternative Sources of Financing

The Company operates in an intensely competitive environment and its results could be significantly affected by the activities of other industry participants. The Company expects this level of competition to persist in the future as the markets for its services continue to develop and as additional companies enter its markets. There can be no assurance that the Company will be able to compete effectively with current or future competitors. If the Company's competitors engage in aggressive pricing policies with respect to services that compete with those of the Company's, the Company would likely lose some clients or be forced to lower its rates, both of which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, some of the Company's competitors may have higher risk tolerances or different risk assessments, which could allow them to establish more origination sources and customer relationships to increase their market share. Further, because there are fewer barriers to entry to the markets in which the Company operates, new competitors could enter these markets at any time. Because of all these competitive factors, the Company may be unable to sustain its operations at its current levels or generate growth in revenues or operating income, either of which could have a material adverse

impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

With the ever advancing improvements in technology, financial-technology (“**Fintech**”) firms have been emerging with new business models, based on new technologies and offering financial services to businesses and consumers. It is possible that advancements by Fintech firms could lead to even greater competition in the markets in which the Company operates, which may negatively impact the Company's businesses in a significant manner.

Credit risk; Inability to Underwrite Financial Receivables and Loan Applications

The Company is in the business of financing its clients' receivables and making asset-based loans, including inventory and equipment financings, designed to serve small and medium-sized businesses, which are often owner-operated and have limited access to traditional financing. There is a high degree of risk associated with providing financing to such parties as a result of their lower creditworthiness. Even with an appropriately diversified lending business, operating results can be adversely affected by large bankruptcies and/or insolvencies. Losses from financial receivables and loans in excess of the Company's expectations could have a material adverse impact on the Company's businesses, financial condition and results of operations, and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

In addition, since defaulted financial receivables and loans as well as certain delinquent financial receivables and loans cannot be used as collateral under the Credit Facilities or the BondIt Line of Credit, higher than anticipated defaults and delinquencies could adversely affect the Company's liquidity by reducing the amount of funding available to the Company under these financing arrangements. Furthermore, increased rates of delinquencies or loss levels could cause the Company to be in breach of its financial covenants under the Credit Facilities, and could also result in adverse changes to the terms of future financing arrangements available to the Company, including increased interest rates payable to lenders and the imposition of more burdensome covenants and increased credit enhancement requirements.

Changes in economic conditions, the risk characteristics and composition of the Company's financial receivables and loan portfolio, bankruptcy laws and other factors could negatively affect the Company's actual and projected net credit losses and the related allowance for credit losses. Should there be a significant change in the above noted factors, the Company may have to set aside additional reserves which could have a material adverse impact on the Company's businesses, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Determining the appropriate amount of allowance for credit and loan losses is an inherently uncertain process and therefore the determination of this allowance may prove to be inadequate to cover losses in connection with the Company's portfolio of financial receivables and loans. Factors that could lead to the inadequacy of an allowance for credit and loan losses include the inability to appropriately underwrite credit risk of new originations, effectively manage collections, or anticipate adverse changes in the economy or discrete events adversely affecting specific customers, industries or geographic areas in which the Company operates.

Deterioration in Economic or Business Conditions; Impact of Significant Events and Circumstances

The Company operates mainly in Canada and the United States. The Company's operating results may be negatively affected by various economic factors and business conditions, including the level of economic activity in the markets in which it operates. To the extent that economic activity or business conditions deteriorate, delinquencies and credit losses may increase. Delinquencies and credit losses generally increase during economic slowdowns or recessions.

As the Company extends credit primarily to small and medium-sized businesses, many of its customers are particularly susceptible to economic slowdowns or recessions, and may be unable to make scheduled lease or loan payments during these periods. Unfavourable economic conditions may also make it more difficult for the Company to maintain new origination volumes and the credit quality of new financial receivables and loans at levels previously attained. Unfavourable economic conditions could also increase funding costs or operating cost structures, limit access to credit facilities and other capital markets funding sources or result in a decision by the Company's lenders not to extend further credit. Any of these events would have a material adverse impact on the

Company's businesses, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

In addition to being impacted by factors or conditions in the United States or Canada, political, economic or other significant events or circumstances outside of North America (whether political unrest which impacts upon the prices of oil and other commodities or otherwise) can ultimately significantly impact upon North American economic conditions which, in turn, could result in the adverse implications described in the first paragraph under this heading. Similarly, natural disasters in any part of the world may directly (through impact on supplies of goods or equipment to the Company's businesses) or indirectly impact upon the Company's operations or results.

External Financing

The Company depends and will continue to depend on the availability of credit from external financing sources to continue to, among other things, finance new and refinance existing leases/loans and satisfy the Company's other working capital needs. The Company believes that current cash balances and existing credit lines, together with cash flow from operations, will be sufficient to meet its cash requirements with respect to investments in working capital, operating expenditures and dividend payments, and also provide sufficient liquidity and capital resources for future growth over the next twelve months. However, there is no guarantee that the Company will continue to have financing available to it or if the Company were to require additional financing that it would be able to obtain it on acceptable terms or at all. If any or all of the Company's funding sources become unavailable on term acceptable to the Company or at all, or if any of the Company's credit facilities are not renewed or re-negotiated upon expiration of their terms, the Company may not have access to the financing necessary to conduct its businesses, which would limit the Company's ability to finance the Company's operations and could have a material adverse impact on the Company's businesses, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Dependence on Key Personnel

Employees are a significant asset of the Company, and the Company depends to a large extent upon the abilities and continued efforts of its key operating personnel and senior management team. If any of these persons becomes unavailable to continue in such capacity, or if the Company is unable to attract and retain other qualified employees, it could have a material adverse impact on the Company's businesses, financial condition and results of operations. Market forces and competitive pressures may also adversely affect the ability of the Company to recruit and retain key qualified personnel.

Interest Rate Risk

The Company has fixed rate borrowings, including the Debentures, as well as floating rate borrowings. The Company's agreements with its clients (affecting interest revenue) and lenders (affecting interest expense) usually provide for rate adjustments in the event of interest rate changes. However, as the Company's floating rate funds employed exceed its floating rate borrowings, the Company is exposed to some degree to interest rate fluctuations. Fluctuations in interest rates may have a material adverse impact on the Company's businesses, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Income Tax Matters

The income of the Company must be computed in accordance with Canadian, U.S. and foreign tax laws, as applicable, and the Company is subject to Canadian, U.S. and foreign tax laws, all of which may be changed in a manner that could adversely affect the amount of payable cash.

Foreign Currency Risk

The Company has international operations, primarily in the United States. Accordingly, a significant portion of its financial resources are held in currencies other than the Canadian dollar. In recent years, the Company has seen the fluctuations in the U.S. dollar against the Canadian dollar affect its operating results when its foreign subsidiaries results are translated into Canadian dollars. It has also affected the value of the Company's net Canadian dollar

investment in its foreign subsidiaries, which had, in the past, reduced the accumulated other comprehensive income component of equity to a loss position. No assurances can be made that changes in foreign currency rates will not have a significant adverse effect on the Company's business, financial condition or results of operations.

Recent and Future Acquisitions and Investments

In recent years, the Company has acquired or invested in businesses and may seek to acquire or invest in additional businesses in the future that expand or complement its current business. Recent acquisitions by the Company have increased the size of the Company's operations and the amount of indebtedness that may have to be serviced by the Company and future acquisitions by the Company, if they occur, may result in further increases in the Company's operations or indebtedness. The successful integration and management of any recently acquired businesses or businesses acquired in the future involves numerous risks that could adversely affect the Company's business, financial condition, or results of operations, including: (i) the risk that management may not be able to successfully manage the acquired businesses and that the integration of such businesses may place significant demands on management, diverting their attention from the Company's existing operations; (ii) the risk that the Company's existing operational, financial, management, due diligence or underwriting systems and procedures may be incompatible with the markets in which the acquired business operates or inadequate to effectively integrate and manage the acquired business; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used to develop other aspects of the Company's business; (iv) the risk that as a result of acquiring a business, the Company may become subject to additional liabilities or contingencies (known and unknown); (v) the risk that the personnel of any acquired business may not work effectively with the Company's existing personnel; (vi) the risk that the Company fails to effectively deal with competitive pressures or barriers to entry applicable to the acquired business or the markets in which it operates or introduce new products into such markets; and (vii) the risk that the acquisition may not be accretive to the Company. The Company may fail to successfully integrate such acquired businesses or realize the anticipated benefits of such acquisitions, and such failure could have a material adverse impact on the Company's businesses, financial condition or results of operations.

Fraud by Lessees, Borrowers, Vendors or Brokers

The Company may be a victim of fraud by lessees, borrowers, vendors and brokers. In cases of fraud, it is difficult and often unlikely that the Company will be able to collect amounts owing under a lease/loan or repossess any related equipment. Increased rates of fraud could have a material adverse impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Adverse Events or Legal Determinations in Areas with High Geographic Concentrations of Leases or Loans

If judicial or other governmental rulings or actions or interpretations of laws adverse to the business practices of the Company, or adverse economic conditions or the occurrence of other significant events such as natural disasters or terrorist attacks, were to occur in a geographic region in which the Company has significant funds employed, there could be a material adverse impact on the Company's business, financial condition and results of operation and the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Risk of Future Legal Proceedings

The Company is threatened from time to time with, or is named as a defendant in, or may become subject to, various legal proceedings, fines or penalties in the ordinary course of conducting its businesses. A significant judgment or the imposition of a significant fine or penalty on the Company could have a material adverse impact on the Company's business, financial condition and results of operation and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures. Significant obligations may also be imposed on the Company by reason of a settlement or judgment involving the Company, as well as risks pertinent to financing facilities, including acceleration and/or loss of funding availability. Publicity regarding involvement in matters of this type, especially if there is an adverse settlement or finding in the litigation, could result in adverse consequences to the Company's reputation that could, among other things, impair its ability to retain existing or attract further business. The continuing expansion of class action litigation in U.S. and Canadian court actions has the effect of increasing the scale of potential judgements. Defending such a class action or other major litigation

could be costly, divert management's attention and resources and have a material adverse impact on the Company's businesses, financial condition and results of operation and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Changes in Governmental Regulations, Licensing and Other Laws and Industry Codes of Practice

As a finance company, the Company is subject to laws and regulations relating to extending financing generally and is also a member of industry associations which have adopted, among other things, codes of business practice. Laws, regulations and codes of business practice may be adopted with respect to existing financial receivables and loans or the leasing, marketing, selling, pricing, financing and collections processes, which might increase the Company's costs of compliance, or require it to alter its business, strategy or operations in a fashion that could hamper its ability to conduct business in the future and which could have a material adverse impact on the Company's business, financial condition and results of operations and the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Licensing Requirements

If a relevant court or regulatory authority were to make an adverse finding or otherwise take adverse action with respect to the Company based on its failure to have a finance lender's or other license or registration required in the applicable jurisdiction, the Company would have to change business practices and could be subject to financial or other penalties. Further, certain jurisdictions may enact or change administrative practices in respect of licensing requirements for the Company or their referring brokers.

Fees, Rates and Charges

Some of the Company's documents require payment of certain charges, including termination fees and late charge interest either relating to the non-payment under, or enforcement of, their financial receivables and loans. It could be determined that these charges exceed applicable statutory or other legal limits. If such charges are deemed to be punitive and not compensatory, or to have other attributes that are inconsistent with or in violation of applicable laws, they may be unenforceable.

Litigation to which lenders and other financing parties have been subject has focused on late fees and administrative costs, generally asserting that the statements in documents were deceptive in terms of the purpose of the applicable charge, were disclosed inadequately or constituted unreasonable amounts.

Certain attributes of the fees and charges imposed by the Company, and the Company's practices, including that its loans typically provide for several different fees and charges resulting in a substantial amount of fee income being payable and the possibility that such fees and charges may exceed the actual costs involved or may otherwise be deemed excessive, could attract litigation, including class actions, and defending such litigation would be costly even if the Company were to prevail in defending them and there is no assurance that the Company would be successful in such defense. In addition to the risk of litigation, fee income is important to the Company and the failure by the Company to continue to collect most or all of these fees could have a material adverse impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Insurance

A lease or loan requires that the lessee/borrower maintain insurance covering a loss of, or physical damage to, the related equipment, vehicles, inventory or other assets, in an amount that, if paid pursuant to a total loss, is intended to allow the Company to recover its investment in the property suffering that loss. However, there is no certainty that they will obtain the requisite coverage either conforming to the requirements of the lease or loan, or at all. Additionally, there are often policy provisions including exclusions, deductibles and other conditions that by their terms, or by reason of a breach, could limit, delay or deny coverage. There can be no assurance that any insurance will protect the Company's interest in the equipment, and the failure by the lessee/borrower to obtain insurance or the inability of the Company to receive the proceeds from such insurance policies could have a material adverse impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Lessor Liability

There is a risk that the Company as lessor could be deemed liable for harm to persons or property in connection with, among other things, the ownership or leasing of the leased property, or the conduct or responsibilities of the parties to the lease relating to that property. The liability may be contractual (such as warranties regarding the equipment), statutory (such as federal, state or provincial environmental liability) or pursuant to various legal theories (such as negligence). There have been cases in which a lessor has been held responsible for damage caused by leased property without a showing of negligence or wrong-doing on the lessor's part. Even if a lessor ultimately succeeds in defending itself or settling any related litigation, the related costs and any settlement amount could be significant, which could have a material adverse impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Liability for Misuse of Leased Equipment

There is no practical manner to ensure that leased equipment or a leased vehicle will be used or maintained in compliance with applicable law. There can be no assurance that a lessee will take the appropriate actions during the lease term to address any use, maintenance or compliance issues which may arise. A lessee's conduct (or lack thereof) could subject the Company to liability to third parties, which could have a material adverse impact on the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Estimates Relating to Value of Leases

Based on the particular terms of a lease, companies that engage in equipment financing estimate the residual value of the financed equipment. At the end of the lease term, these companies seek to realize the recorded residual for the equipment by selling the equipment to the lessee or in the secondary market or through renewal of the lease by the lessee. The ultimate realization of recorded residual values depends on numerous factors, including: an accurate initial estimate of the residual value; the general market conditions and interest rate environment at the time of expiration of the lease; the cost of comparable new equipment or vehicle; the obsolescence of the equipment; any unusual or excessive wear and tear on or damage to the equipment; and the effect of any additional or amended government regulations.

If the Company is unable to accurately estimate or realize the residual values of the leased equipment subject to its leases, the potential exists to adversely impact the Company's business, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Failure of Computer and Data Processing Systems

The Company is dependent upon the successful and uninterrupted functioning of its computer and data processing systems. The failure of these systems could interrupt the Company's operations or materially impact the Company's ability to originate and service its financial receivables and loan portfolios. If sustained or repeated, a system failure could negatively affect these operations. The Company maintains confidential information regarding lessees and borrowers in its computer systems. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of the Company's computer systems could disrupt operations, damage the Company's reputation, result in liability and could have a material adverse impact on the Company's businesses, financial condition and results of operations and on the amount of cash available for the Company to satisfy its payment obligations to holders of Debentures.

Risks Related to the Offering

Prior Ranking Indebtedness

The Debentures will be subordinate to all Senior Indebtedness, including the Company's outstanding indebtedness under the Credit Facilities. The Debentures will also be effectively subordinate to claims of creditors of the Company's subsidiaries, except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. Therefore, if the Company becomes bankrupt, liquidates its assets, reorganizes or

enters into certain other transactions, the Company's assets will be available to pay its obligations with respect to the Debentures only after it has repaid any Senior Indebtedness, including the Company's outstanding indebtedness under the Credit Facilities, in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Indenture will also provide that for as long as the Senior Indebtedness has not been repaid in full, the Company will not make any payment (by purchase of Debentures, as a result of a Change of Control or otherwise), except for scheduled cash interest payments to the extent no default or event of default exists under the Senior Indebtedness or would result therefrom, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures. Furthermore, the Indenture will provide that the Company will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures.

Inability to Satisfy Payment Obligations

The Debentures mature on December 31, 2023. There is no guarantee that the Company will have sufficient cash available or be permitted under its existing credit agreements to make payments to holders of Debentures on a timely basis or at all. The likelihood that holders of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Company, its creditworthiness and any restrictions imposed on the Company pursuant to its existing credit agreements. See "Material Indebtedness" and "Earnings Coverage Ratio", which are relevant to an assessment of the risk that the Company may be unable to make payments to the holders of Debentures when due, including payments of interest or the repayment of principal.

Debt Service Requirements

The ability of the Company to meet its debt service requirements will depend on its ability to generate cash in the future, which depends on many factors, including debt service obligations, and working capital and future capital expenditure requirements. In addition, the ability of the Company to borrow funds in the future to make payments on outstanding debt will depend on the satisfaction of covenants in existing credit agreements and other agreements. A failure to comply with any covenants or obligations under the Company's credit agreements could result in a default thereunder, which, if not cured or waived, could result in the termination of distributions by the Company to holders of the Debentures and permit the Company's creditors to accelerate the payment of the Company's outstanding indebtedness. If the repayment of such indebtedness were to be accelerated, there can be no assurance that the assets of the Company would be sufficient to repay such indebtedness in full. Such acceleration could also constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Company's other indebtedness at that time. There can also be no assurance that the Company will generate cash flow in amounts sufficient to pay outstanding indebtedness or to fund any other liquidity needs of the Company.

Market for the Debentures

The Debentures constitute a new issue of securities of the Company for which there is currently no public market. Even though an application has been made to list the Debentures (including any Debentures that may be issued pursuant to the Over-Allotment Option) on the TSX, there can be no assurance that such listing application will be accepted by the TSX or that a secondary market for trading in the Debentures will develop or that any secondary market, which does develop, will continue. Also, there can be no assurances that any such secondary market will be active. To the extent that an active trading market for Debentures does not develop, the liquidity for the Debentures may be adversely affected.

Volatility of Market Price of Debentures

The market price of the Debentures may be volatile and subject to wide fluctuations and may be affected by a number of factors, including: (i) fluctuations in interest rates and the prevailing interest rates being paid by companies similar to the Company; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) the financial condition, results of operation and prospects of the Company; (vi) the publication of earnings estimates for the Company or other research reports or speculation

regarding the Company in the press or investment community or otherwise; (vii) the market price and volatility of the Common Shares; (viii) changes in the industry in which the Company operates and competition affecting the Company; and (ix) general market and economic conditions.

Absence of Covenant Protection

The Indenture will not restrict the Company from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging their real or personal property or properties to secure any indebtedness or other financing. The Indenture will not contain any provisions specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Company or any of its subsidiaries.

Change of Control

Under the Indenture, the Company will be required to make an offer to purchase all of the outstanding Debentures for cash in the event of certain transactions that would constitute a Change of Control. However, the Indenture will provide that for as long as the Senior Indebtedness has not been repaid in full, the Company will not make any payment (by purchase of Debentures, as a result of a Change of Control or otherwise), except for scheduled cash interest payments to the extent no default or event of default exists under the Senior Indebtedness or would result therefrom. In addition to the restrictions imposed by the Indenture, the Company's ability to purchase the Debentures in connection with a Change of Control may be limited by law, by the terms of the Credit Agreement, which restricts the Company's ability to make distributions to holders of Debentures, or other present or future agreements relating to the Company's credit facilities and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company's present or future indebtedness. The Credit Agreement contains and the Company's future credit agreements or other agreements may contain provisions that prohibit the purchase by the Company of the Debentures without the consent of the lenders or other parties thereunder.

If the Company's obligation to offer to purchase the Debentures in connection with a Change of Control arises at a time when the Company is prohibited from purchasing the Debentures, the Company could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Company does not obtain such consents or is unable to refinance these borrowings, the Company could remain prohibited from purchasing the Debentures. Moreover, even if the Company is not prohibited from offering to purchase the Debentures in connection with a Change of Control, the Company cannot assure holders of Debentures that, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the Change of Control Purchase Price in cash. The Company's failure to purchase the Debentures in connection with a Change of Control would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Company's other indebtedness at that time.

In the event that holders of 90% or more of the principal amount of Debentures then outstanding have tendered their Debentures for purchase pursuant to the Change of Control Purchase Offer, the Company may redeem the remaining Debentures on the same terms. In such event, the conversion privilege associated with the Debentures would be eliminated. See "Material Indebtedness" and "Description of the Debentures – Change of Control".

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Company, in whole or in part at any time on and after December 31, 2021, subject to certain conditions, at a redemption price equal to 100% of the principal amount thereof plus any accrued and unpaid interest thereon up to (but excluding) the date set for redemption. Holders of Debentures should understand that this redemption option may be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interests of the Company to redeem the Debentures. See "Description of the Debentures – Optional Redemption".

No Rights as a Shareholder

Holders of Debentures will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights or rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the board of directors of the Company designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Common Shares, such holder will be subject to all changes affecting the Common Shares prior to such conversion. Rights with respect to the Common Shares will arise only if and when the Company delivers Common Shares upon conversion of a Debenture and, to a limited extent, under the Conversion Price adjustments applicable to the Debentures as further described above under “Description of the Debentures – Conversion Privilege”.

Possible Dilutive Effects on Holders of Common Shares

The Company may determine to redeem outstanding Debentures for Common Shares, to pay interest on the Debentures from time to time or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing Common Shares. The issuance of Common Shares may have a dilutive effect on shareholders and an adverse impact on the price of Common Shares.

Prevailing Yields on Similar Securities

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

Tax Laws Relating to Withholding May Change

The Indenture will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. Generally, no amount is required to be withheld from such payments to holders of Debentures that are resident in Canada or to holders that are non-residents of Canada who deal at arm’s length with the Company, but no assurance can be given that applicable income tax laws or treaties will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts.

Investment Eligibility

The Company will endeavour to ensure that the Debentures and the Common Shares continue to be qualified investments under the Tax Act for trusts governed by RRSPs, RESPs, RRIFs, deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution), RDSPs and TFSAs, although there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at an advantageous price and may result in greater volatility in the market price of the Debentures than would otherwise be expected for non-convertible securities. Market price fluctuations in the Common Shares may be due to actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Company, the Company’s operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts’ estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under the heading “Forward-Looking Statements”. In addition, the market price for securities in the stock markets have at times experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or

disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Debentures and the Common Shares.

Forward-Looking Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. In particular, this short form prospectus includes information regarding Accord's intention and ability to use the proceeds of the Offering. These statements reflect Accord's current intention and expectations. Additional information on the risks and uncertainties are found in this short form prospectus under "Forward-Looking Statements".

Discretion in the Use of Proceeds

The Company intends to use the net proceeds of the Offering to repay a portion of the Company's outstanding indebtedness under the Credit Facilities. However, the Company will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of the Company's management as to the application of the proceeds of the Offering. The management of the Company may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

**STATUTORY AND CONTRACTUAL RIGHTS OF RESCISSION
AND STATUTORY RIGHTS OF WITHDRAWAL**

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

Original purchasers of Debentures under the Offering will have a contractual right of rescission against the Company following the conversion of such Debentures in the event that this short form prospectus or any amendment thereto contains a misrepresentation. The contractual right of rescission will entitle such original purchasers to receive from the Company, upon surrender of the Common Shares issued upon conversion of such Debentures, the amount paid for such Debentures, provided that (i) the conversion takes place within 180 days of the date of the purchase of the Debentures under this short form prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Debentures under this short form prospectus.

In an offering of convertible securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the convertible securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: December 11, 2018

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

ACCORD FINANCIAL CORP.

By: (signed) SIMON HITZIG
Chief Executive Officer

By: (signed) STUART ADAIR
Chief Financial Officer

ACCORD FINANCIAL CORP.
On behalf of the Board of Directors

By: (signed) KEN HITZIG
Director

By: (signed) THOMAS
HENDERSON
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: December 11, 2018

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

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (signed) FARHAN ALI KHAN

By: (signed) JOHN QUINN

SCOTIA CAPITAL INC.

By: (signed) GEORGE SIPSIS

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

By: (signed) MICHAEL GORT

By: (signed) JOE KULIC

**CORMARK SECURITIES
INC.**

**ECHELON WEALTH
PARTNERS INC.**

**HSBC SECURITIES
(CANADA) INC.**

**MACKIE RESEARCH
CAPITAL CORPORATION**

By: (signed) ALFRED
AVANESSY

By: (signed) DAVID G.
ANDERSON

By: (signed) JAY LEWIS

By: (signed) JEFF REYMER