

This prospectus supplement, together with the short form base shelf prospectus dated November 27, 2013 (the “short form base shelf prospectus”) to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the short form base shelf 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. See “Plan of Distribution”.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Neither the securities offered hereby nor the shares issuable upon the conversion, redemption or maturity thereof, have been, or will be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any U.S. state securities laws and, subject to certain exceptions from the registration requirements of the U.S. Securities Act and applicable state securities laws, such securities may not be offered, sold or delivered in the United States. This prospectus supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement and into the short form base shelf 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 Chief Financial Officer of Chesswood Group Limited, 4077 Chesswood Drive, Toronto, Ontario M3J 2R8 (telephone: (416) 386-3099), and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
To the Short Form Base Shelf Prospectus Dated November 27, 2013**



New Issue

December 6, 2013

CHESSWOOD GROUP LIMITED

\$20,000,000

**6.5% Convertible Unsecured Subordinated Debentures Due
December 31, 2018**

Price: \$1,000 per Debenture

Chesswood Group Limited (the “**Corporation**”) is hereby qualifying for distribution an aggregate of \$20,000,000 principal amount of 6.5% convertible unsecured subordinated debentures (the “**Debentures**”), to be issued at par (the “**Offering**”). See “*Plan of Distribution*”.

The Debentures will bear interest at an annual rate of 6.5% payable in equal instalments semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2014. The maturity date of the Debentures will be December 31, 2018 (the “**Maturity Date**”).

Debenture Conversion Privilege

Each Debenture will be convertible into common shares of the Corporation (“**Common Shares**”) at the option of the holder (a “**Holder**”) at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; or (ii) if called for redemption, the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of \$21.25 per Common Share (the “**Conversion Price**”), being a conversion rate of 47.0588 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Trust Indenture (as defined under “*Details of the Offering*”). Upon a Holder’s election to convert their Debentures, the Corporation may elect to pay the Holder cash in lieu of delivering Common Shares. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under “*Details of the Offering – Conversion Privilege*”.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “CHW”. On December 3, 2013, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$15.74 and on December 5, 2013, the last trading day prior to the filing of this prospectus supplement, the closing price of the Common Shares on the TSX was \$15.76. The TSX has conditionally approved the listing of the Debentures (including the

Debentures issuable pursuant to the Over-Allotment Option (as defined below)) and the Common Shares issuable upon conversion of the Debentures on the TSX. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 6, 2014. **There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this prospectus supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See “Risk Factors”.**

The terms and offering price of the Debentures were determined by negotiation between the Corporation and National Bank Financial Inc. and RBC Dominion Securities Inc., on their own behalf and on behalf of Cormark Securities Inc. and Canaccord Genuity Corp., (collectively, the “Underwriters”).

	<u>Price to Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Debenture	\$ 1,000	\$ 45	\$ 955
Total ⁽³⁾	\$20,000,000	\$900,000	\$19,100,000

Notes:

- (1) The Underwriters’ fee is payable upon the closing of the Offering.
- (2) Before deducting expenses of the Offering estimated to be \$400,000, which will be paid from the net proceeds of the Offering.
- (3) The Corporation has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part at any time following the closing of the Offering, provided that the closing of the exercise of the Over-Allotment Option occurs on or prior to January 15, 2014, to purchase up to \$3,000,000 aggregate principal amount of Debentures on the same terms as set forth above solely to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriters’ Fee and Net Proceeds to the Corporation (before deducting expenses of the Offering) will be \$23,000,000, \$1,035,000 and \$21,965,000, respectively. This prospectus supplement also qualifies the grant of the Over-Allotment Option and the issuance of Debentures on the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’ over-allocation position acquires those Debentures under this prospectus supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

<u>Underwriters’ Position</u>	<u>Maximum Size or Number of Securities Held</u>	<u>Exercised Period</u>	<u>Exercise Price</u>
Over-Allotment Option	\$3,000,000 aggregate principal amount of Debentures	At any time following the closing of the Offering, provided that the closing of the exercise of the Over-Allotment Option occurs on or prior to January 15, 2014	\$1,000 per Debenture

The Debentures may not be redeemed by the Corporation (except in the event of a specified change of control) before December 31, 2016. On or after December 31, 2016 and prior to December 31, 2017, the Corporation may at its option redeem the Debentures, in whole or in part, from time to time, provided that the Current Market Price is not less than 125% of the Conversion Price, at a price equal to the principal amount thereof plus accrued and unpaid interest. On or after December 31, 2017 and prior to the Maturity Date, the Corporation may at its option redeem the Debentures, in whole or part, from time to time at a price equal to the principal amount thereof plus accrued and unpaid interest. Notice of redemption must be provided by the Corporation not more than 60 days and not less than 30 days prior to the redemption date. As used in this prospectus supplement, “**Current Market Price**” means the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date.

Subject to required regulatory approval and provided that there is not a current event of default in respect of the Debentures, the Corporation may, at its option, elect to satisfy its obligation to pay the principal amount

of the Debentures on redemption or at maturity through, in whole or in part, the issuance of Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price. In addition, subject to regulatory approval, Common Shares may be issued to the trustee under the Trust Indenture and sold, with the proceeds used to satisfy the obligations to pay interest on the Debentures. Further particulars concerning the interest, repurchase and maturity provisions of the Debentures are set out under “*Details of the Offering*”.

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by McCarthy Tétrault LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

The head office of the Corporation is located at 4077 Chesswood Drive, Toronto, Ontario M3J 2R8.

The return on an investment in Common Shares in the event that the Debentures are converted into Common Shares in accordance with their terms is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Corporation is at risk, and the anticipated return on such investment is based on many performance assumptions. **It is important for an investor to consider the particular risk factors that may affect the Corporation and the industries in which the Corporation’s subsidiaries operate.** See, for example, the risks described under “*Risk Factors*” herein, in the Corporation’s annual information form dated March 20, 2013 (the “**AIF**”) and in management’s discussion and analysis of the financial condition and performance of the Corporation for the three and nine months ended September 30, 2013, which are incorporated by reference in the short form base shelf prospectus and are available electronically at www.sedar.com. These sections also describe the Corporation’s assessment of those risk factors, as well as the potential consequences to an investor if a risk should occur.

Two directors of the Corporation, Robert Day and Sam Leeper, reside outside of Canada. Although each of Messrs. Day and Leeper has appointed Cartan Limited, at Suite 5300, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E6, as his agent for service of process in Canada, purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person who resides outside of Canada, even if the person has appointed an agent for service of process.

In the opinion of counsel to the Corporation and counsel to the Underwriters, the Debentures and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, if issued on the date hereof, will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder, as such may be amended from time to time, (the “**Tax Act**”) for Plans (as defined under “*Eligibility of Investment*”) as set out, and based upon the assumptions set out, under “*Eligibility for Investment*”.

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. It is expected that the date of closing of the Offering (the “**Closing Date**”) will occur on or about December 16, 2013. The Debentures will be represented by a global certificate issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”), or its nominee, under the book-based system administered by CDS. No certificates evidencing the Debentures will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Subscribers for Debentures will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Debentures or the Common Shares at levels other than those that might otherwise prevail on the open market. **The Underwriters may offer the Debentures at a price lower than the price noted above.** See “*Plan of Distribution*”.

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

Unless otherwise indicated, references in this prospectus supplement to “\$” or “dollars” are to Canadian dollars.

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DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed, as of the date hereof, to be incorporated by reference into the accompanying short form base shelf prospectus of the Corporation dated November 27, 2013 (the "Prospectus"), solely for the purpose of offering the Debentures. Other documents are also incorporated, or deemed to be incorporated, by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof. In addition, the following documents, filed by the Corporation with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into the accompanying Prospectus as supplemented by this prospectus supplement:

- (a) the convertible unsecured subordinated debentures term sheet dated December 4, 2013, filed on SEDAR in connection with the Offering (the "**Marketing Materials**"); and
- (b) a material change report of the Corporation dated December 5, 2013 regarding the Offering.

Any documents of the type referred to above or in Section 11.1 of Form 44-101F1 – *Short Form Prospectus*, including any material change reports (excluding confidential reports), annual and interim financial statements (including management's discussion and analysis filed in connection with such annual and interim financial statements), and information circulars or annual filings that are filed by the Corporation with the various securities commissions or any similar authorities in the provinces of Canada on or after the date of this prospectus supplement and prior to the termination of the distribution under this prospectus supplement shall be deemed to be incorporated by reference into the Prospectus.

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

Upon a new annual information form and the related annual financial statements being filed by the Corporation with, and, where required, accepted by, the applicable securities regulatory authorities during the currency of this prospectus supplement, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and annual filings or

information circulars filed before the commencement of the Corporation's fiscal year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into the accompanying Prospectus for purposes of future offers and sales of securities under the Prospectus.

Information has been incorporated by reference in the accompanying Prospectus as supplemented by this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at 4077 Chesswood Drive, Toronto, Ontario M3J 2R8 (Telephone: (416) 386-3099) and are also available electronically at www.sedar.com.

MARKETING MATERIALS

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

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters (collectively, "**Counsel**"), provided that the Common Shares are listed on a "designated stock exchange" (which includes the TSX) for the purposes of the Tax Act (a "**Designated Exchange**"), the Debentures 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 as of the date hereof for a trust governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund (a "**RRIF**"), a registered education savings plan, a deferred profit sharing plan (a "**DPSP**"), a registered disability savings plan and a tax-free savings account (a "**TFSA**") (collectively, "**Plans**"), except, in the case of the Debentures, a DPSP to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution.

Notwithstanding the foregoing, if the Debentures or Common Shares are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Debentures and Common Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Plan, as the case may be, (i) deals at arm's length with the Corporation for purposes of the Tax Act, (ii) does not have a "significant interest" (as defined in the prohibited investment rules in the Tax Act) in the Corporation and (iii) does not have a "significant interest" (as defined in the prohibited investment rules in the Tax Act) in a corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act. Proposed Amendments (as defined under "Certain Canadian Federal Income Tax Considerations") will delete the condition in (iii) above. In addition, pursuant to the Proposed Amendments, Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" as defined in the Proposed Amendments for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Debentures or Common Shares in a TFSA, RRSP or RRIF are advised to consult their own tax advisors.

ENFORCEMENT OF CIVIL LIABILITIES

Two directors of the Corporation, Robert Day and Sam Leeper, reside outside of Canada. Although each of Messrs. Day and Leeper has appointed Cartan Limited at Suite 5300, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E6, as his agent for service of process in Canada, purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person who resides outside of Canada, even if the person has appointed an agent for service of process.

EARNINGS COVERAGE RATIOS

The following interest coverages are calculated on a consolidated basis for the twelve month periods ended December 31, 2012 and September 30, 2013 and are derived from the audited consolidated financial statements in the case of December 31, 2012 and the condensed consolidated interim financial statements in the case of September 30, 2013. Interest expense is on a *pro forma* basis and includes interest expense on the Debentures.

The *pro forma* interest expense of the Corporation after giving effect to the Offering and before any exercise of the Over-Allotment Option, on a consolidated basis for each of the twelve month periods ended December 31, 2012 and September 30, 2013, would have been \$4,953,000 and \$5,257,000 respectively. The earnings of the Corporation on a consolidated basis before interest and income taxes for the twelve month periods ended December 31, 2012 and September 30, 2013 was \$20,280,000 and \$25,344,000, respectively, for a *pro forma* interest coverage of 4.09 and 4.82, respectively.

Under International Financial Reporting Standards (“IFRS”), compound financial instruments such as the Debentures, depending on their classification for accounting purposes, are often classified into their component parts, usually resulting in a portion being allocated to a liability and the potential for a portion being allocated to the conversion feature, and with the related interest expensed as incurred, and financing charges included in interest expense using the effective interest method over the term of such instruments. Any additional interest expense determined to be applicable due to the allocation to other components is generally accreted over the term of the instruments to increase the carrying value of the liability to the face value of the instruments. Notwithstanding the treatment under IFRS, to best illustrate earnings coverage ratios to reflect the Corporation’s actual cash interest payment obligations under the Debentures, the entire amount of the annual carrying charges for the Debentures is reflected in interest expense as if the entire amount of the Debentures would be classified as a liability. The final accounting treatment under IFRS will be determined subsequent to the closing of the Offering.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

A description of the Debentures being distributed pursuant to this prospectus supplement is set out under “*Details of the Offering*” below.

A description of the Common Shares is contained in the Prospectus under “*Description of Share Capital*”.

RECENT DEVELOPMENTS

On November 4, 2013, the Corporation announced that its per Common Share dividend will be increasing to \$0.065 per month commencing with the dividend to be paid in mid-December.

On November 18, 2013, the Corporation entered into a non-binding letter of intent related to a proposed acquisition of a Canadian, privately held, equipment leasing company. The proposed acquisition would not constitute a “significant acquisition” for the purposes of National Instrument 51-102 *Continuous Disclosure Obligations*. The letter of intent contemplates a purchase price of approximately \$10,000,000, and provides for various customary conditions, including (among others) satisfactory completion of due diligence and the settlement of a definitive share purchase agreement. There can be no assurance that the various conditions will be satisfied and that the proposed acquisition will ultimately be completed.

DETAILS OF THE OFFERING

The Offering consists of \$20,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture. The Corporation has granted the Over-Allotment Option entitling the Underwriters to purchase up to an additional \$3,000,000 aggregate principal amount of Debentures, in whole or in part and from time to time, at any time following the closing of the Offering, provided that the closing of the exercise of the Over-Allotment Option occurs on or prior to January 15, 2014, to cover over-allocations, if any. The Debentures will be issued under an indenture (the “**Trust Indenture**”) to be entered into between the Corporation and Equity Financial Trust Company (the “**Trustee**”) and dated as of the Closing Date. The following statements are subject to the detailed provisions of the Trust Indenture and are qualified in their entirety by reference to the Trust Indenture. After execution, the Trust Indenture will also be available for inspection at the offices of the Corporation and will be available at www.sedar.com. The Corporation may from time to time, without the consent of the Holders, but subject to the limitations described in the Trust Indenture, issue additional debentures of any one or more series other than the Debentures, either under the Trust Indenture or a separate trust indenture.

General

The Debentures are limited to \$20,000,000 aggregate principal amount, not including the Over-Allotment Option. 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 or the closing of the exercise of the Over-Allotment Option, as applicable, and unless previously converted, redeemed or purchased, as described below, the Debentures will mature on December 31, 2018. The principal amount of the Debentures is payable at maturity in cash or, at the Corporation's option and subject to satisfaction of certain conditions, by delivery of Common Shares or a combination of cash and Common Shares as further described below under "*Method of Payment*". The Debentures will be payable at the principal corporate trust office of the Trustee.

The Debentures will bear interest from the date of issue at 6.5% per annum, which will be payable semi-annually in arrears on June 30 and December 31 in each year (each, an "**Interest Payment Date**"), commencing on June 30, 2014, to Holders of record at the close of business on the preceding June 15 or the preceding December 15, respectively. The first interest payment will include interest accrued from (and including) the Closing Date to (but excluding) June 30, 2014. It is estimated that the first interest payment, payable on June 30, 2014, will be \$35.08 per \$1,000 principal amount of Debentures based on an anticipated Closing Date of December 16, 2013. Each payment of cash interest on the Debentures will include 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) to but excluding 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 will be computed on the basis of a 365 day year (or 366 days in the case of a leap year). Subject to regulatory approval, Common Shares may be issued to the Trustee and sold, with the proceeds used to satisfy the interest payment obligations on the Debentures, as further described under "*Interest Payment Option*".

The Debentures are general unsecured obligations of the Corporation and are subordinated in right of payment to all existing and future Senior Indebtedness (as defined below) to the extent and in the manner described below under "*Subordination*" and are convertible into Common Shares as described below under "*Conversion Privilege*".

Rank

The Debentures will be direct, unsecured obligations of the Corporation and will rank equally with one another and with all other existing and future unsecured indebtedness of the Corporation that is not Senior Indebtedness, and except as prescribed by law. The Debentures will rank subordinate to the Senior Indebtedness as described below under "*Subordination*". The Trust Indenture will not restrict the Corporation or its subsidiaries from incurring additional Senior Indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

Subordination

The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinated in right of payment, to the extent and in the manner set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation. "**Senior Indebtedness**" of the Corporation will be defined in the Trust Indenture but will include all obligations, liabilities and indebtedness of the Corporation (other than the indebtedness of the Corporation evidenced by the Debentures) which would, in accordance with IFRS, be classified upon a consolidated balance sheet of the Corporation as liabilities of the Corporation and its subsidiaries and, whether or not so classified, will include (without duplication): (a) indebtedness of the Corporation for borrowed money; (b) obligations of the Corporation evidenced by bonds, debentures (other than the Debentures), notes or other similar instruments; (c) obligations of the Corporation arising pursuant 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 Corporation under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Corporation under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any

other person or entity which would otherwise constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Corporation representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (g) accounts payable to trade creditors; (h) all renewals, extensions and refinancing of any of the foregoing; and (i) 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. "Senior Indebtedness" will not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures.

The Trust Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, creditor enforcement, liquidation or other similar proceedings relative to the Corporation, or to its property or assets, whether voluntary or involuntary, partial or complete, or in the event of any proceedings for liquidation, dissolution or winding-up of the Corporation, whether or not involving insolvency or bankruptcy, and whether voluntary or involuntary, partial or complete, or any marshalling of the assets and liabilities of the Corporation, then holders of Senior Indebtedness will receive payment in full (or provision must be made for such payment) before the Holders 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 Trust Indenture will also provide that the Corporation will not make any payment, and the Holders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures at any time when a default or an event of default has occurred under any Designated Indebtedness and is continuing permitting a holder of Designated Indebtedness to demand payment or accelerate the maturity thereof and the notice of such default, event of default or acceleration has been given by or on behalf of holders of such Designated Indebtedness to the Corporation or the Corporation otherwise has knowledge thereof. "**Designated Indebtedness**" means: (x) the obligations, liabilities and indebtedness of the Corporation described in paragraphs (a), (b), (c) and (d) of the definition of Senior Indebtedness above; (y) obligations of the Corporation under guarantees relating to the foregoing obligations, liabilities and indebtedness; and (z) all renewals, extensions and refinancing of any of the foregoing.

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

Optional Redemption

The Debentures are not redeemable by the Corporation before December 31, 2016. On and after December 31, 2016 and prior to December 31, 2017, the Debentures may be redeemed at the option of the Corporation, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to but excluding the date set for redemption, provided that the Current Market Price at the date of notice is at least 125% of the Conversion Price. On or after December 31, 2017 and prior to the Maturity Date, the Corporation may at its option redeem the Debentures, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a price equal to the principal amount thereof plus accrued and unpaid interest thereon up to but excluding the date set for redemption.

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

In the event that a Holder exercises their conversion privilege following a notice of redemption being given by the Corporation and during the period from the close of business on any regular record date to the opening of business on the next succeeding Interest Payment Date, such Holder will be entitled to receive accrued and unpaid interest in addition to the applicable number of Common Shares, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

Subject to required regulatory approvals, the Corporation may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, together with accrued and unpaid interest thereon, on redemption or at maturity, in whole or in part, by the issuance of Common Shares which are Freely Tradeable. For such purposes, “**Freely Tradeable**” means that such securities can be traded by the holder thereof without any restriction under applicable Canadian securities laws, such as hold periods, except for restrictions on “control distributions” under applicable Canadian securities laws. See “– *Method of Payment*” below.

Conversion Privilege

Holders may convert their Debentures into Common Shares at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Corporation for redemption of the Debentures; based on an initial conversion ratio of 47.0588 Common Shares per \$1,000 principal amount of Debentures (reflecting the initial Conversion Price of \$21.25). The conversion rate is subject to adjustment in certain circumstances described below.

Upon a Holder’s election to convert Debentures, the Corporation may elect to pay the Holder cash in lieu of delivering Common Shares provided it provides such notice at least one business day prior to the date on which such Debentures would otherwise be converted. If the Corporation elects to settle the conversion obligation in cash, then the Corporation will deliver to the Holder an amount in cash based on the daily volume weighted average price of the Shares on the TSX as measured over a period of ten consecutive trading days commencing on the third day following the conversion date.

A Debenture in respect of which a Holder has accepted a Change of Control Purchase Offer (as defined below), requiring the Corporation to purchase the Debenture, may be surrendered for conversion only if such Change of Control Purchase Offer is withdrawn in accordance with the Trust Indenture. In addition, under certain circumstances upon a Change of Control, a Holder will be entitled to receive, subject to regulatory approval, Common Shares based on the Cash Change of Control Conversion Price (as defined below). See “– *Cash Change of Control*” below.

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. A Holder 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 (provided that the payment amount to a Holder is at least \$5, such that no payment will be made to such Holder if there is a lesser payment amount).

No adjustment to the Conversion Price will be made for 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 will be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) 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 may, at the option of the Corporation, be paid on the next regularly scheduled Interest Payment Date following the date of conversion.

Holders surrendering Debentures for conversion during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion. In the event that a Holder exercises their conversion right following a notice of redemption by the Corporation (as further described under “*Optional Redemption*” above) and during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date, such Holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

For a discussion of the tax treatment of a Holder receiving Common Shares upon converting Debentures see “*Certain Canadian Federal Income Tax Considerations*”.

Subject to the provisions thereof, the Trust Indenture will provide for the adjustment of the Conversion Price in certain events, including:

- the subdivision or consolidation of the outstanding Common Shares;
- the distribution of Common Shares to shareholders by way of dividend or otherwise (other than the issue of Common Shares to shareholders who have elected to receive dividends in the form of Common Shares in lieu of cash dividends paid in the ordinary course on the Common Shares, provided that such ordinary course dividends are no greater than \$0.195 per Common Share per quarter);
- payment by the Corporation of a cash dividend in excess of \$0.195 per Common Share per quarter;
- the issuance of certain options, rights or warrants to shareholders entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price;
- the distribution to shareholders of securities in the capital of the Corporation, other than Common Shares, or evidences of indebtedness or other assets of the Corporation, including securities (except to the extent the conversion rate has already been adjusted for the distribution of such securities); and
- the payment to all shareholders of cash or any other consideration in respect of an issuer bid for Common Shares by the Corporation or any of the Corporation's subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per Common Shares exceeds the Current Market Price on the date of expiry of any such offer (provided that no adjustment will be made for a normal course issuer bid through the facilities of the TSX).

In the event that the Corporation pays a dividend or makes a distribution to all shareholders consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of the Corporation (other than by way of dividends paid in the ordinary course, provided that such ordinary course dividends are no greater than \$0.195 per Common Share per quarter), or pays a cash dividend in excess of \$0.195 per Common Share per quarter, the Conversion Price will be adjusted (a) in the case of a cash dividend, based on the amount of such dividend in excess of \$0.195 per Common Share and (b) in the case of a distribution of securities, based on the market value of the securities so distributed in excess of \$0.195 per Common Share relative to the market value of Common Shares, in each case based on 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 rate adjustment will be made to the extent that the Corporation makes an equivalent distribution to Holders.

There will be no adjustment of the Conversion Price in respect of any event described above if the Holders are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. Subject to certain exceptions, the Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, the Corporation will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when determining subsequent adjustments.

If there is (i) a reclassification of the Common Shares or capital reorganization of the Corporation, (ii) a consolidation, amalgamation, arrangement, merger, binding securities exchange, acquisition of the Corporation 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 all or substantially all of the property and assets of the Corporation as an entirety or substantially as an entirety to any person or entity (other than a direct or indirect wholly owned subsidiary), at the effective time of the transaction the right to convert a Debenture into Common Shares will be changed into the right to convert it into the kind and amount of cash, securities or other property which the Holder would have received if the Holder had converted their Debenture immediately prior to the transaction. The Corporation will give notice to the Holders (at least 30 days prior to the effective date of such transaction in accordance with the terms of the Trust Indenture) of the consideration into which Debentures will be convertible following such transaction.

Change of Control

Under the Trust Indenture, a “**Change of Control**” of the Corporation will mean the acquisition by any person, or group of persons acting jointly or in concert (within the meaning of Multilateral Instrument 62-104 – *Take Over Bids and Issuer Bids* (“**MI 62-104**”)), of voting control or direction of an aggregate of more than 66 2/3% of the votes attaching to the outstanding Common Shares (determined for such purposes after giving deemed effect to the exchange of the currently outstanding exchangeable shares of Chesswood US Acquisitionco Ltd., which are exchangeable for an aggregate of 1,478,537 Common Shares). The term “person” includes any syndicate or group that would be deemed to be a “person” under MI 62-104.

In the event of a Change of Control, the Corporation will be required to offer to purchase all of the outstanding Debentures (a “**Change of Control Purchase Offer**”) on a date (the “**Change of Control Purchase Date**”) that is within 30 days after the date that such Change of Control has occurred, at a purchase price equal to 101% of the principal amount of the Debentures (the “**Change of Control Purchase Price**”), plus accrued and unpaid interest, if any, to, but not including, the Change of Control Purchase Date. If such Change of Control Purchase Date is after a record date but on or prior to an Interest Payment Date, the interest payable on such date will be paid to the Holders of record as of the relevant record date.

Within 30 days following a Change of Control, the Corporation will be required to give notice to all Holders of record, stating among other things, the occurrence of a Change of Control, together with the Change of Control Purchase Offer. The Corporation must also deliver a copy of the notice to the Trustee.

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

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

The Corporation’s ability to purchase Debentures upon a Change of Control may be limited by the terms of the then outstanding credit agreements of the Corporation and its subsidiaries. See “Risk Factors – Change of Control”.

Cash Change of Control

In addition to the requirement for the Corporation 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 in the transaction or transactions constituting a Change of Control consists of:

- (a) cash;
- (b) equity securities, including trust units, limited partnership units or other participating securities of a trust, limited partnership or similar entity, that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange,

(a “**Cash Change of Control**”) then, subject to regulatory approval, during the period (the “**Cash Change of Control Period**”) beginning ten trading days before the anticipated date on which the Cash Change of Control becomes effective (the “**Effective Date**”) and ending 30 days after the Change of Control Purchase Offer is delivered, Holders will be entitled to convert their Debentures at a new conversion price (the “**Cash Change of Control Conversion Price**”), calculated as follows:

$$\text{CCOCCP} = \text{ECP} / (1 + (\text{CP} \times (\text{c}/\text{t})))$$

where:

CCOCCP = the Cash Change of Control Conversion Price;

ECP = the Conversion Price in effect on the Effective Date;

CP = the Conversion Premium, being 35.0%;

c = the number of days from and including the Effective Date to, but excluding, December 31, 2017; and

t = the number of days from and including the Closing Date to, but excluding, December 31, 2017.

In the event that the Cash Change of Control Conversion Price calculated in accordance with the formula above is lower than any regulatory permitted discount to market price, the Cash Change of Control Conversion Price will be the price implied by the maximum permitted discount to market price.

Method of Payment

On redemption or at maturity of the Debentures, to the extent and in the manner set forth in the Trust Indenture, the Corporation will repay the indebtedness represented by the Debentures by paying to the Trustee in lawful money of Canada the amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. Subject to required regulatory approvals, the Corporation may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, together with accrued and unpaid interest thereon, on redemption or at maturity through, in whole or in part, the issuance of Freely Tradeable Common Shares.

The number of Freely Tradeable Common Shares a Holder will receive in respect of a Debenture will be determined by dividing the principal amount of the Debenture that is to be redeemed or repaid at maturity, as the case may be, and that is to be paid in Freely Tradeable Common Shares, together with accrued and unpaid interest, by 95% of the Current Market Price as at the date of redemption or maturity. No fractional Common Shares will be issued on redemption or repayment at maturity but in lieu thereof, the Corporation will satisfy fractional interests by a cash payment equal to the fraction of the Common Share multiplied by the Current Market Price (provided that the payment amount to a Holder is at least \$5, such that no payment will be made to such Holder if there is a lesser payment amount).

The Corporation may not satisfy its obligation to pay the principal amount of a Debenture, together with accrued and unpaid interest thereon, by delivering Freely Tradeable Common Shares or a combination of cash and Freely Tradeable Common Shares unless the Corporation satisfies the requirements of applicable securities laws and certain other conditions, as provided in the Trust Indenture, prior to the Maturity Date, the redemption date or the purchase date, as applicable, including the following conditions:

- there is not a current event of default in respect of the Debentures;
- the Common Shares to be issued upon redemption or repayment at maturity are to be Freely Tradeable;
- the Corporation is a reporting issuer in good standing in all provinces and territories in which relevant Holders reside; and
- the Common Shares to be issued upon redemption or repayment at maturity will be listed on the TSX or another Designated Exchange.

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

When the Corporation determines the actual number of Common Shares in accordance with the foregoing procedures, it will issue a press release on a national newswire.

As the Current Market Price will be determined prior to the applicable payment date, Holders 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.

Interest Payment Option

The Corporation may elect, from time to time and subject to regulatory approval, provided that there is not a current event of default in respect of the Debentures, 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 sufficient Common Shares to the Trustee to satisfy all or any part of the Interest Obligation in accordance with the Trust Indenture (the “**Share Interest Payment Election**”). The Trust Indenture will provide that, upon such election, the Trustee will: (i) accept delivery of the Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares on behalf of the Corporation by registered brokers or dealers, each as the Corporation directs in its absolute discretion; (iii) invest the proceeds of such sales in short-term Canadian government obligations, which mature prior to the applicable Interest Payment Date; (iv) use the proceeds received from such permitted Canadian government obligations, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation; and (v) perform any other action necessarily incidental thereto.

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

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

Purchase for Cancellation

The Corporation 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 Corporation will be surrendered to the Trustee for cancellation. Any Debentures surrendered to the Trustee may not be reissued or resold, and will be cancelled promptly.

Events of Default

The Trust Indenture will provide that an event of default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing: (a) failure to pay interest on the Debentures within 30 days following the due date; (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, on 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 covenant or condition of the Trust 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 Trustee or from Holders of not less than 25% in aggregate principal amount of the Debentures specifying such default and requiring the Corporation to rectify or obtain a waiver for same; (e) certain events of bankruptcy,

insolvency or reorganization of the Corporation under applicable bankruptcy or insolvency laws; or (f) if a resolution is passed for the winding-up or liquidation of the Corporation, except as permitted under the Trust Indenture. If an event of default in respect of the Debentures has occurred and is continuing, the Trustee may, in its discretion, and shall upon request of Holders of not less than 25% in aggregate 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, will 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 all Holders, waive any event of default and/or cancel any such declaration upon such terms and conditions as such Holders prescribe.

Consolidation, Mergers or Sales of Assets

The Trust Indenture will provide that the Corporation may not, without the consent of the Holders, enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other entity (the “**Successor**”), whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

- prior to or contemporaneously with the consummation of such transaction, the Corporation and the Successor have executed such instruments and done such things as are necessary or advisable to establish that upon the consummation of such transaction:
 - the Successor has assumed all the covenants and obligations of the Corporation under the Trust Indenture in respect of the Debentures;
 - the securities of the Successor to be issued upon the conversion, redemption or maturity of the Debentures will be Freely Tradeable and listed on the TSX;
 - the Successor has reserved for issuance a sufficient number of securities to satisfy the Successor’s obligations to issue such securities under the Trust Indenture;
 - the Debentures will be valid and binding obligations of the Successor entitling the Holders, as against the Successor, to all the rights of Holders under the Trust Indenture; and
 - in the case of an entity organized otherwise than under the laws of the Province of Ontario, the Successor attorns to the jurisdiction of the courts of the Province of Ontario;
- such transaction, in the opinion of counsel, is on such terms as to substantially preserve and not impair any of the rights and powers of the Trustee or of the Holders; and
- no condition or event exists as to the Corporation (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor becomes liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an event of default in respect of the Debentures.

Upon the assumption of the Corporation’s obligations by such Successor in such circumstances, subject to certain exceptions, the Corporation will be discharged from all obligations under the Debentures and the Trust Indenture. An assumption of the Corporation’s obligations under the Debentures and the Trust Indenture by the Successor might be deemed for Canadian federal income tax purposes to be an exchange of the Debentures for new debentures by the Holders, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the Holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Modifications of the Trust Indenture

The rights of the Holders may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Trust Indenture will contain certain provisions which will make binding on all Holders resolutions passed at meetings of the Holders by votes cast thereat by holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the Holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding.

Offers for Debentures

The Trust Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a take-over bid or issuer bid for Debentures within the meaning of MI 62-104 and within the time provided in the offer or within 120 days after the date the offer is made, not less than 90% of the outstanding principal amount of the Debentures (other than Debentures beneficially owned or controlled at the date of the take-over bid or issuer bid, as applicable, by or on behalf of the offeror or associates, affiliates of the offeror or persons acting jointly or in concert with the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the Holders who did not accept the offer for the same consideration per Debenture paid under such offer.

Discharge of the Trust Indenture

The Corporation may satisfy and discharge its obligations under the Trust Indenture in certain circumstances, including by delivering to the Trustee for cancellation all outstanding Debentures or by depositing with the Trustee, as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, to maturity, or any repayment date or redemption date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures. Despite such discharge, the Holders and the Corporation will continue to have and be subject to their respective rights, duties and obligations under certain provisions of the Trust Indenture, including the provisions relating to conversion and redemption.

Calculations in Respect of Debentures

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

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

No director, officer, employee, subsidiary, incorporator or shareholder of the Corporation or its subsidiaries, as such, will have any liability for any of the obligations of the Corporation under the Debentures or the Trust Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Debenture waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Debentures.

Governing Law

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

Global Debenture

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). On the Closing Date, the Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate (the "**Global Debenture**"). Registration of interests in and transfers of the Global Debenture will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Global Debenture (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the Trustee or CDS

evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Pursuant to the Offering, purchasers will receive a confirmation of purchase from the Underwriter or other registered dealer from whom the Debentures are purchased.

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

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

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

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

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by the Global Debenture will be effected through records maintained by CDS for such Global Debenture or its nominees (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless the Corporation elects in its sole discretion to prepare and deliver Debenture Certificates, Beneficial Owners who are not Participants in CDS' book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Debentures may do so only through Participants in CDS' book-entry system.

The ability of a Beneficial Owner to pledge a Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by the Global Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

Registered holders of Debenture Certificates, if issued, may transfer such Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debenture Certificates to the Trustee at its principal office in Toronto, or such other city or cities as may from time to time be designated by the Corporation, whereupon new Debenture Certificates will be issued in

authorized denominations in the same aggregate principal amount as the Debenture Certificates so transferred, registered in the names of the transferees. Neither the Corporation nor the Trustee nor any registrar will be required to: (a) make transfers or exchanges of, or convert any Debentures on any Interest Payment Date for such Debentures or during the five preceding business days; (b) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the five preceding business days; or (c) make exchanges of any Debentures which will have been selected or called for redemption, unless upon due presentation thereof for redemption such Debentures are not redeemed.

Payments

Payments of interest and principal on the Debentures represented by the Global Debenture will be made to CDS or its nominee, as the case may be, as the registered holder of the Global Debenture, so long as the book entry only system is in effect. As long as CDS or its nominee is the registered owner of the Global Debenture, CDS or its nominee, as the case may be, will be considered the sole legal owner of the Global Debenture for the purposes of receiving payments of interest and principal on the Debentures evidenced by the Global Debenture and for all other purposes under the Trust Indenture and the Debentures. The record dates for the payment of interest will be June 15 and December 15 in each year (or the first business day prior to such date if not a business day). Interest payments on the Debentures represented by the Global Debenture will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

The Corporation understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of the Global Debenture, will credit Participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of CDS or its nominee. The Corporation also understands that payments of interest and principal by Participants to the Beneficial Owners of such Global Debenture held through such Participants 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 Participants. The Corporation's responsibility and liability in respect of payments on Debentures represented by the Global Debenture is limited solely and exclusively, while the Debentures are registered in global form, to making payment of any interest and principal due on such Global Debenture to CDS or its nominee.

If Debenture Certificates are issued instead of or in place of the Global Debenture, payments of interest on each Debenture Certificate will be made by the Corporation or by the Trustee as paying agent for the Corporation. Payment of principal at maturity will be made at the principal office of the Trustee in Toronto (or in such other city or cities as may from time to time be designated by the Corporation) against surrender of the Debenture Certificates, if any, or the Global Debenture.

PLAN OF DISTRIBUTION

Pursuant to the agreement dated as of December 6, 2013 between the Corporation and the Underwriters in respect of the Offering (the "**Underwriting Agreement**"), the Corporation has agreed to issue and sell an aggregate of \$20,000,000 principal amount of Debentures to the Underwriters, and the Underwriters have severally agreed to purchase such Debentures on or about December 16, 2013. Delivery of the Debentures is conditional upon payment on closing of \$1,000 per Debenture by the Underwriters to the Corporation. The Underwriting Agreement provides that the Corporation will pay the Underwriters' fee of \$45 per Debenture for Debentures issued and sold by the Corporation, for an aggregate fee payable by the Corporation of \$900,000 (not including the exercise, if any, of the Over-Allotment Option), in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Debentures is payable upon the closing of the Offering and the Over-Allotment Option, as applicable.

The Underwriters propose to offer the Debentures initially at the public offering price on the face page of this prospectus supplement. The offering price for the Debentures was determined by negotiation between the Corporation and National Bank Financial Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters. After the Underwriters have made a reasonable effort to sell all the Debentures offered by this

prospectus supplement at the price specified herein, the offering price may be decreased, and further changed from time to time to an amount not greater than the offering price specified herein and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Debentures is less than the gross proceeds paid by the Underwriters to the Corporation.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion if (i) any hearing, action, suit, investigation or other proceeding is instituted, announced or threatened, or any order (including, without limitation, a cease trade order) issued, by a governmental authority, or there is a change of law (or the interpretation or administration thereof) which prevents or restricts trading in, or the distribution of, the Debentures or is expected to have material and adverse effect on the market price or value of the Debenture (an “**Adverse Market Effect**”); (ii) a material change occurs in respect of the Corporation which is expected to have an Adverse Market Effect; or (iii) there is any event, action, state, condition or occurrence of national or international consequence (or certain other calamities or crisis) or a change or development involving a prospective change in national or international political, financial or economic conditions or any action, law or inquiry which does (or may) materially adversely affect the Canadian or U.S. financial markets or the Corporation or have an Adverse Market Effect, and may also be terminated upon the occurrence of certain other stated events. If an Underwriter fails to purchase the Debentures that it has agreed to purchase and the number of such Debentures is not more than 10% of the aggregate number of Debentures, the other Underwriters are obligated to purchase such Debentures. The Underwriters are, however, obligated to take up and pay for all Debentures if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters, their subsidiaries and their respective directors, officers, agents, shareholders, partners and employees against certain liabilities and expenses.

The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a Participant in the depository service of CDS. See “– *Details of the Offering*”.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures or the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed that, subject to certain exceptions (including (i) issuances under the Corporation’s current equity incentive plan and (ii) for the financing of and/or partial consideration for acquisitions), it will not offer or issue, or enter into an agreement to offer or issue, Common Shares or any securities convertible or exchangeable into Common Shares for a period of 90 days subsequent to the closing date of the Offering without the consent of National Bank Financial Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld.

The TSX has conditionally approved the listing of the Debentures and the Common Shares issuable upon conversion of the Debentures on the TSX. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 6, 2014.

Neither the Debentures nor the Common Shares issuable upon conversion, redemption or maturity thereof have been, or will be, registered under the U.S. Securities Act or any state securities laws. Accordingly, the Debentures and such Common Shares may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Debentures hereunder are estimated to be \$18,700,000 after deducting the fees of \$900,000 payable to the Underwriters and the estimated expenses of the issue of \$400,000. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation from the sale of the Debentures hereunder are estimated to be \$21,565,000 after deducting the fees of \$1,035,000 payable to the Underwriters and the estimated expenses of the issue of \$400,000. See “*Plan of Distribution*” and “*Details of the Offering*”.

The Corporation will use the net proceeds of the Offering to fund acquisitions, to fund growth of the finance portfolio of its operating subsidiaries or to pay down debt of the Corporation and/or its operating subsidiaries. It is currently expected that if the proposed acquisition referred to above under “*Recent Developments*” proceeds, the Corporation will use approximately \$10,000,000 of the net proceeds of the Offering for such acquisition. Any net proceeds not used for the acquisition will initially be used to reduce the revolving operating facilities of the Corporation’s subsidiaries (subject to receipt of any required lender consent) or to fund growth in their finance portfolios.

While the Corporation intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Corporation’s best interests.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the number of Common Shares outstanding and indebtedness of the Corporation since September 30, 2013, the date of the Corporation’s condensed consolidated interim financial statements for the three and nine month periods then ended, filed with the securities regulatory authorities. Borrowings increased from approximately \$71,700,000 at September 30, 2013 to approximately \$73,100,000 at November 30, 2013. After giving effect to the Offering, the Corporation anticipates an increase in indebtedness related to the Debentures of \$20,000,000 (\$23,000,000 if the Over-Allotment Option is exercised in full).

The Corporation intends to use the net proceeds of the Offering for the purposes described above in “Use of Proceeds”.

TRADING PRICE AND VOLUME

The outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol “CHW”. The following table sets forth the closing price range and trading volume of the Common Shares for the periods indicated.

	<u>Price Range</u>		<u>Volume</u>
	<u>High (\$)</u>	<u>Low (\$)</u>	
2012			
December	9.25	8.10	152,503
2013			
January	9.30	8.86	132,535
February	9.67	8.90	653,915
March	9.98	9.37	207,432
April	11.00	9.70	317,795
May	12.30	10.11	478,158
June	11.20	10.10	171,567
July	12.49	10.72	188,473
August	12.95	11.06	243,239
September	12.90	11.99	178,433
October	13.96	12.56	280,244
November	16.72	13.80	528,833
December 1 – 5	16.39	13.83	157,666

PRIOR SALES

The Corporation issued Common Shares and securities convertible into Common Shares within the 12 month period prior to the date of this prospectus supplement as follows.

- *Restricted Share Units.* On May 22, 2013 the Corporation granted 44,000 restricted share units. On June 10, 2013, the Corporation granted 7,500 restricted share units. Each such restricted share unit was granted under the Corporation's equity incentive plan and is exercisable for one Common Share until the tenth anniversary of the grant date.
- *Options.* On December 6, 2012 the Corporation granted options to purchase up to 125,000 Common Shares under its equity incentive plan. Such options have an exercise price of \$8.86 per share and are exercisable until the tenth anniversary of the grant date.
- *Common Shares.* The table below summarizes the issuances of Common Shares within the 12 month period, and notes whether the issuance was the result of the exercise of options or was the result of the exercise of restricted share units ("**RSUs**").

<u>Date</u>	<u>Security Exercised</u>	<u>Option Exercise Price</u>	<u>Number of Common Shares</u>
December 19, 2012	Options	4.49	9,000
February 6, 2013	Options	4.49	2,159
March 21, 2013	Options	2.06	22,750
May 7, 2013	Options	2.06	20,000
May 24, 2013	Options	4.49	1,113
June 19, 2013	RSUs	N/A	7,500
June 24, 2013	RSUs	N/A	18,000
June 25, 2013	RSUs	N/A	6,000
July 15, 2013	RSUs	N/A	8,000
July 18, 2013	Options	4.49	5,250
July 30, 2013	Options	7.45	1,500
July 30, 2013	Options	7.73	3,500
July 31, 2013	RSUs	N/A	6,000
August 22, 2013	Options	7.73	4,000
September 6, 2013	Options	7.73	10,000
October 30, 2013	Options	7.79	3,250
November 8, 2013	Options	7.45	1,500
November 8, 2013	Options	7.79	3,250
November 19, 2013	Options	7.73	3,000

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Counsel, the following is, as of the date of this prospectus supplement, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Holder who acquires Debentures pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times: (i) is resident, or is deemed to be resident, in Canada; (ii) holds the Debentures and will hold any Common Shares received on the conversion, redemption or maturity of the Debentures (collectively, the "**Securities**") as capital property; (iii) deals at arm's length with the Corporation and the Underwriters; and (iv) is not affiliated with the Corporation (a "**Resident Holder**"). Generally, the Securities will be considered to be capital property to a Resident Holder provided that the Resident 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 who might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have the Securities and all other "Canadian securities" (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. Holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to a Resident Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iv) that has elected to report its “Canadian tax results” in a currency other than the Canadian currency pursuant to the “functional currency” reporting rules, as those terms are defined in the Tax Act; (v) that enters into a “derivative forward agreement” in respect of the Debentures or Common Shares, as defined in the Proposed Amendments (as defined below); or (vi) that is or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Common Shares a corporation controlled by a non-resident corporation for the purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Any such Resident 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 administrative practices of the Canada Revenue Agency (“**CRA**”) published in writing by the CRA. This summary assumes that 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 or in the CRA’s administrative practice, whether by legislative, administrative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

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 Resident Holder, and no representations with respect to the income tax consequences to any Resident Holder are made. Consequently, Resident Holders and prospective purchasers of Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to the Offering, having regard to their particular circumstances.

The summary does not address any Canadian federal income tax considerations applicable to persons other than Resident Holders and such persons should consult their own tax advisors regarding the tax consequences under the Tax Act and in any jurisdiction in which they may be subject to tax of acquiring, holding and disposing of Securities.

Taxation of Interest on Debentures

A Resident Holder 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 all interest on the Debentures that accrues or is deemed to accrue to such Resident Holder to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year. A “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay a 6 $\frac{2}{3}$ % refundable tax on certain investment income including interest.

Any other Resident Holder, including an individual, will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder’s income for a preceding taxation year.

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

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

On an assignment or other transfer, a redemption or payment on maturity of a Debenture, a Resident Holder generally will also be required to include in income the amount of interest accrued or deemed to have accrued on the Debenture from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder’s income for that taxation year or a preceding taxation year. Under the terms of the Debentures accrued and unpaid interest to the conversion date will be paid in full upon the conversion and will therefore be treated as received by the Resident Holder. See “*Details of the Offering – Conversion Privilege.*” Where a Resident Holder has disposed of a Debenture for consideration equal to its fair market value, the Resident Holder will be entitled to deduct in computing income for the year of disposition any amount that has been included in the Resident Holder’s income as interest in respect of such Debenture for that year or any preceding taxation year to the extent such amount exceeds the amount received or receivable by the Resident Holder in respect thereof. A conversion of a Debenture into Common Shares is a disposition for the purposes of this rule.

Any premium or bonus paid by the Corporation to a Resident Holder because the Debenture is redeemed before the maturity thereof will be deemed to be interest received at that time by the Resident Holder to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would otherwise have been payable on the Debenture for periods ending after the redemption had the Debenture not been redeemed.

Conversion of Debentures into Common Shares

While the matter is not free from doubt, a Resident Holder who converts a Debenture into Common Shares pursuant to the conversion privilege should be deemed not to have disposed of the Debenture for the purposes of the Tax Act. Accordingly, a Resident Holder who converts a Debenture into Common Shares should not realize a capital gain (or capital loss) on such conversion.

Under the current administrative practice of the CRA, a Resident Holder who, 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), as discussed below under “– *Taxation of Capital Gains and Capital Losses*”, or alternatively may reduce the adjusted cost base of the Common Shares that the Resident Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Resident Holder of Common Shares acquired on such conversion should be equal to the Resident Holder’s adjusted cost base of the Debenture immediately before the conversion, subject to the discussion above regarding cash in lieu of a fraction of a Common Share. For the purposes of determining the adjusted cost base to a Resident Holder of Common Shares at any time, the cost of such Common Shares will be averaged with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at the time.

Where the Corporation elects to pay a Resident Holder cash in respect of all or a portion of a requested conversion rather than issue Common Shares, the Resident Holder will have a disposition of the Debenture and a capital gain (or capital loss) will arise. See “– *Disposition of Debentures*” below.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Resident Holder, including upon redemption, conversion (other than into Common Shares as described above under “– *Conversion of Debentures into Common Shares*”), purchase for cancellation or at maturity, will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Resident 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*”.

On a disposition or deemed disposition of a Debenture by a Resident Holder, other than on a conversion into Common Shares as described above under “– *Conversion of Debentures into Common Shares*”, the Resident 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 any Common Shares and any cash or other consideration so received (excluding any consideration received in satisfaction of accrued interest). The Resident Holder’s aggregate cost of any Common Shares so received will be equal to the fair market value of such Common Shares. For the purposes of determining the adjusted cost base to a Resident Holder of the Common Shares at any time, the cost of such Common Shares will be averaged with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at that time.

Dividends on Common Shares

Dividends received or deemed to be received on Common Shares by a Resident Holder who is an individual (other than certain trusts) will be included in computing the individual’s income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from “taxable Canadian corporations” (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit for “eligible dividends” for purposes of the Tax Act. A dividend will be an eligible dividend if the recipient receives written notice (which may include a notice published on the Corporation’s website) from the Corporation designating the dividend as an “eligible dividend”. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

Dividends received by a Resident Holder who is 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.

A Resident Holder that is a corporation will include dividends received or deemed to be received on Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends.

Certain corporations, including 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 of 33 $\frac{1}{3}$ % on dividends received or deemed to be received on the Common Shares in a taxation year to the extent that such dividends are deductible in computing the corporation’s taxable income for the year.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Resident Holder (except to the Corporation, unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the open market) will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Resident 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 Resident Holder in a taxation year must be included in the Resident Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that 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. 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. A “Canadian-controlled private corporation” (as defined in the Tax Act) also may be liable to pay a 6²/₃% refundable tax on certain investment income including taxable capital gains.

The amount of any capital loss realized by a Resident 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 in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

RISK FACTORS

An investment in the Debentures and Common Shares is subject to certain risks. Investors should carefully consider the risks described under “Risk Factors” in the AIF, “Risk Factors” in management’s discussion and analysis of the financial condition and performance of the Corporation (each of which is incorporated by reference in the Prospectus) and the additional risk factors set forth below.

Ranking of Debentures; Subordinate to Senior Indebtedness

The Debentures will be direct, unsecured obligations of the Corporation and will rank equally with one another, and with all other existing and future unsecured indebtedness of the Corporation that is not Senior Indebtedness, and except as prescribed by law. The Debentures will be subordinate to the present and future Senior Indebtedness to the extent and in the manner set forth in the Trust Indenture, as described under “*Details of the Offering – Subordination*”. Under and subject to the terms of the subordination, the Corporation may not make any payment of the principal amount of the Debentures and may not pay interest on the Debentures if an event of default occurs in respect of any Designated Indebtedness, upon the maturity of any Designated Indebtedness or upon any enforcement of any Senior Indebtedness (see “*Details of the Offering – Subordination*”). In addition, the Trustee and the Holders do not have the ability under the Trust Indenture to demand repayment of the Debentures or to institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures in the event that repayment of any Designated Indebtedness is accelerated or at any time that a default or event of default has occurred and is continuing in respect of such obligations and notice thereof has been given by or on behalf of the holders of such Designated Indebtedness to the Corporation. Furthermore, since the Debentures are unsecured obligations of the Corporation, they are effectively subordinate to all of the Corporation’s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the Corporation, the Corporation’s assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its secured creditors and all holders of Senior Indebtedness. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

The Corporation is a holding company and owns substantially all of the outstanding securities of its subsidiaries. As a holding company, the Corporation’s ability to meet its cash requirements, including

interest payments on the Debentures, depends upon the receipt of dividends, distributions and other payments from its subsidiaries and its ability to raise additional capital. The Corporation's subsidiaries are generally required to maintain certain financial covenants imposed by their lenders and as a result there are restrictions on the payments which may be made to the Corporation by them. The likelihood that Holders will receive the interest payments owing to them in connection with the Debentures will be dependent upon the financial position and creditworthiness of the Corporation's subsidiaries. Since the Corporation conducts its business activities through subsidiary companies, the Corporation is entitled only to the residual equity of the Corporation's subsidiaries after all obligations of its subsidiaries are discharged. To the extent any such subsidiary has or incurs debt with a third party, the rights of Holders will effectively be subordinated to the claims of the holders of such third party indebtedness, including in the event of liquidation or upon a realization of the assets of any such subsidiary.

Market for Debentures; Market Value Fluctuations

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this prospectus supplement. Although the TSX has conditionally approved the listing of the Debentures, and the Common Shares issuable on the conversion of the Debentures, such listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before March 6, 2014. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected.

The market price of the Debentures will be based on a number of factors, including: (i) the prevailing interest rates being paid by entities similar to the Corporation; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the market for the Debentures and markets for similar securities; (v) the financial condition, results of operation and prospects of the Corporation; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Common Shares; (viii) changes in the industries in which the Corporation's subsidiaries operate and competition affecting the Corporation's subsidiaries; and (ix) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness.

Earnings Coverage Ratios

See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Corporation may be unable to pay interest or principal on the Debentures when due.

Absence of Covenant Protection

Other than as described herein, the Trust Indenture will not limit the Corporation's ability to incur additional debt or liabilities (including Senior Indebtedness), or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

The Trust Indenture will not contain any provision specifically intended to protect Holders in the event of a future leveraged transaction by the Corporation.

Change of Control

The Corporation is required to make an offer to Holders to purchase all of their Debentures for cash in the event of certain transactions that would constitute a Change of Control. See “*Details of the Offering – Change of Control*”. The Corporation cannot assure Holders that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Corporation’s ability to purchase the Debentures in such an event may be limited by law, by the Trust Indenture, by the terms of other present or future agreements relating to the Corporation’s credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend the Corporation’s future debt. The Corporation’s credit agreements or other agreements may contain provisions that could prohibit the purchase by the Corporation of the Debentures without the consent of the lenders or other parties thereunder. If the Corporation’s obligation to offer to purchase the Debentures arises at a time when the Corporation is prohibited from purchasing or redeeming the Debentures, the Corporation could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Corporation does not obtain a consent or refinance these borrowings, the Corporation could remain prohibited from purchasing the Debentures under its offer. The Corporation’s failure to purchase the Debentures would constitute an event of default under the Trust Indenture, which might constitute a default under the terms of the Corporation’s other indebtedness at that time.

If a Holder converts its Debentures in connection with a Cash Change of Control that occurs, the Corporation may, in certain circumstances, be required to increase the conversion rate as described under “*Details of the Offering – Cash Change of Control*”. While the increased conversion rate is designed to compensate a Holder for the lost option time value of its Debentures as a result of a Cash Change of Control in certain circumstances, the increased conversion rate amount is only an approximation of such lost value and may not adequately compensate the holder for such loss.

Payment Risk

In order for the Corporation to make the interest payments set forth in the Trust Indenture and to repay principal to the Holders, it is likely that a dividend, distribution or other similar payment in the amount of such interest or principal payment would be required to be made by one or more subsidiaries of the Corporation to the Corporation. The ability of the subsidiaries of the Corporation to make such a dividend, distribution or other similar payment may be limited by the terms of present or future agreements relating to the credit facilities of the Corporation or its subsidiaries and other indebtedness and agreements that the Corporation or its subsidiaries may enter into in the future which may replace, supplement or amend the future debt of the Corporation or its subsidiaries. Such credit agreements or other agreements currently, and may in the future, contain provisions that restrict the making of such payments by the subsidiaries of the Corporation without the consent of the lenders or other parties thereunder. If the Corporation’s obligation to make a payment of interest or principal arises at a time when the subsidiaries of the Corporation are restricted from making such a dividend, distribution or other similar payment, the Corporation could seek the consent of lenders to the making of such payment or could attempt to refinance the borrowings that contain this restriction. If the Corporation does not obtain a consent or refinance these borrowings, the Corporation could remain prohibited from making such a payment. The Corporation’s failure to make a payment of interest or principal would constitute (after a grace period in respect of a non-payment of interest) an event of default under the Trust Indenture, which might constitute a default under the terms of the Corporation’s other indebtedness at that time.

Dilutive Effects on Shareholders

Subject to regulatory approval, the Corporation may decide to redeem outstanding Debentures for Common Shares or repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares or to satisfy all or part of the Corporation’s obligation to pay interest on the Debentures in accordance with the Trust Indenture by delivering sufficient Common Shares to the Trustee. Accordingly, shareholders of the Corporation may suffer dilution. See “*Details of the Offering – Method of Payment*” and “*Details of the Offering – Interest Payment Option*”.

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Corporation, in whole at any time or in part from time to time on or after December 31, 2016 and prior to December 31, 2017, subject to certain conditions (including that the Current Market Price at the date of notice is at least 125% of the Conversion Price), at a price equal to the principal amount thereof plus accrued and unpaid interest thereon up to but excluding the date of redemption. Holders should understand that this redemption option may be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interests of the Corporation to redeem the Debentures. See “*Details of the Offering – Optional Redemption*”.

Prevailing Yields on Similar Securities

Prevailing yield 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.

Option to Settle Conversion in Cash or a Combination of Cash and Common Shares

The Debentures, although generally convertible into Common Shares at the Conversion Price, have a feature pursuant to which the Corporation can in certain circumstances elect to settle the conversion in cash or a combination of cash and Common Shares. Investors should be aware that the value paid pursuant to this election can be less than the principal amount of the Debentures as the calculation is based on the trading prices of the Common Shares subsequent to the conversion date and the number of Common Shares used to determine the cash value is based on the Conversion Price (which may be higher than the trading price). Holders should also be aware that there are different tax consequences of receiving cash pursuant to such election and receiving Common Shares pursuant to the conversion feature. See “*Certain Canadian Federal Income Tax Considerations*”.

The Corporation’s election to deliver cash or a combination of cash and Common Shares in respect of the conversion right as described under “*Details of the Offering – Conversion Privilege*” may: (a) result in Holders receiving no Common Shares upon conversion; (b) result in a tax liability that may otherwise be deferred upon a conversion of a Debenture until the Common Shares received on conversion were sold; and (c) delay Holders’ receipt of the consideration due upon conversion.

Investment Eligibility

The Corporation will endeavour to ensure that the Debentures and the Common Shares continue to be qualified investments under the Tax Act for Plans, 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. See “*Eligibility for Investment*”.

No Increased Payments if Withholding is Required

The Trust Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to Holders in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures (including on a conversion of Debentures into Common Shares). Holders that are not residents of Canada for the purposes of the Tax Act should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Debentures.

INDENTURE TRUSTEE

The indenture trustee for the Debentures is Equity Financial Trust Company, at its principal offices in Toronto, Ontario.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by McCarthy Tétrault LLP on behalf of the Corporation, and by Davies Ward Phillips & Vineberg LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of McCarthy Tétrault LLP, as a group, and the partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, each own, directly or indirectly, less than 1% of the Common Shares.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, 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 adviser.

PURCHASERS' CONTRACTUAL RIGHTS

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

UNDERWRITERS' CERTIFICATE

Dated: December 6, 2013

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

NATIONAL BANK FINANCIAL INC.

By: "PETER JELLEY"
Peter Jelley

RBC DOMINION SECURITIES INC.

By: "JOHN BYLAARD"
John Bylaard

CORMARK SECURITIES INC.

By: "ROGER POIRIER"
Roger Poirier

CANACCORD GENUITY CORP.

By: "ALAN POLAK"
Alan Polak

CERTIFICATE OF THE CORPORATION

December 6, 2013

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

By: "BARRY SHAFRAN"
Barry Shafran
President and Chief Executive Officer

By: "LISA STEVENSON"
Lisa Stevenson
Director of Finance and Chief
Financial Officer

On behalf of the Directors

By: "FREDERICK W. STEINER"
Frederick W. Steiner
Director

By: "CLARE R. COPELAND"
Clare R. Copeland
Director

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf prospectus has been filed under legislation in all provinces and territories of Canada other than Quebec that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this short form base shelf 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 Chief Financial Officer of Chesswood Group Limited, 4077 Chesswood Drive, Toronto, Ontario M3J 2R8 (telephone: (416) 386-3099), and are also available electronically at www.sedar.com.

Short Form Base Shelf Prospectus



New Issue

November 27, 2013

CHESSWOOD GROUP LIMITED

\$100,000,000

Debt Securities (unsecured) Common Shares Warrants Subscription Receipts Units

Chesswood Group Limited (the "**Corporation**") may offer from time to time during the 25-month period that this base shelf prospectus, including any amendments hereto, (this "**Prospectus**") remains effective the following securities: (i) debt securities of the Corporation ("**Debt Securities**"); (ii) common shares in the capital of the Corporation ("**Common Shares**"); (iii) warrants to purchase Common Shares ("**Warrants**"), (iv) subscription receipts convertible into or exchangeable for some or all of the other securities described above ("**Subscription Receipts**") and (v) units comprised of some or all of the other securities described above ("**Units**"), or any combination thereof. The Debt Securities, Common Shares, Warrants and Subscription Receipts (together, the "Securities") offered hereby may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in an accompanying shelf prospectus supplement (a "**Prospectus Supplement**"). All shelf information not included in this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. The Corporation may sell up to \$100,000,000 in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof at the time of issuance if any of the Securities are denominated in a foreign currency or currency unit).

Net proceeds from offerings of Securities through this Prospectus (net of dealer compensation and offering expenses) will only be used to fund acquisitions, to fund growth in the finance portfolios of the Corporation's operating subsidiaries or to pay down debt of the Corporation and/or its operating subsidiaries.

The specific terms of any Securities actually offered by the Corporation will be provided in the Prospectus Supplement for the subject offering. Prospective investors in Securities should read this Prospectus and the Prospectus Supplement for the subject offering.

The outstanding Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the stock symbol "CHW".

The Securities may be sold to or through underwriters, dealers or agents designated by the Corporation from time to time, or by the Corporation directly pursuant to applicable statutory exemptions. See "Plan of Distribution". Each Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Securities, and will also set forth the terms of the offering of such Securities, including the net proceeds to the Corporation and, to the extent applicable, any fees payable to the underwriters or agents. The offerings are subject to approval of certain legal matters by McCarthy Tétrault LLP on behalf of the Corporation.

The Corporation's registered and head office is located at 4077 Chesswood Drive, Toronto, Ontario, M3J 2R8.

Unless otherwise specified in the applicable Prospectus Supplement, the Securities other than Common Shares will not be listed on any securities exchange. Accordingly, unless so specified, there will be no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "Risk Factors".

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FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to:

- continuing access to required financing;
- continuing access to products to allow the Corporation's subsidiaries to hedge their exposure to changes in interest rates;
- risks of increasing default rates on leases, loans and advances;
- the Corporation's provision for credit losses;
- increasing competition (including, without limitation, more aggressive risk pricing by competitors);
- increased governmental regulation of the rates and methods used in financing and collecting on the lease or loan financing provided by the Corporation's subsidiaries or on the legal funding business generally;
- dependence on key personnel; and
- general economic and business conditions.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making

a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the prior paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in the documents incorporated herein by reference, including the Corporation's annual information form dated March 20, 2013 and management's discussion and analysis of the financial condition and performance for the year ended December 31, 2012 and the three- and nine-month periods ended September 30, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the Corporation's annual information form dated March 20, 2013;
- (b) the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2012, together with the notes thereto, and the independent auditor's report thereon;
- (c) management's discussion and analysis of the financial condition and performance of the Corporation for the year ended December 31, 2012;
- (d) the unaudited condensed consolidated interim financial statements of the Corporation as at and for the three- and nine-month periods ended September 30, 2013, together with the notes thereto (except for the page titled "Notice to Readers", which is not incorporated by reference and does not form part of this Prospectus);
- (e) management's discussion and analysis of the financial condition and performance of the Corporation for the three- and nine-month periods ended September 30, 2013; and
- (f) the management information circular dated March 20, 2013 with respect to the annual meeting of shareholders of the Corporation (the "Shareholders") held on April 18, 2013.

All documents of the Corporation of the type described in Section 11.1 of Form 44-101F1 – Short Form Prospectus to National Instrument 44-101 – Short Form Prospectus Distributions, if filed by the Corporation with the provincial and territorial securities commissions or similar authorities in Canada after the date of this Prospectus and during the term of this Prospectus will be deemed to be incorporated by reference into this Prospectus.

A Prospectus Supplement containing the specific terms in respect of any Securities will be delivered, together with this Prospectus, to purchasers of such Securities and will be deemed to be incorporated into this Prospectus for the purposes of securities legislation as at the date of the Prospectus Supplement, but only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that 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 will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

When a new annual information form and related annual financial statements are filed by the Corporation and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements, all interim financial statements, material change reports and annual filings and information circulars filed by the Corporation prior to the commencement of the Corporation's financial year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

CHESSWOOD GROUP LIMITED

General

The Corporation is an Ontario, Canada constituted corporation. The Corporation is the successor to Chesswood Income Fund (the "**Fund**") as a result of the arrangement involving the Fund, the Corporation and certain other entities that was carried out under the *Business Corporations Act* (Ontario) effective January 1, 2011.

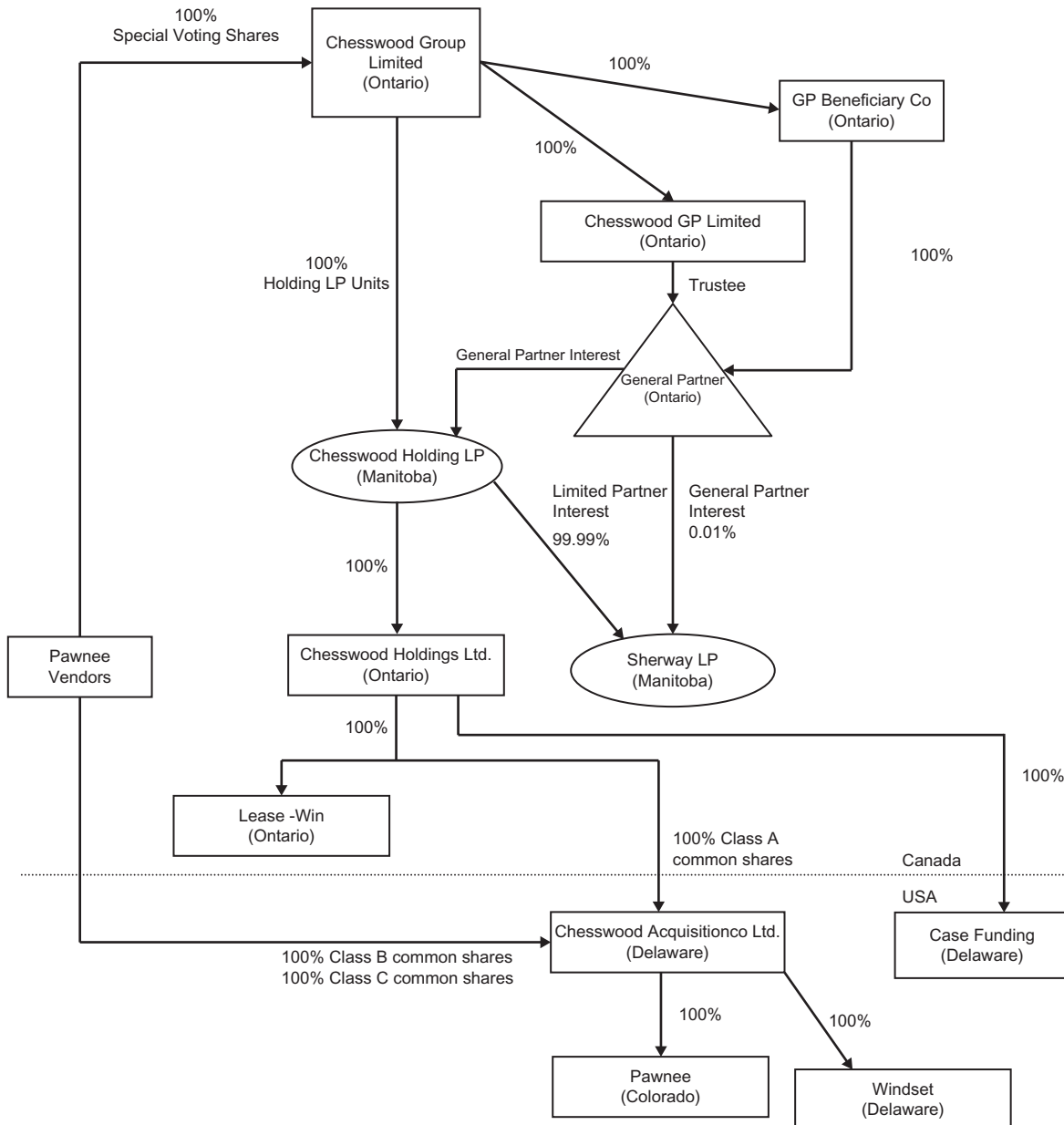
The Fund, and subsequently the Corporation, was created to invest in the financial services industry in Canada and the United States. The Corporation indirectly owns the operating subsidiaries described below.

Through its interest in Pawnee Leasing Corporation ("**Pawnee**"), the Corporation is involved in the business of micro and small-ticket equipment finance to small businesses in the start-up and "B" credit market in the lower 48 states of the United States. Through its interest in Sherway LP, the Corporation is involved in selling, servicing and leasing Acura automobiles in the Province of Ontario. Through its interest in Case Funding Inc. ("**Case Funding**"), the Corporation is involved in the business of providing financing to plaintiffs and attorneys and the purchase of medical liens that form part of litigation throughout the United States. Through its interest in Windset Capital Corporation ("**Windset**"), the Corporation is involved in the business of providing working capital loans to small businesses in the United States. Through its interest in Lease-Win Limited ("**Lease-Win**"), the Corporation owns cars4U.com.

Detailed information on each of the Corporation's operating subsidiaries is included in the documents incorporated by reference in this Prospectus.

Intercorporate Relationships

The following diagram sets out the current structure of the Corporation and its subsidiaries, and their respective jurisdictions of incorporation or organization.



As reflected above, each of the Corporation's direct and indirect subsidiaries is wholly-owned by its direct parent except Chesswood US Acquisitionco Ltd. ("**U.S. Acquisitionco**") (the Class A common shares of which are indirectly owned by the Corporation and the Class B and Class C common shares of which are owned by the individuals and entities that were the shareholders of Pawnee at the time of its indirect acquisition by the Fund (the "**Pawnee Vendors**") and are exchangeable for Common Shares at any time). See "Description of Share Capital – Special Voting Shares and Exchange Rights for Holders of U.S. Acquisitionco Shares".

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debt Securities, will be described in such Prospectus Supplement.

The Debt Securities will be direct unsecured obligations of the Corporation and will rank equally and rateably with all other unsecured and unsubordinated indebtedness of the Corporation from time to time issued and outstanding.

The Debt Securities will be issued under one or more indentures between the Corporation and a financial institution to which the Trust and Loan Companies Act (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee (each, a **"Trustee"**), as supplemented and amended from time to time (each a **"Trust Indenture"**).

Each Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including: (i) the designation, aggregate principal amount and authorized denominations of such Debt Securities; (ii) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars); (iii) the percentage of the principal amount at which such Debt Securities will be issued; (iv) the date or dates on which such Debt Securities will mature; (v) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any); (vi) the dates on which such interest will be payable and the record dates for such payments; (vii) the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued; (viii) any redemption term or terms under which such Debt Securities may be defeased; (ix) whether such Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof; (x) any exchange or conversion terms; and (xi) any other specific terms.

Debt Securities may, at the option of the Corporation, be issued in fully registered form, in bearer form or in "book-entry only" form. See "Book-Entry Only Securities".

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 9,966,882 are issued and outstanding as of the date of this Prospectus.

Each Common Share entitles the holder thereof to receive notice of, to attend, and to one vote at all meetings of the Shareholders. The holders of Common Shares will be entitled to receive any dividends, if, as and when declared by the directors of the Corporation. The Shareholders will also be entitled to share equally, share-for-share, in any distribution of the assets of the Corporation upon the liquidation, dissolution or winding-up of the Corporation or other distribution of its assets among its shareholders for the purpose of winding-up its affairs. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's Articles and by-laws, which have been filed under the Corporation's profile on SEDAR at www.sedar.com.

Special Voting Shares and Exchange Rights for Holders of U.S. Acquisitionco Shares

In connection with the acquisition of Pawnee by U.S. Acquisitionco, U.S. Acquisitionco issued to the Pawnee Vendors an aggregate of 1,274,601 Class B common shares and 203,936 Class C common shares of U.S. Acquisitionco (collectively, the **"Exchangeable Shares"**). Each such share is exchangeable at any time (for no additional consideration) on a one-for-one basis for Common Shares. Such shares entitle the holders to per share distributions equal to any per share dividends paid on the Common Shares.

In order to provide voting equivalency to the holders thereof with the rights of the holders of Common Shares, the Exchangeable Shares are non-voting, but one special voting share of the Corporation (each, a **"Special Voting Share"**) was issued for (and effectively attached to) each Exchangeable Share. Each Special Voting Share entitles the holder thereof to a number of votes at any meeting of Shareholders equal to the number of Common Shares which may be obtained upon the exchange of the Exchangeable Share to which the Special Voting Share relates. As of the date of this Prospectus, the Corporation has 1,478,537

issued and outstanding Special Voting Shares. Except for the right to be counted towards a quorum and to requisition, vote at, and receive materials for, meetings of Shareholders, the Special Voting Shares do not confer any other rights upon the holders.

The amended and restated share exchange agreement with the Pawnee Vendors provides that if a non-exempt take-over bid from a person acting at arm's length to the holders of the Exchangeable Shares (or any affiliated entity or associate thereof) is made for the Common Shares and a contemporaneous identical offer is not made for the Exchangeable Shares (in terms of price, timing, proportion of securities sought to be acquired and conditions; provided that the offer for Exchangeable Shares may be conditional on Common Shares being taken up and paid for under the take-over bid), then all limitations on the transfer of Exchangeable Shares will terminate and, provided that (i) not less than 25% of the Common Shares (other than Common Shares held at the date of the take-over bid by or on behalf of the offeror or associates or affiliated entities of the offeror) are taken-up and paid for pursuant to the non-exempt bid from and after the date of first take-up of Common Shares under the said take-over bid and (ii) the take-over bid is not for any and all Common Shares tendered or is not structured such that holders of Exchangeable Securities can exchange into Common Shares conditional on take-up, the Exchangeable Shares will be exchangeable at an exchange ratio equal to 100% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Exchangeable Shares will receive one Common Share for each Common Share that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the voting rights attaching to the Special Voting Shares will not be similarly adjusted, and the distribution rights attaching to the Exchangeable Shares will not be adjusted until the exchange right is actually exercised.

DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of the Warrants offered pursuant to a Prospectus Supplement, and the extent to which the general terms described below apply to those Warrants, will be described in such Prospectus Supplement. The following description and any description of Warrants in the applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the applicable warrant agreement and, if applicable, collateral arrangements and depositary arrangements relating to such Warrants.

The Company may issue Warrants for the purchase of Common Shares. Warrants may be issued independently or together with Debt Securities or Common Shares offered by any Prospectus Supplement and may be attached to, or separate from, any such offered Securities. Warrants will be issued under one or more warrant agreements between the Company and a warrant agent that the Company will name in the Prospectus Supplement.

Any Prospectus Supplement for Warrants will contain the terms and other information with respect to the Warrants being offered thereby, including: (i) the designation of the Warrants; (ii) the aggregate number of Warrants offered and the offering price; (iii) the designation, number and terms of the Debt Securities, Common Shares or other securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers; (iv) the exercise price of the Warrants; (v) the dates or periods during which the Warrants are exercisable; (vi) the designation and terms of any Securities with which the Warrants are issued; (vii) if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other security will be separately transferable; (viii) the currency or currency unit in which the exercise price is denominated; (ix) any minimum or maximum amount of Warrants that may be exercised at any one time; (x) whether such Warrants will be listed on any securities exchange; (xi) any terms, procedures and limitations relating to the transferability or exercise of the Warrants; (xii) whether the Warrants will be issued in fully registered or "book-entry only" form; (xiii) any other rights, privileges, restrictions and conditions attaching to the Warrants; and (xiv) any other specific terms.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. The Corporation may issue Subscription Receipts that may be exchanged by the holders thereof for other

Securities upon the satisfaction of certain conditions. The particular terms and provisions of the Subscription Receipts offered pursuant to a Prospectus Supplement, and the extent to which the general terms described below apply to those Subscription Receipts, will be described in such Prospectus Supplement. The following description and any description of Subscription Receipts in the applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the applicable subscription receipt agreement and, if applicable, collateral arrangements and depository arrangements relating to such Subscription Receipts.

Subscription Receipts may be offered separately or together with other Securities. The Subscription Receipts will be issued under a subscription receipt agreement. Under the subscription receipt agreement, an original purchaser of Subscription Receipts will have a contractual right of rescission following the issuance of Securities to such purchaser, entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Securities if this Prospectus, the relevant Prospectus Supplement, and any amendment thereto, contains a misrepresentation, provided such remedy for rescission is exercised within 180 days of the date the Subscription Receipts are issued.

Any Prospectus Supplement for Subscription Receipts will contain the terms and conditions and other information with respect to the Subscription Receipts being offered thereby, including: (i) the number of Subscription Receipts; (ii) the price at which the Subscription Receipts will be offered and whether the price is payable in instalments; (iii) conditions to the exchange of Subscription Receipts for other Securities and the consequences of such conditions not being satisfied; (iv) the procedures for the exchange of the Subscription Receipts for other Securities; (v) the number of Securities that may be exchanged upon exercise of each Subscription Receipt; (vi) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security; (vii) the dates or periods during which the Subscription Receipts may be exchanged for other Securities; (viii) whether the Subscription Receipts will be listed on any securities exchange; (ix) whether the Subscription Receipts will be issued in fully registered or “book-entry only” form; (x) any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts; and (xi) any other specific terms.

DESCRIPTION OF UNITS

The following sets forth certain general terms and provisions of the Units. The particular terms and provisions of the Units offered pursuant to a Prospectus Supplement, and the extent to which the general terms described below apply to those Units, will be described in such Prospectus Supplement. The following description and any description of Units in the applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to any agreement, collateral arrangements and depository arrangements relating to such Units.

The Corporation may issue Units comprised of one or more of the other Securities described in this Prospectus in any combination. Each Unit will be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each included Security. The unit agreement (if any) under which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

Any Prospectus Supplement for Units will contain the terms and other information with respect to the Units being offered thereby, including: (i) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately; (ii) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of any Securities comprising the Units; (iii) whether the Units will be issued in fully registered or “book-entry only” form; and (iv) any other specific terms.

BOOK-ENTRY ONLY SECURITIES

Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“**CDS Participants**”) in the depository service of CDS Clearing and Depository Services Inc. or

a successor (collectively, “**CDS**”). Each of the underwriters, dealers or agents, as the case may be, named in an accompanying Prospectus Supplement will be a CDS Participant or will have arrangements with a CDS Participant. On the closing of a book-entry only offering, the Corporation may cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Securities will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

If the Corporation determines, or CDS notifies the Corporation in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Securities and the Corporation is unable to locate a qualified successor, or if the Corporation at its option elects, or is required by law, to terminate the book-entry system, then the Securities will be issued in fully registered form to holders or their nominees.

Transfer, Conversion or Redemption of Securities

Transfer of ownership, conversion or redemption of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of CDS Participants, and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through CDS Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder’s interest in a Security (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Payments and Notices

Payments of principal, redemption price, if any, dividends and interest, as applicable, on each Security will be made by the Corporation to CDS or its nominee, as the case may be, as the registered holder of the Security and the Corporation understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant CDS Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the CDS Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Corporation in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption price, if any, dividends and interest due on the Securities to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a CDS Participant, on the procedures of the CDS Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Corporation understands that under existing policies of CDS and industry practices, if the Corporation requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the CDS Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Corporation, any Trustee and CDS. Any holder that is not a CDS Participant must rely on the contractual arrangement it has

directly, or indirectly through its financial intermediary, with its CDS Participant to give such notice or take such action.

The Corporation, the underwriters or agents and any Trustee identified in an accompanying Prospectus Supplement, as applicable, will not have any liability or responsibility for (i) records maintained by CDS relating to beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any Trust Indenture with respect to the rules and regulations of CDS or at the directions of the CDS Participants.

EARNINGS-COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the Prospectus Supplement with respect to an issuance of Debt Securities, or Subscription Receipts convertible or exchangeable for Debt Securities, pursuant to such Prospectus Supplement.

PLAN OF DISTRIBUTION

The Corporation may sell Securities (i) to or through underwriters, dealers or agents or (ii) directly to one or more purchasers pursuant to applicable statutory exemptions. The Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities. The Prospectus Supplement for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the name or names of any underwriters, dealers or agents, the purchase price of such Securities, the proceeds to the Corporation from such sale, any underwriting discounts or commissions and other items constituting underwriters' or agents' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid by any underwriter to other dealers. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time.

The Securities may also be sold directly by the Corporation at such prices and upon such terms as agreed to by the Corporation and the purchasers or through agents designated by the Corporation from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Corporation to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a best efforts basis for the period of its appointment.

The Corporation may agree to pay the underwriters or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of the general corporate funds of the Corporation. Underwriters and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Corporation to indemnification by the Corporation against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect thereof.

Each series or issue of Debt Securities will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to an issue of Debt Securities, the

Debt Securities will not be listed on any securities or stock exchange. In connection with any offering of Securities, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Securities are sold by the Corporation may make a market in the Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any of the Securities (other than Common Shares) will develop or as to the liquidity of any trading market for the Securities.

Unless otherwise specified in a Prospectus Supplement, the Securities will not be registered under the United States Securities Act of 1933, as amended.

RISK FACTORS

Before deciding whether to invest in any Securities, investors should consider carefully the risks set out in the documents incorporated by reference in this Prospectus (including the risks described in the Corporation's annual information form and management's discussion and analysis, and all subsequently filed documents incorporated by reference) and those described in the Prospectus Supplement relating to a specific offering of Securities.

There is currently no market through which some of the Securities may be sold and purchasers of such Securities may not be able to resell such Securities purchased under this Prospectus. There can be no assurance that an active trading market will develop for such Securities after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. The public offering prices of the Securities will be determined by negotiation between the Corporation and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See "Plan of Distribution".

USE OF PROCEEDS

The use of proceeds from the sale of each series of Securities will be described in the Prospectus Supplement relating to the specific issuance of Securities.

Net proceeds from offerings of Securities through this Prospectus (net of dealer compensation and offering expenses) will only be used to fund acquisitions, to fund growth in the finance portfolios of the Corporation's operating subsidiaries or to pay down debt of the Corporation and/or its operating subsidiaries.

LEGAL MATTERS

Certain legal matters relating to an offering of Securities offered hereby will be passed upon by McCarthy Tétrault LLP on behalf of the Corporation. As at the date hereof, the partners and associates of McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Corporation is BDO Canada LLP, chartered professional accountants, located at Suite 3600, TD Bank Tower, 66 Wellington Street West, Toronto, Ontario, M5J 2J8.

The registrar and transfer agent for the Corporation is Equity Financial Trust Company at its principal offices in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

In addition, original purchasers of Securities which are convertible, exchangeable or exercisable will have a contractual right of rescission against the Corporation in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus. Original purchasers are further advised that in certain provinces and territories the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights, or consult with a legal advisor.

CERTIFICATE OF CHESSWOOD GROUP LIMITED

Dated: November 27, 2013

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

"Barry Shafran"

By: (signed) BARRY SHAFRAN
President and Chief Executive Officer

"Lisa Stevenson"

By: (signed) LISA STEVENSON
Director of Finance and Chief Financial Officer

On behalf of the Board of Directors

"Frederick W. Steiner"

By: (signed) FREDERICK W. STEINER
Director

"Clare R. Copeland"

By: (signed) CLARE R. COPELAND
Director

