

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the accompanying short form base shelf prospectus dated April 20, 2017 to which it relates (collectively, the “Prospectus”) and each document incorporated by reference in the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in each of the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company by sending a written request to 161 Bay Street, Suite 3600, Toronto, Ontario, M5J 2S1, telephone (416) 386-1067, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED APRIL 20, 2017**

New Issue

April 28, 2017

ELEMENT FLEET MANAGEMENT CORP.



**\$150,000,000
6,000,000 5.75% Cumulative 5-Year Minimum Rate Reset Preferred Shares, Series I**

This Prospectus qualifies the distribution (the “Offering”) of 6,000,000 5.75% Cumulative 5-Year Minimum Rate Reset Preferred Shares, Series I (the “Series I Shares”) of Element Fleet Management Corp. (the “Company” or “Element”). The holders of the Series I Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Company’s board of directors (the “Board of Directors”) for the initial period from and including the Closing Date (as defined herein) of the Offering up to but excluding June 30, 2022 (the “Initial Fixed Rate Period”), payable quarterly on the last day of March, June, September and December in each year at an annual rate of \$1.4375 per Series I Share. The initial dividend, if declared, will be payable on September 30, 2017 and will be \$0.58288 per Series I Share, based on the anticipated closing date of the Offering of May 5, 2017 (the “Closing Date”). See “Description of the Series I Shares”.

For each five-year period after the Initial Fixed Rate Period (each, a “Subsequent Fixed Rate Period”), the holders of Series I Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be equal to the Government of Canada Yield (as defined herein) on the 30th day prior to the first day of such Subsequent Fixed Rate Period, plus 4.64%, provided that, in any event, such Annual Fixed Dividend Rate shall not be less than 5.75%. See “Description of the Series I Shares”.

Option to Convert Series I Shares Into Series J Shares

Subject to the Company's right to redeem Series I Shares, a Series I Automatic Conversion or the Series I Conversion Restriction (as such terms are defined below), the holders of Series I Shares will have the right, at their option, to convert any or all of their Series I Shares into Cumulative Floating Rate Preferred Shares, Series J (the "Series J Shares"), subject to certain conditions, on June 30, 2022 and on June 30 every five years thereafter. Should any such June 30 not be a Business Day, the Series I Conversion Date will be the next succeeding Business Day (as such terms are defined herein). See "Description of the Series I Shares – Conversion of Series I Shares into Series J Shares". The holders of Series J Shares will be entitled to receive floating rate, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "Quarterly Floating Rate Period"), in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate (as defined herein) by \$25.00. Should any such day not be a Business Day, such quarterly dividends will be payable on the next succeeding Business Day. The Quarterly Floating Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 4.64% (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined as of the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Description of the Series J Shares".

Subject to the provisions described under "Description of the Series I Shares – Restrictions on Dividends and Retirement of Shares", on June 30, 2022, and on June 30 every five years thereafter, the Company may, at its option, redeem all or any part of the then outstanding Series I Shares by the payment of an amount in cash for each Series I Share so redeemed of \$25.00 plus all accrued and unpaid dividends up to, but excluding, the date fixed for redemption. Should any such June 30 not be a Business Day, the redemption date will be the next succeeding Business Day. See "Description of the Series I Shares – Redemption".

The Series I Shares and Series J Shares do not have a fixed maturity date and, other than as described herein, are not redeemable at the option of the holders thereof. See "Risk Factors".

The Underwriters (as defined herein) may offer the Series I Shares at a price lower than that stated below. See "Plan of Distribution".

BMO Nesbitt Burns Inc. ("BMO"), CIBC World Markets Inc. ("CIBC"), National Bank Financial Inc. ("NBF"), RBC Dominion Securities Inc. ("RBC"), and TD Securities Inc. ("TD", and together with BMO, CIBC, NBF and RBC, the "Joint Bookrunners") and Cormark Securities Inc., Desjardins Securities Inc. ("Desjardins"), GMP Securities L.P., HSBC Securities (Canada) Inc. ("HSBC") and Raymond James Ltd. (collectively, with the Joint Bookrunners, the "Underwriters"), as principals, conditionally offer the Series I Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under "Plan of Distribution", and subject to approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. See "Plan of Distribution". The offering price of the Series I Shares was determined by negotiation between the Company and the Joint Bookrunners on behalf of the Underwriters.

BMO is a co-administrative agent of a \$1.62 billion Canadian securitization funding program (the "Fleet Lease Receivables Securitization Program") pursuant to which the Company or its affiliates have transferred and will continue to transfer financial assets and related property or interests therein under an established securitization platform and the administrator of an asset backed conduit that is an investor in the Fleet Lease Receivables Securitization Program. BMO is an affiliate of a Canadian Schedule I bank (i) that is the agent and a member of the lending syndicate to the Company under a US\$3.25 billion revolving credit facility (the "Senior Credit Facility"); and (ii) that is a hedge counterparty to the Fleet Lease Receivables Securitization Program; and (iv) that guarantees the purchase commitments of an asset backed conduit administered by BMO that is an investor in the Fleet Lease Receivables Securitization Program. In addition, CIBC is an affiliate of a Canadian Schedule I bank (i) that is a member of the lending syndicate to the Company under the Senior Credit Facility; (ii) that is a co-administrative agent of the Fleet Lease Receivables Securitization Program; (iii) that is an investor in the Fleet Lease Receivables Securitization Program; (iv) that is the

funding agent of asset backed conduits that are investors in the Fleet Lease Receivables Securitization Program; and (v) that is a hedge counterparty to the Fleet Lease Receivables Securitization Program. In addition, each of NBF and RBC is an affiliate of a Canadian Schedule I bank (i) that is a member of the lending syndicate to the Company under the Senior Credit Facility; and (ii) that is the funding agent of an asset backed conduit that is an investor in the Fleet Lease Receivables Securitization Program. In addition, each of TD and Desjardins is an affiliate of a Canadian Schedule I bank that is a member of the lending syndicate to the Company under the Senior Credit Facility. In addition, HSBC is an affiliate of a Canadian chartered bank that is a member of the lending syndicate to the Company under the Senior Credit Facility. In addition, each of BMO, CIBC, NBF, RBC, TD and HSBC, their affiliates and conduits sponsored by them or their affiliates is a lender to a U.S. affiliate of the Company under the US\$6.33 billion (lender-portion only) U.S. fleet securitization funding programs (the “U.S. Fleet Securitization Programs”).

Consequently, the Company may be considered a “connected issuer” to each of BMO, CIBC, NBF, RBC, TD, Desjardins and HSBC within the meaning of National Instrument 33-105 - *Underwriting Conflicts*. See “Relationship between Element and Certain Underwriters”.

Price: \$25.00 per Series I Share

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to the Company⁽²⁾
Per Series I Share	\$25.00	\$0.75	\$24.25
Total ⁽³⁾	\$150,000,000	\$4,500,000	\$145,500,000

- (1) The Underwriters’ fee for the Series I Shares is \$0.25 per Series I Share sold to institutional investors and \$0.75 per share for all other Series I Shares purchased by the Underwriters (the “Underwriters’ Fee”). The Underwriters’ Fee indicated in the table assumes that no Series I Shares are sold to institutional investors.
- (2) Before deduction of expenses of the Offering payable by the Company estimated at \$750,000.
- (3) The Underwriters agreed to originally purchase 4,000,000 Series I Shares and, in addition, the Company granted the Underwriters an option (the “Underwriters’ Option”), exercisable in whole or in part, at any time and from time to time, until 48 hours prior to the closing time on the Closing Date (the “Closing Time”), to purchase up to an aggregate of 2,000,000 additional Series I Shares on the same terms. Prior to the filing of this prospectus supplement, the Underwriters exercised the Underwriters’ Option in full. Accordingly, using the same assumptions as are set forth in notes 1 and 2 above, the price to the public, the Underwriters’ Fee and the net proceeds to the Company will be \$150,000,000, \$4,500,000 and \$145,500,000, respectively. A purchaser who acquires Series I Shares issued pursuant to the exercise of the Underwriters’ Option acquires those Series I Shares under this prospectus supplement. See “Plan of Distribution.”

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Underwriters’ Option	2,000,000 Series I Shares	Up to 48 hours prior to the Closing Time	\$25.00 per Series I Share

Prior to the filing of this prospectus supplement, the Underwriters exercised the Underwriters’ Option in full. The aggregate offering of 6,000,000 Series I Shares is inclusive of the 2,000,000 Series I Shares contemplated under the Underwriters’ Option.

The Underwriters propose to offer the Series I Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Series I Shares at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Series I Shares remaining unsold. Any such reduction will not affect the proceeds received by Element. See “Plan of Distribution”.

There is currently 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”.

Element’s outstanding Cumulative 5-Year Rate Reset Preferred Shares, Series A (the “Series A Shares”), Cumulative 5-Year Rate Reset Preferred Shares, Series C (the “Series C Shares”), Cumulative 5-Year Rate Reset Preferred Shares, Series E (the “Series E Shares”) and Cumulative 5-Year Rate Reset Preferred Shares, Series G (the “Series G Shares”) are listed on the Toronto Stock Exchange (the “TSX”) under the symbols “EFN.PR.A”, “EFN.PR.C”, “EFN.PR.E” and “EFN.PR.G”, respectively. The closing price of the Series A Shares, the Series C Shares, the Series E Shares and the Series G Shares on the TSX on April 25, 2017, the last full day of trading before the announcement of the Offering, was \$25.64, \$25.51, \$25.43 and \$25.89, respectively. On April 27, 2017, the last trading day prior to the filing of this prospectus supplement, the closing price of the Series A Shares, the Series C Shares, the Series E Shares and the Series G Shares on the TSX was \$25.45, \$25.48, \$25.21 and \$25.70, respectively.

The TSX has conditionally approved the listing of the Series I Shares and Series J Shares described in this prospectus supplement. Listing of the Series I Shares is subject to the Company fulfilling all of the requirements of the TSX on or before July 28, 2017, including distribution of a minimum dollar value of Series I Shares. Listing of the Series J Shares at the end of the Initial Fixed Rate Period is subject to the Company fulfilling all of the requirements of the TSX, including the public distribution requirements for the Series J Shares at that time.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on May 5, 2017 or on such other date as the Company and the Underwriters may agree. The Series I Shares will be represented in either certificated or uncertificated form registered in the name of CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and held by, or on behalf of, CDS, as depository for the participants of CDS. A purchaser of the Series I Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series I Shares are purchased. See “Book-Entry Only System”.

Investors should rely only on the information contained in or incorporated by reference in the Prospectus. The Company has not authorized anyone to provide investors with different information. The Company is not offering the Series I Shares in any jurisdiction in which the offer is not permitted. Investors should not assume that the information contained in this Prospectus or any of the documents incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of those documents.

An investment in the Series I Shares is subject to certain risks. The risk factors included or incorporated by reference in this Prospectus should be carefully reviewed and considered by purchasers in connection with an investment in the Series I Shares. See “Note Regarding Forward-Looking Statements” and “Risk Factors” in this Prospectus and in the AIF (as defined herein).

The head and registered office of the Company is located at 161 Bay Street, Suite 3600, Toronto, Ontario, M5J 2S1. Unless otherwise specifically stated, all dollar amounts in the Prospectus are expressed in Canadian dollars.

Based on the provisions of the *Income Tax Act* (Canada) (together with the regulations thereunder, the “Tax Act”) in force as of the date hereof, the Series I Shares and Series J Shares, if issued on the date of this prospectus supplement, would be on such date a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan (“DPSP”), a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”), or a tax-free savings account (“TFSA”), each as defined in the Tax Act (each a “Plan”) provided that, at the time of the acquisition by the Plan, either the Series I Shares or Series J Shares, as applicable, are listed on a designated stock exchange (which includes the TSX), or the Company is a “public corporation” as defined in the Tax Act. See “Eligibility for Investment”.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING BASE SHELF PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes certain terms of the securities the Company is offering and adds to and updates certain information contained in the base shelf prospectus dated April 20, 2017 (the “Base Shelf Prospectus”) and the documents incorporated by reference therein. The second part, the Base Shelf Prospectus, provides more general information, some of which may not apply to the Series I Shares offered hereunder. Capitalized terms or abbreviations used in this prospectus supplement that are not defined herein have the meanings ascribed thereto in the Base Shelf Prospectus.

You should rely only on the information contained in this Prospectus or incorporated by reference into the Prospectus. The Company has not, and the Underwriters have not, authorized anyone to provide you with different or additional information. The Company is not, and the Underwriters are not, making an offer to sell the Series I Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in the Prospectus or any documents incorporated by reference into the Prospectus, is accurate as of any date other than the date on the front of those documents as the Company’s business, operating results, financial condition and prospects may have changed since that date.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated by reference in the Prospectus contain certain forward-looking statements and forward-looking information which are based upon Element’s current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as “plan”, “expect”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, the Prospectus and the documents incorporated by reference in the Prospectus may contain forward-looking statements and information attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in the Prospectus and the documents incorporated by reference in the Prospectus speak only as of the date on the front of each respective document.

Forward-looking statements and information in the Prospectus and the documents incorporated by reference in the Prospectus include, but are not limited to, statements with respect to:

- Element’s expectations regarding its revenue, expenses, operations and earnings;
- Element’s anticipated cash needs and its needs for additional financing;
- Element’s integration of past acquisitions, including the acquisition of GE Capital’s fleet management operations in the United States, Mexico, Australia and New Zealand;
- Element’s integration of any future acquisitions;
- Element’s plans for and timing of expansion of its services;
- Element’s future growth plans;
- Element’s expectations regarding the structure and timing of any restructuring of its securitization programs;
- Element’s expectations regarding its origination volumes;
- Element’s expectations with respect to its asset finance margins with customers;
- Element’s ability to attract new customers and develop and maintain relationships with existing customers;
- Element’s anticipated delinquency rates and credit losses;
- Element’s ability to attract and retain personnel;
- Element’s present intention to pay regular dividends on its common shares and preferred shares;

- Element’s expectations regarding the benefits of the Separation Transaction and the tax-free nature of the Separation Transaction;
- Element’s Xcelerate™ solution and anticipated uses and benefits;
- Element’s technology and data, and anticipated uses and benefits;
- Element’s competitive position and its expectations regarding competition; and
- anticipated trends and challenges in Element’s business and the markets in which it operates.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Neither the Company nor the Underwriters can guarantee future results, levels of activity, performance or achievements. Some of the risks and other factors, some of which are beyond the Company’s control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in the Prospectus and the documents incorporated by reference in the Prospectus include, but are not limited to:

- credit risks that may lead to unexpected losses;
- concentration of leases and loans to small and mid-sized companies that may carry more inherent risks;
- concentration of leases and loans within a particular industry or region that may negatively impact Element’s financial condition;
- Element’s provision for credit losses that may prove inadequate;
- the collateral securing a loan or a lease that may not be sufficient;
- lack of funding that may limit Element’s ability to originate leases and loans;
- inability to attract institutional investors to invest in Element’s special purpose funding vehicles;
- global financial markets and general economic conditions that may adversely affect Element’s results;
- concentration of debt financing sources that may increase Element’s funding risks;
- Element’s credit facilities and securitization transactions that may limit its operational flexibility;
- changes in interest rates that may adversely affect Element’s financial results;
- an unexpected increase in Element’s funding costs that may adversely affect its earnings;
- a competitive business environment that may limit the growth of Element’s business;
- Element’s credit rating and credit risk that may change;
- inability to attract and retain employees that may limit Element’s ability to grow its business;
- competition for vendor equipment finance that may affect Element’s relationships with vendors;
- loss of key personnel that may significantly harm Element’s business;
- inability to realize benefits from growth (including growth related to acquisitions) that may impact Element’s financial condition;
- Element’s ability to successfully integrate any acquisitions into its operations and to achieve anticipated benefits and synergies of such acquisitions;
- the fact that complications in managing acquisitions may negatively affect Element’s operating results;
- the market for Element securities may be volatile and subject to wide fluctuations in response to numerous factors;
- information technology infrastructure security breaches that may negatively impact Element;
- foreign currency risk that creates exposures that may negatively impact Element;
- unforeseen changes in the legislative framework in which Element operates that may negatively impact Element;
- the fact that litigation may negatively impact Element’s financial condition;
- the market value of Series I Shares and Series J Shares will be affected by a number of factors and, accordingly, their trading prices will fluctuate;
- the Company may redeem Series I Shares and Series J Shares;
- the Series I Shares and the Series J Shares do not have a fixed maturity date, may not be redeemed at the holder’s option and may be liquidated by the holder only in limited circumstances;
- there is currently no trading market for the Series I Shares and the Series J Shares;

- creditors of the Company rank ahead of holders of Series I Shares and Series J Shares in the event of an insolvency or winding-up of the Company;
- dividend rates on the Series I Shares and the Series J Shares will reset;
- investments in the Series J Shares, given their floating interest component, entail risks not associated with investments in the Series I Shares;
- the Series I Shares and the Series J Shares may be converted or redeemed without the holders' consent in certain circumstances;
- credits risks that may lead to no payment of dividends; in particular, dividends on the Series I and Series J Shares may not be paid when the Senior Credit Facility is in default or when any such dividend would cause a default under the Senior Credit Facility;
- declaration and payment of dividends on the Series I Shares and the Series J Shares is at the discretion of the Board of Directors and subject to certain solvency requirements imposed by applicable law;
- holders of the Series I Shares and the Series J Shares do not have voting rights except under limited circumstances;
- risks related to the use of *pro forma* financial information; and
- the other factors considered under "Risk Factors" in the Prospectus and in the AIF (as defined herein), which is incorporated by reference in the Prospectus.

Readers are cautioned that the foregoing list of factors is not exhaustive. **The forward-looking statements contained in the Prospectus and the documents incorporated by reference in the Prospectus are expressly qualified by this cautionary statement. Neither Element nor the Underwriters are under any duty to update any of the forward-looking statements to conform such statements to actual results or to changes in Element's expectations except as otherwise required by applicable legislation.**

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the Base Shelf Prospectus as of the date hereof and only for the purposes of the distribution of the Series I Shares offered hereby. As of the date hereof, the following documents filed with the securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of the Prospectus:

- (a) the annual information form of the Company dated March 29, 2017 for the year ended December 31, 2016 (the "AIF");
- (b) the audited consolidated financial statements of the Company dated March 9, 2017 as at and for the financial years ended December 31, 2016 and December 31, 2015, and the related notes thereto and the auditors' report thereon (the "Annual Financial Statements");
- (c) management's discussion and analysis of financial condition and results of operations for the Company dated March 9, 2017 in respect of the Annual Financial Statements;
- (d) the management information circular dated May 11, 2016 with respect to the annual meeting of shareholders of the Company held on June 16, 2016;
- (e) the management information circular dated July 28, 2016 with respect to the special meeting of shareholders of the Company held on September 20, 2016, relating to, among other things, the Separation Transaction (as defined in the Base Shelf Prospectus), but excluding the fairness opinions contained therein and any references thereto;
- (f) the material change report of Element dated January 19, 2017 relating to the appointment of Samir Zabaneh as Chief Financial Officer of the Company; and
- (g) the template version of the term sheet for the Offering dated April 26, 2017 (the "Marketing Materials").

The Prospectus (English version) will only incorporate by reference the English versions of the above-mentioned documents and the Prospectus (French version) will only incorporate by reference the French versions of the above-mentioned documents.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including those types of documents referred to above and press releases issued by Element referencing incorporation by reference into this Prospectus, if filed by Element with the provincial securities commissions or similar authorities in Canada after the date of this prospectus supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for purposes of the Offering. Documents referenced in any of the documents incorporated by reference in the Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference in this Prospectus are not incorporated by reference in this Prospectus. These documents are available through the internet on the System for Electronic Document Analysis and Retrieval (“SEDAR”) which can be accessed at www.sedar.com.

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

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Company at 161 Bay Street, Suite 3600, Toronto, Ontario, M5J 2S1, telephone: (416) 386-1067.

MARKETING MATERIALS

The Marketing Materials are not part of the Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in the Prospectus or any amendment. Any template version of “marketing materials” (as defined in National Instrument 41-101 - *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the Series I Shares under this Prospectus (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference in the Prospectus.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Element effective December 31, 2016: (i) prior to the Offering; and (ii) after giving effect to the Offering (including exercise in full of the Underwriters’ Option and including expenses of the Offering). This table is presented and should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto as at and for the financial year ended December 31, 2016.

Designation	Outstanding as at December 31, 2016 prior to giving effect to the Offering	Outstanding as at December 31, 2016 after giving effect to the Offering
Cash	\$12,638	\$158,138

Debt		
Accounts payable and accrued liabilities	\$552,794	\$553,544
Secured borrowings	\$12,983,535	\$12,983,535
Convertible Debentures	855,688	855,688
Total Debt	\$14,392,017	\$14,392,767
Shareholders' Equity		
Common Shares	\$3,447,698	\$3,447,698
Preferred Shares	\$533,656	\$678,406
Total shareholders' equity	\$3,981,354	\$4,126,104
Total capitalization	\$18,373,371	\$18,518,871

TRADING PRICE AND VOLUME

Series A Shares

The Series A Shares are currently listed on the TSX under the trading symbol "EFN.PR.A" and commenced trading on the TSX on December 17, 2013. The following table sets forth the reported intraday high and low prices and the trading volume for the Series A Shares on the TSX for the 12-month period prior to the date of this prospectus supplement.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
April (1-27)	25.75	25.29	70,880
March	25.60	25.15	548,476
February	25.57	25.00	81,493
January	25.25	24.25	164,100
December	24.53	24.01	590,964
November	24.97	23.80	79,306
October	25.00	24.71	52,369
September	25.04	24.60	38,138
August	25.08	24.71	47,998
July	25.04	24.18	41,715
June	24.40	23.53	60,237
May	24.05	23.01	58,803
April	23.00	21.90	31,635

On April 25, 2017, the last full trading day prior to the announcement of the Offering, the closing price of the Series A Shares on the TSX was \$25.64. On April 27, 2017, the last full trading day prior to the filing of this prospectus supplement, the closing price of the Series A Shares on the TSX was \$25.45.

Series C Shares

The Series C Shares are currently listed on the TSX under the trading symbol "EFN.PR.C" and commenced trading on the TSX on March 7, 2014. The following table sets forth the reported intraday high and low prices and the trading volume for the Series C Shares on the TSX for the 12-month period prior to the date of this prospectus supplement.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
April (1-27).....	25.60	25.14	151,079
March	25.54	25.09	217,365
February.....	25.57	25.07	111,496
January.....	25.53	24.85	77,419
December.....	25.19	24.75	106,574
November	25.29	24.24	108,895
October	25.32	24.85	106,905
September.....	25.34	24.67	104,176
August	25.35	24.91	103,579
July	25.10	24.24	85,120
June.....	24.81	23.71	137,659
May.....	24.45	23.60	115,342
April	23.60	22.66	87,367

On April 25, 2017, the last full trading day prior to the announcement of the Offering, the closing price of the Series C Shares on the TSX was \$25.51. On April 27, 2017, the last full trading day prior to the filing of this prospectus supplement, the closing price of the Series C Shares on the TSX was \$25.48.

Series E Shares

The Series E Shares are currently listed on the TSX under the trading symbol “EFN.PR.E” and commenced trading on the TSX on June 18, 2014. The following table sets forth the reported intraday high and low prices and the trading volume for the Series E Shares on the TSX for the 12-month period prior to the date of this prospectus supplement.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
April (1-27).....	25.50	24.99	331,329
March.....	25.55	25.05	773,904
February	25.43	24.92	900,464
January.....	25.19	24.42	205,280
December	24.68	24.33	181,012
November	25.00	24.15	36,439
October	25.00	24.75	63,297
September	25.00	24.50	60,843
August.....	25.00	24.27	63,059
July.....	24.77	24.05	39,193
June.....	24.18	23.68	62,532
May.....	23.85	22.99	50,899
April.....	22.98	22.50	37,597

On April 25, 2017, the last full trading day prior to the announcement of the Offering, the closing price of the Series E Shares on the TSX was \$25.43. On April 27, 2017, the last full trading day prior to the filing of this prospectus supplement, the closing price of the Series E Shares on the TSX was \$25.21.

Series G Shares

The Series G Shares are currently listed on the TSX under the trading symbol “EFN.PR.G” and commenced trading on the TSX on May 29, 2015. The following table sets forth the reported intraday high and low prices and the trading volume for the Series G Shares on the TSX for the 12-month period prior to the date of this prospectus supplement.

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
April (1-27).....	26.15	25.70	87,626
March.....	26.08	25.75	74,023
February.....	26.38	25.72	286,646
January.....	26.00	25.35	63,011
December.....	25.65	24.99	114,404
November.....	25.50	24.76	149,218
October.....	25.56	25.10	350,281
September.....	25.62	25.04	97,074
August.....	25.49	24.99	266,739
July.....	25.17	24.64	94,677
June.....	25.03	24.50	139,261
May.....	24.99	24.51	157,483
April.....	24.94	23.81	143,198

On April 25, 2017, the last full trading day prior to the announcement of the Offering, the closing price of the Series G Shares on the TSX was \$25.89. On April 27, 2017, the last full trading day prior to the filing of this prospectus supplement, the closing price of the Series G Shares on the TSX was \$25.70.

USE OF PROCEEDS

The net proceeds to the Company from the Offering (after giving effect to the exercise in full of the Underwriters' Option) will be \$145,500,000 after deducting the maximum Underwriters' Fee of \$4,500,000 (assuming no Series I Shares are sold to institutional investors, which would result in a lower Underwriters' Fee) and before deducting expenses of the Offering. The expenses of the Offering are estimated to be approximately \$750,000 and will be paid from the general funds of the Company.

The Company intends to use the net proceeds of the Offering to fund the growth of Element's business and for general corporate purposes. The Company will have discretion in the actual application of the net proceeds. See "Risk Factors – The Company will have discretion with respect to the use of proceeds of this Offering."

DETAILS OF THE OFFERING

Description of the Series I Shares

The following is a summary of certain provisions of the Series I Shares as a series.

Definition of Terms

The following definitions are relevant to the Series I Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up to 0.00001%)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.64%, provided that, in any event, such rate shall not be less than 5.75%.

"Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page) for purposes of displaying Government of Canada Yields.

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, Ontario, for the transaction of banking business.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the Closing Date up to, but excluding, June 30, 2022.

“Subsequent Fixed Rate Period” means, for the initial Subsequent Fixed Rate Period, the period from and including June 30, 2022, up to, but excluding, June 30, 2027, and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, June 30 in the fifth year thereafter.

Issue Price

The Series I Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Series I Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.4375 per share. The initial dividend, if declared, will be payable on September 30, 2017 and will be \$0.58288 per Series I Share, based on the anticipated Closing Date of May 5, 2017.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series I Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Company as of the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding on the Company and all holders of Series I Shares. The Company will, on the Fixed Rate Calculation Date (or, if such day is not a Business Day, the immediately following Business Day), give written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period to the registered holders of the then outstanding Series I Shares.

Payments of dividends and other amounts in respect of the Series I Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series I Shares. As long as CDS, or its nominee, is the registered holder of the Series I Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series I Shares for the purpose of receiving payment on the Series I Shares. Payments of dividends and all other amounts in respect of the Series I Shares will be less any amounts deducted or withheld on account of tax.

Redemption

Except as noted below, the Series I Shares will not be redeemable by the Company prior to June 30, 2022. On June 30, 2022 and on June 30 every five years thereafter (or, if such date is not a Business Day, the next succeeding day that is a Business Day), and subject to applicable law, the terms of any shares that may rank prior to the Series I Shares, and the provisions described below under the heading “Description of the Series I Shares - Restrictions on Dividends and Retirement of Shares”, the Company may, at its option, on at least 30 days’ and not more than 60 days’ prior written notice, redeem all or any number of the outstanding Series I Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

If less than all of the outstanding Series I Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a *pro rata* basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series I Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series I Shares. See “Risk Factors”.

Conversion of Series I Shares into Series J Shares

Subject to applicable law and the right of the Company to redeem the Series I Shares as described above, each holder of Series I Shares will have the right, at its option, on June 30, 2022 and on June 30 every five years thereafter (each a “Series I Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of its Series I Shares into Series J Shares on the basis of one Series J Share for each Series I Share converted. If a Series I Conversion Date falls on a day that is not a Business Day, such Series I Conversion Date will be the immediately following Business Day. The conversion of Series I Shares may be effected upon written notice (each notice, an “Election Notice”) given by the registered holder of the Series I Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, the applicable Series I Conversion Date. Once received by the Company, an Election Notice is irrevocable. If the Company does not receive an Election Notice from a registered holder of Series I Shares during the time fixed therefor, the Series I Shares held by such registered holder shall be deemed not to have been converted (except in the case of a Series I Automatic Conversion).

The Company will, at least 30 days and not more than 60 days prior to the applicable Series I Conversion Date, give notice in writing to the then registered holders of the Series I Shares of the Series I Conversion Date and a form of Election Notice. On the 30th day prior to each Series I Conversion Date (or, if such day is not a Business Day, the immediately following Business Day), the Company will give notice in writing to the then registered holders of the Series I Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Quarterly Floating Dividend Rate applicable to the Series J Shares for the next succeeding Quarterly Floating Rate Period (as these terms are defined below).

If the Company gives notice to the registered holders of the Series I Shares of the redemption on a Series I Conversion Date of all the Series I Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series I Shares of the Annual Fixed Dividend Rate, the Quarterly Floating Dividend Rate or of the conversion right of holders of Series I Shares and the right of any holder of Series I Shares to convert such Series I Shares will cease and terminate in that event.

Holders of Series I Shares will not be entitled to convert their Series I Shares into Series J Shares if the Company determines that there would remain outstanding on a Series I Conversion Date fewer than 500,000 Series J Shares, after having taken into account all Election Notices in respect of Series I Shares tendered for conversion into Series J Shares and all Election Notices in respect of Series J Shares tendered for conversion into Series I Shares (the “Series I Conversion Restriction”). The Company will give notice in writing to all affected holders of Series I Shares of their inability to convert their Series I Shares at least seven days prior to the applicable Series I Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series I Conversion Date fewer than 500,000 Series I Shares, after having taken into account all Election Notices in respect of Series I Shares

tendered for conversion into Series J Shares and all Election Notices in respect of Series J Shares tendered for conversion into Series I Shares, then, all, but not part, of the remaining outstanding Series I Shares will be automatically converted into Series J Shares on the basis of one Series J Share for each Series I Share, on the applicable Series I Conversion Date (a “Series I Automatic Conversion”). The Company will give notice in writing to this effect to the then registered holders of such remaining Series I Shares at least seven days prior to the applicable Series I Conversion Date.

Upon exercise by a registered holder of its right to convert Series I Shares into Series J Shares (and upon a Series I Automatic Conversion), the Company reserves the right not to issue Series J Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under the heading “Description of the Series I Shares - Restrictions on Dividends and Retirement of Shares”, the Company may at any time purchase for cancellation all or any number of the Series I Shares outstanding from time to time at any price in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all holders of Series I Shares or by private agreement or otherwise.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series I Shares, the holders of the Series I Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series I Shares. Upon payment of such amounts, the holders of the Series I Shares will not be entitled to share in any further distribution of the assets of the Company.

Priority

The Series I Shares rank senior to the Company’s common shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series I Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series I Shares are outstanding, the Company will not, without the approval of the holders of the Series I Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking as to capital and dividends junior to the Series I Shares) on any shares of the Company ranking as to dividends junior to the Series I Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking as to capital and dividends junior to the Series I Shares, redeem or call for redemption,

purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking as to capital junior to the Series I Shares;

- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series I Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares ranking as to dividends or capital on a parity with the Series I Shares,

unless, in each such case, all accrued and unpaid dividends on the Series I Shares up to and including the dividend payable for the last completed period for which dividends were payable on the Series I Shares and on all other shares of the Company ranking prior to or on a parity with the Series I Shares with respect to the payment of dividends have been declared and paid or moneys set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series I Shares as a series and any other approval to be given by the holders of the Series I Shares may be given by a resolution signed by all holders of the Series I Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 10% of the outstanding Series I Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series I Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series I Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series I Share held by such holder.

Issue of Additional Series of Preferred Shares

The Company may issue other series of Preferred Shares ranking on a parity with the Series I Shares without the authorization of the holders of the Series I Shares.

Voting Rights

The holders of the Series I Shares will not (except as otherwise provided by law and, except as noted below, in respect of meetings of the holders of Preferred Shares as a class and meetings of holders of Series I Shares as a series) be entitled to receive notice of, attend, or vote at any meeting of shareholders of the Company, unless and until the Company shall have failed to pay four quarterly dividends on the Series I Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of such dividends. In the event the Company shall have failed to pay four quarterly dividends, and for only so long as any such dividends remain in arrears, the holders of the Series I Shares as at the applicable record date will be entitled to receive notice of and to attend each meeting of the Company's shareholders which takes place more than 60 days after the date on which such non-payment of the fourth quarterly dividend on the Series I Shares occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Company on the basis of one vote in respect of each Series I Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

Subject to applicable law, holders of the Series I Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Company to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series I Shares or (b) create a new class or series of shares equal or superior to the Series I Shares.

Tax Election

The Series I Shares will be “taxable preferred shares” as defined in the Tax Act. The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series I Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on such shares.

Business Day

If any action is required to be taken by the Company in relation to the Series I Shares on a day that is not a Business Day, then such action will be required to be taken on the next succeeding day that is a Business Day.

Description of the Series J Shares

The following is a summary of certain provisions attaching to the Series J Shares as a series.

Definition of Terms

The following definitions are relevant to the Series J Shares.

“Business Day” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, Ontario, for the transaction of banking business.

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Quarterly Commencement Date” means the last day of each of March, June, September and December in each year.

“Quarterly Floating Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up to 0.00001%)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.64% (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365).

“Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period from and including June 30, 2022 up to, but excluding, September 30, 2022, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Commencement Date.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date. Auction results are posted on the Reuters page BOCBILL.

Dividends

The holders of the Series J Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Quarterly Floating Dividend Rate by \$25.00.

The Quarterly Floating Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the applicable Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series J Shares. The Company will, on the relevant Floating Rate Calculation Date (or, if such day is not a Business Day, the immediately following Business Day), give written

notice of the Quarterly Floating Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series J Shares.

Payments of dividends and other amounts in respect of the Series J Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series J Shares. As long as CDS, or its nominee, is the registered holder of the Series J Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series J Shares for the purpose of receiving payment on the Series J Shares. Payments of dividends and all other amounts in respect of the Series J Shares will be less any amounts deducted or withheld on account of tax.

Redemption

Except as noted below, the Series J Shares will not be redeemable by the Company prior to June 30, 2027. Subject to applicable law, the terms of any shares that may rank prior to the Series J Shares, and the provisions described below under the heading “Description of the Series J Shares - Restrictions on Dividends and Retirement of Shares”, the Company may, at its option, on at least 30 days’ and not more than 60 days’ prior written notice, redeem all or any number of the outstanding Series J Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on June 30, 2027 and on June 30 every five years thereafter (each a “Series J Redemption Date”), or (ii) \$25.50 in the case of redemptions on any date which is not a Series J Redemption Date after June 30, 2022, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). If a Series J Redemption Date falls on a day that is not a Business Day, such Series J Redemption Date will be the next succeeding day that is a Business Day.

If less than all of the outstanding Series J Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a *pro rata* basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series J Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series J Shares. See “Risk Factors”.

Conversion of Series J Shares into Series I Shares

Subject to applicable law and the right of the Company to redeem the Series J Shares as described above, each holder of Series J Shares will have the right, at its option, on June 30, 2027 and on June 30 every five years thereafter (each a “Series J Conversion Date”), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of its Series J Shares into Series I Shares on the basis of one Series I Share for each Series J Share converted. If a Series J Conversion Date falls on a day that is not a Business Day, such Series J Conversion Date will be the immediately following Business Day. The conversion of Series J Shares may be effected upon an Election Notice given by the registered holder of the Series J Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, the applicable Series J Conversion Date. Once received by the Company, an Election Notice is irrevocable. If the Company does not receive an Election Notice from a registered holder of Series J Shares during the time fixed therefor, the Series J Shares held by such registered holder shall be deemed not have been converted (except in the case of a Series J Automatic Conversion (as defined herein)).

The Company will, at least 30 days and not more than 60 days prior to the applicable Series J Conversion Date, give notice in writing to the then registered holders of the Series J Shares of the Series J Conversion Date and a form of Election Notice. On the 30th day prior to each Series J Conversion Date (or, if such day is not a Business Day, the next following Business Day), the Company will give notice in writing to the then registered holders of Series J Shares of the Quarterly Floating Dividend Rate for the next Quarterly Floating Rate Period and of the Annual Fixed Dividend Rate applicable to the Series I Shares for the next Subsequent Fixed Rate Period.

If the Company gives notice to the registered holders of the Series J Shares of the redemption on a Series J Conversion Date of all the Series J Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series J Shares of the Annual Fixed Dividend Rate, the Quarterly Floating Dividend

Rate or of the conversion right of holders of Series J Shares and the right of any holder of Series J Shares to convert such Series J Shares will cease and terminate in that event.

Holders of Series J Shares will not be entitled to convert their shares into Series I Shares if the Company determines that there would remain outstanding on a Series J Conversion Date fewer than 500,000 Series I Shares, after having taken into account all Election Notices in respect of Series J Shares tendered for conversion into Series I Shares and all Election Notices in respect of Series I Shares tendered for conversion into Series J Shares (the “Series J Conversion Restriction”, and together with the Series I Conversion Restriction, the “Conversion Restrictions”). The Company will give notice in writing to all affected holders of Series J Shares of their inability to convert their Series J Shares at least seven days prior to the applicable Series J Conversion Date. Furthermore, if the Company determines that there would remain outstanding on a Series J Conversion Date fewer than 500,000 Series J Shares, after having taken into account all Election Notices in respect of Series J Shares tendered for conversion into Series I Shares and all Election Notices in respect of Series I Shares tendered for conversion into Series J Shares, then, all, but not part, of the remaining outstanding Series J Shares will be automatically converted into Series I Shares on the basis of one Series I Share for each Series J Share, on the applicable Series J Conversion Date (the “Series J Automatic Conversion”, and together with the Series I Automatic Conversion, an “Automatic Conversion”). The Company will give notice in writing to this effect to the then registered holders of such remaining Series J Shares at least seven days prior to the applicable Series J Conversion Date.

Upon exercise by a registered holder of its right to convert Series J Shares into Series I Shares (and upon a Series J Automatic Conversion), the Company reserves the right not to issue Series I Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under the heading “Description of the Series J Shares – Restrictions on Dividends and Retirement of Shares”, the Company may at any time purchase for cancellation all or any number of the Series J Shares outstanding from time to time at any price in the open market (including purchases from or through an investment dealer or a firm holding membership on or that is a participant of a recognized stock exchange) or by tender available to all holders of Series J Shares or by private agreement or otherwise.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series J Shares, the holders of the Series J Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any tax required to be deducted or withheld by the Company), before any amount is paid or any assets of the Company are distributed to the holders of any shares ranking junior as to capital to the Series J Shares. Upon payment of such amounts, the holders of the Series J Shares will not be entitled to share in any further distribution of the assets of the Company.

Priority

The Series J Shares rank senior to the Company’s common shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The Series J Shares rank on a parity with every other series of Preferred Shares of the Company with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series J Shares are outstanding, the Company will not, without the approval of the holders of the Series J Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Company ranking as to capital and dividends junior to the Series J Shares) on any shares of the Company ranking as to dividends junior to the Series J Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking as to capital and dividends junior to the Series J Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking as to capital junior to the Series J Shares;
- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series J Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares ranking as to dividends or capital on a parity with the Series J Shares;

unless, in each such case, all accrued and unpaid dividends on the Series J Shares up to and including the dividend payable for the last completed period for which dividends were payable on the Series J Shares and on all other shares of the Company ranking prior to or on a parity with the Series J Shares with respect to the payment of dividends have been declared and paid or moneys set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series J Shares as a series and any other approval to be given by the holders of the Series J Shares may be given by a resolution signed by all holders of the Series J Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 10% of the outstanding Series J Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series J Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series J Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series J Share held by such holder.

Issue of Additional Series of Preferred Shares

The Company may issue other series of Preferred Shares ranking on parity with the Series J Shares without the authorization of the holders of the Series J Shares.

Voting Rights

The holders of the Series J Shares will not (except as otherwise provided by law and, except as noted below, in respect of meetings of the holders of Preferred Shares as a class and meetings of holders of Series J Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Company, unless and until the Company shall have failed to pay four quarterly dividends on the Series J Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of such dividends. In the event the Company shall have failed to pay four quarterly dividends on the Series J Shares, and for only so long as any such dividends remain in arrears, the holders of the Series J Shares as at the applicable record date will be entitled to receive notice of and to attend each

meeting of the Company's shareholders which takes place more than 60 days after the date on which such non-payment of the fourth quarterly dividend on the Series J Shares occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Company on the basis of one vote in respect of each Series J Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

Subject to applicable law, holders of the Series J Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Company to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series J Shares or (b) create a new class or series of shares equal or superior to the Series J Shares.

Tax Election

The Series J Shares will be "taxable preferred shares" as defined in the Tax Act. The Company will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series J Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on such shares.

Business Day

If any action is required to be taken by the Company in relation to the Series J Shares on a day that is not a Business Day, then such action will be required to be taken on the next succeeding day that is a Business Day.

BOOK-ENTRY ONLY SYSTEM

The Series I Shares and Series J Shares will generally be issued in "book-entry only" form and must be purchased, transferred, converted or redeemed through participants ("Participants") in the depository service of CDS. Each of the Underwriters is a Participant or has arrangements with a Participant. On the Closing Date, the Company will cause to be delivered to the Underwriters the Series I Shares either in certificated or uncertificated form, registered in the name of CDS or such other name or names as the Underwriters may notify the Company. In general, no holder of Series I Shares or Series J Shares will be entitled to a certificate or other instrument from the Company or CDS evidencing that holder's ownership thereof, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of Series I Shares will receive a customer confirmation of purchase from the registered dealer from which the Series I Shares 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 Participants having interests in the Series I Shares and Series J Shares.

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

The Company has the option to terminate registration of the Series I Shares and Series J Shares through the book-based system, in which event certificates for Series I Shares and Series J Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

EARNINGS COVERAGE RATIO

Earnings coverage is equal to income before interest expense on all long-term debt, debentures, and income taxes, divided by interest expense on all long-term debt and debentures and dividend requirements. The following earnings coverage ratios are calculated on a consolidated basis for the twelve month period ended December 31, 2016 and are derived from the audited consolidated financial information of the Company incorporated by reference in this prospectus supplement.

Before giving effect to the Offering, for the twelve month period ended December 31, 2016: (i) the Company's dividend requirements, adjusted to a before-tax equivalent using the effective statutory income tax rate of the Company, were \$47.8 million; (ii) the Company's borrowing costs were \$482.5 million; and (iii) the Company's profit or loss before deducting borrowing costs and income taxes was \$864.2 million. For the twelve month period ended December 31, 2016, (i) the Company's dividend requirements for continuing operations, adjusted to a before-tax equivalent using the effective statutory income tax rate of the Company, were \$47.8 million; (ii) the Company's borrowing costs for continuing operations were \$360.8 million; and (iii) the Company's profit or loss for continuing operations before deducting borrowing costs and income taxes was \$550.7 million.

The following earnings coverage ratios for the Company are calculated on a consolidated basis for the twelve month period ended December 31, 2016, before giving effect to the Offering:

- Consolidated earnings coverage ratio for continuing and discontinued operations: 1.63 times the Company's borrowing cost requirements.
- Consolidated earnings coverage ratio for continuing operations only: 1.35 times the Company's borrowing cost requirements.

After giving pro forma effect to the Offering (including the exercise in full of the Underwriters' Option) to be distributed under this prospectus supplement, for the twelve month period ended December 31, 2016: (i) the Company's pro forma dividend requirements, adjusted to a before-tax equivalent using the effective statutory income tax rate of the Company, were \$59.6 million; (ii) the Company's borrowing costs were \$482.5 million; and (iii) the Company's profit or loss before deducting borrowing costs and income taxes was \$864.2 million. For the twelve month period ended December 31, 2016, (i) the Company's pro forma dividend requirements for continuing operations, adjusted to a before-tax equivalent using the effective statutory income tax rate of the Company, were \$59.6 million; (ii) the Company's borrowing costs for continuing operations were \$360.8 million; and (iii) the Company's profit or loss for continuing operations before deducting borrowing costs and income taxes was \$550.7 million.

The following earnings coverage ratios for the Company are calculated on a consolidated basis for the twelve month period ended December 31, 2016, after giving pro forma effect to the Offering (including the exercise in full of the Underwriters' Option):

- Consolidated earnings coverage ratio for continuing and discontinued operations: 1.59 times the Company's borrowing cost requirements.
- Consolidated earnings coverage ratio for continuing operations only: 1.31 times the Company's borrowing cost requirements.

CREDIT RATINGS

The Series I Shares have been rated Pfd-3 (high) by DBRS Limited ("DBRS"). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. DBRS's ratings for preferred shares range from a high of Pfd-1 (superior credit quality) to a low of D (default).

According to the DBRS rating system, securities rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. Generally, Pfd-3 ratings correspond with companies whose senior bonds are rated in the higher end of the BBB category. The Pfd-3 (high) rating that has been assigned to the Series I Shares is the third highest of six categories for preferred shares.

The credit rating accorded to the Series I Shares by DBRS is not a recommendation to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is

no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by DBRS in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series I Shares may negatively affect the quoted market price, if any, or value of such shares.

The Company paid fees to DBRS for the credit rating rendered on the Series I Shares. The Company has also paid fees to DBRS for a credit rating provided regarding the Company. Additional information relating to such other rating is included under the heading “Credit Ratings” in the AIF. Other than those payments made in respect of credit ratings, no additional payments have been made to DBRS for any other services provided to the Company during the past two years.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “Underwriting Agreement”) dated April 28, 2017, among the Company and the Underwriters, the Company has agreed to sell, and the Underwriters have severally, and not jointly or jointly and severally, agreed to purchase, as principals, subject to compliance with the terms and conditions contained therein and to all necessary legal requirements, on May 5, 2017, or such other date as may be agreed upon by the parties, all but not less than all of the 6,000,000 Series I Shares at an aggregate price of \$150,000,000 payable in cash to the Company against delivery of the Series I Shares. In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to \$0.25 per Series I Share sold to institutional investors and \$0.75 per share for all other Series I Shares purchased by the Underwriters for a total Underwriters’ Fee of \$4,500,000 (assuming that no sales are made to institutional investors). All fees payable to the Underwriters will be paid on account of services rendered in connection with the Offering and will be paid out of the proceeds of the Offering.

The aggregate 6,000,000 Series I Shares to be issued and sold includes 2,000,000 Series I Shares issuable pursuant to the exercise of the Underwriters’ Option granted by Element to the Underwriters, which was exercised in full prior to the filing of this prospectus supplement. Taking into account the exercise in full of the Underwriters’ Option, and before the deduction of expenses of the Offering estimated to be \$750,000, the price to the public, the Underwriters’ Fee (assuming that no sales are made to institutional investors) and the net proceeds to the Company will be \$150,000,000, \$4,500,000 and \$145,500,000, respectively. A purchaser who acquires Series I Shares issued pursuant to the exercise of the Underwriters’ Option acquires those Series I Shares under this prospectus supplement.

The Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events, including if: (a) *material adverse change* – in the opinion of the Underwriters, acting reasonably, there shall have occurred any material change or change in material fact in relation to the Company or there shall be discovered any previously undisclosed material fact and any new material fact in each case which would be expected to result in a material adverse effect on the business, operations or capital of the Company or have a material adverse effect on the market price or value of the Series I Shares or the common shares of the Company; (b) *disaster out* - there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including terrorism) or any law or regulation which, in the opinion of the Underwriters, acting reasonably, materially adversely affects or involves, or might reasonably be expected to materially adversely affect or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries, taken as a whole; (c) *regulatory out* - any inquiry, action, investigation or other proceeding (whether formal or informal) is made, announced or threatened or any order is issued by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, regulatory authority or other instrumentality including the TSX or any securities regulatory authority involving the Company’s securities, directors or officers (except for any inquiry, action, investigation or other proceeding based upon activities of the Underwriters and not upon activities of the Company) or any law or regulation is enacted or changed which, in the opinion of the Underwriters, acting reasonably, prevents or restricts trading in or the distribution of the Series I Shares or materially and adversely affects or might reasonably be expected to materially and adversely affect the market price or value of the Series I Shares or the common shares of the Company; (d) *cease trade* - trading in any securities of the Company has been, or is threatened to be, suspended by any securities commission in the provinces of Canada or the TSX; or (e) *breach* – the Company is in breach of any term, condition or covenant of the Underwriting Agreement or any representation or warranty given by the

Company in the Underwriting Agreement becomes or is false. The Underwriters are, however, obligated to take up and pay for all the Series I Shares if any Series I Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series I Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series I Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Series I Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the Underwriting Agreement, Element has agreed that it will not, directly or indirectly, for a period of 90 days following the Closing Date, issue or announce the issue of any Series I Shares, Series J Shares, other preferred shares or any securities or other financial instruments convertible into or exchangeable for or exercisable to acquire Series I Shares, Series J Shares or other preferred shares without the prior written consent of BMO (on behalf of the Underwriters), such consent not to be unreasonably withheld or delayed, or enter into any into any agreement or arrangement under which the Company acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of Series I Shares, Series J Shares or other preferred shares, whether that agreement or arrangement may be settled by the delivery of Series I Shares, Series J Shares, other preferred shares or other securities or cash or agree to become bound to do so, or disclose to the public any intention to do so.

The Underwriters propose to offer the Series I Shares initially at the offering price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series I Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series I Shares is less than the price paid by the Underwriters to the Company.

The determination of the terms of the distribution, including the issue price of the Series I Shares, was made through negotiations between the Company and the Joint Bookrunners on behalf of the Underwriters.

The summary of certain provisions of the Underwriting Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the provisions of the Underwriting Agreement, a copy of which has been filed with the securities commissions in Canada and is available on SEDAR at www.sedar.com.

The TSX has conditionally approved the listing of the Series I Shares and Series J Shares described in this prospectus supplement. Listing of the Series I Shares is subject to the Company fulfilling all of the requirements of the TSX on or before July 28, 2017, including distribution of a minimum dollar value of Series I Shares. Listing of the Series J Shares at the end of the Initial Fixed Rate Period is subject to the Company fulfilling all of the requirements of the TSX, including the public distribution requirements for the Series J Shares at that time.

The Series I Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act).

RELATIONSHIP BETWEEN ELEMENT AND CERTAIN UNDERWRITERS

BMO is a co-administrative agent of the Fleet Lease Receivables Securitization Program and administrator of an asset backed conduit that is an investor in the Fleet Lease Receivables Securitization Program. BMO is an affiliate of a Canadian Schedule I bank (i) that is the agent and a member of the lending syndicate to the Company under the Senior Credit Facility; (ii) that is a hedge counterparty to the Fleet Lease Receivables Securitization Program; and (iii) that guarantees the purchase commitments of an asset backed conduit administered by BMO that is an investor

in the Fleet Lease Receivables Securitization Program. Consequently, the Company may be considered a “connected issuer” to BMO within the meaning of National Instrument 33-105 - *Underwriting Conflicts* (“NI 33-105”).

In addition, CIBC is an affiliate of a Canadian Schedule I bank (i) that is a member of the lending syndicate to the Company under the Senior Credit Facility; (ii) that is a co-administrative agent of the Fleet Lease Receivables Securitization Program; (iii) that is an investor in the Fleet Lease Receivables Securitization Program; (iv) that is the funding agent of asset backed conduits that are investors in the Fleet Lease Receivables Securitization Program; and (v) that is a hedge counterparty to the Fleet Lease Receivables Securitization Program. Consequently, the Company may be considered a “connected issuer” to CIBC within the meaning of NI 33-105.

In addition, each of NBF and RBC is an affiliate of a Canadian Schedule I bank (i) that is a member of the lending syndicate to the Company under the Senior Credit Facility; and (ii) that is the funding agent of an asset backed conduit that is an investor in the Fleet Lease Receivables Securitization Program. Consequently, the Company may be considered a “connected issuer” to each of NBF and RBC within the meaning of NI 33-105.

In addition, each of TD and Desjardins is an affiliate of a Canadian Schedule I bank that is a member of the lending syndicate to the Company under the Senior Credit Facility. Consequently, the Company may also be considered a “connected issuer” to TD and Desjardins within the meaning of NI-33-105.

In addition, HSBC is an affiliate of a Canadian chartered bank that is a member of the lending syndicate to the Company under the Senior Credit Facility. Consequently, the Company may also be considered a “connected issuer” to HSBC within the meaning of NI-33-105.

In addition, each of BMO, CIBC, NBF, RBC, TD and HSBC, their affiliates and conduits sponsored by them or their affiliates is a lender to a U.S. affiliate of the Company under the U.S. Fleet Securitization Programs.

As at March 31, 2017, there was approximately (i) US\$2.6 billion outstanding under the Senior Credit Facility, (ii) US\$3.76 billion (lender-portion only) outstanding under the U.S. Fleet Securitization Programs, and (iii) \$1.3 billion outstanding under the Fleet Lease Receivables Securitization Program.

The Company is in compliance with the terms of the Senior Credit Facility and, since the execution of the Senior Credit Facility, there has been no breach or waiver of a breach of the Senior Credit Facility. The Senior Credit Facility is secured by all of the undertaking and property of the Company pursuant to a general security agreement. The financial position of the Company has not changed in any material adverse manner since the Senior Credit Facility was entered into.

The Company and the affiliates of the Company are in compliance with the terms of the Fleet Lease Receivables Securitization Program and, since the execution of the Fleet Lease Receivables Securitization Program, there has been no breach or waiver of a breach of the terms of the Fleet Lease Receivables Securitization Program. The financial position of the Company has not changed in any material adverse manner since the Fleet Lease Receivables Securitization Program was entered into.

The Company and the affiliates of the Company are in compliance with the terms of the U.S. Fleet Securitization Programs and, since the execution of the U.S. Fleet Securitization Programs, there has been no breach or waiver of a breach of the U.S. Fleet Securitization Programs. The financial position of the Company has not changed in any material adverse manner since the U.S. Fleet Securitization Programs was entered into.

The determination of the terms of the distribution, including the issue price of the Series I Shares, was made through negotiations between the Company and the Joint Bookrunners on behalf of the Underwriters. The lenders or investors, as applicable, under any of the Senior Credit Facility, the Fleet Lease Receivables Securitization Program and the U.S. Fleet Securitization Programs did not have any involvement in such decision or determination, but have been advised of the issuance and terms thereof.

The net proceeds from the Offering have not and will not be applied for the benefit of any lenders to or investors or counterparties under any of the Senior Credit Facility, the Fleet Lease Receivables Securitization Program and the

U.S. Fleet Securitization Programs. As a consequence of this issuance, each of BMO, CIBC, NBF, RBC, TD, Desjardins and HSBC received their respective proportionate share of the Underwriters' Fee.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters (collectively, "Legal Counsel"), the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to the acquisition, holding and disposition of Series I Shares and Series J Shares by a holder who acquires, as beneficial owner, Series I Shares pursuant to the Offering and Series J Shares on a conversion of Series I Shares acquired pursuant to the Offering (for purposes of this section, collectively, the "Subject Securities") and who, for purposes of the Tax Act and at all relevant times, holds the Subject Securities as capital property, deals at arm's length with the Company and the Underwriters and is not affiliated with the Company or the Underwriters (a "Holder"). Generally, Subject Securities will be considered to be capital property to a Holder provided the Holder does not hold the Subject 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.

This summary is not applicable to a holder (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, or (v) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to Subject Securities. **Any such holder should consult its own tax advisor with respect to an investment in Subject Securities.** This summary does not address the possible application of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act to a holder that is a corporation resident in Canada and that is or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that include the acquisition of Subject Securities, controlled by a non-resident corporation for the purposes of section 212.3 of the Tax Act. Such holders should consult their own tax advisors with respect to the possible application of these rules. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money or otherwise incurred debt in connection with the acquisition of any Subject 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 prior to the date hereof (the "Proposed Amendments") and Legal Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, governmental or judicial action or decision, 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 holder or prospective holder of Subject Securities, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Subject Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Series I Shares pursuant to this Offering or Series J Shares pursuant to the conversion thereof, having regard to their particular circumstances.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "Canadian Holder"). Certain holders of Series I Shares or Series J Shares who are residents of Canada and who might not otherwise be considered to hold their Series I Shares and Series J Shares as capital property may, in certain circumstances, be entitled to have the Series I Shares or Series J Shares, and all other

“Canadian securities” (as defined in the Tax Act) owned by such holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Canadian Holders should consult their own tax advisors regarding this election.

Taxation of Canadian Holders of Series I Shares and Series J Shares

Dividends on Series I Shares and Series J Shares

Dividends received or deemed to be received on the Series I Shares or the Series J Shares by a Canadian Holder who is an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends (including deemed dividends) designated by the Company as “eligible dividends” in accordance with the Tax Act. Dividends received or deemed to be received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Dividends received or deemed to be received on the Series I Shares or the Series J Shares by a Canadian Holder that is a corporation will be included in computing its income and will generally be deductible in computing its taxable income, subject to the detailed rules in the Tax Act. In certain circumstances, however, a dividend received (or deemed to be received) by a Canadian Holder that is a corporation may be deemed to be a capital gain, or proceeds of a disposition potentially giving rise to a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances. A “private corporation”, as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series I Shares and the Series J Shares to the extent such dividends are deductible in computing its taxable income.

The Series I Shares and the Series J Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series I Shares and the Series J Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series I Shares or the Series J Shares.

Dispositions of Series I Shares and Series J Shares

A Canadian Holder who disposes of or is deemed to dispose of a Series I Share or a Series J Share (including on a redemption or other acquisition by the Company for cash, but not on conversion of Series I Shares into Series J Shares or Series J Shares into Series I Shares, as the case may be) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to such Canadian Holder. For this purpose, the adjusted cost base to a Canadian Holder of Series I Shares will be determined at any time by averaging the cost of such Series I Shares with the adjusted cost base of any other Series I Shares owned by the Canadian Holder as capital property immediately before that time. Similarly, the adjusted cost base to a Canadian Holder of Series J Shares will be determined at any time by averaging the cost of such Series J Shares with the adjusted cost base of any other Series J Shares owned by the Canadian Holder as capital property immediately before that time. The amount of any deemed dividend arising on the redemption or purchase for cancellation by the Company of Series I Shares or Series J Shares, as the case may be, will not generally be included in computing the proceeds of disposition to a Canadian Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Holders Resident in Canada – Taxation of Canadian Holders of Series I Shares and Series J Shares – Redemption of Series I Shares and Series J Shares” below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “taxable capital gain”) realized by a Canadian Holder in a taxation year must be included in the Canadian Holder’s income for the year, and one-half of any capital loss (an “allowable capital loss”) realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized

by the Canadian Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Series I Share or Series J Share may be reduced by the amount of dividends received or deemed to be received by it on such Series I Share or Series J Share, as the case may be (or on any shares which were converted into or exchanged for such Series I Share or Series J Share, as the case may be) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Series I Shares or Series J Shares, directly or indirectly, through a partnership or a trust.

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

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

Redemption of Series I Shares and Series J Shares

If the Company redeems or otherwise acquires a Series I Share or a Series J Share, as the case may be, other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market, or a conversion as discussed below, the Canadian Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital (as determined for purposes of the Tax Act) of such share at such time. See “Holders Resident in Canada – Taxation of Canadian Holders of Series I Shares and Series J Shares – Dividends on Series I Shares and Series J Shares” above. Generally, the difference between the amount paid by the Company and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share. See “Holders Resident in Canada – Taxation of Canadian Holders of Series I Shares and Series J Shares – Dispositions of Series I Shares and Series J Shares” above. In the case of a corporate Canadian Holder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition potentially giving rise to a capital gain, or as a capital gain, and not as a dividend.

Conversion of Series I Shares and Series J Shares

The conversion of a Series I Share into a Series J Share or a Series J Share into a Series I Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a Canadian Holder of a Series J Share or Series I Share, as the case may be, received on the conversion will be deemed to be equal to the Holder’s adjusted cost base of the converted Series I Share or Series J Share, as the case may be, immediately before the conversion and will be subject to cost averaging as described under “Holders Resident in Canada – Taxation of Canadian Holders of Series I Shares and Series J Shares – Dispositions of Series I Shares and Series J Shares” above.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act (i) is neither resident nor deemed to be resident in Canada, and (ii) does not, and is not deemed to, use or hold Subject Securities in a business carried on in Canada (a “Non-Canadian Holder”). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere.

Taxation of Non-Canadian Holders of Series I Shares and Series J Shares

Dividends on Series I Shares and Series J Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Series I Shares or Series J Shares, as the case may be, to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Canadian Holder is entitled to the benefits of, between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Series I Shares and Series J Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition of a Series I Share or Series J Share unless such share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Series I Shares or Series J Shares, as the case may be, are then listed on a designated stock exchange (which currently includes the TSX), the Series I Shares or Series J Shares, as the case may be, generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Series I Shares or Series J Shares, as the case may be: (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm's length, (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Series I Shares or Series J Shares, as the case may be, was derived directly or indirectly from one or any combination of: (w) real or immovable property situated in Canada; (x) Canadian resource properties; (y) timber resource properties; (z) options in respect of, or interests in or for civil law rights in, property described in (w) to (y). A Non-Canadian Holder contemplating a disposition of Series I Shares or Series J Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Redemption of Series I Shares and Series J Shares

If the Company redeems or otherwise acquires a Series I Share or a Series J Share, as the case may be, other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market, or a conversion as discussed below, from a Non-Canadian Holder of the Series I Share or Series J Share, as the case may be, a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital of such share (as determined for purposes of the Tax Act) at such time will be deemed to have been paid or credited to such Non-Canadian Holder of such share. See "Holders Not Resident in Canada – Taxation of Non-Canadian Holders of Series I Shares and Series J Shares – Dividends on Series I Shares and Series J Shares" above. Generally, the difference between the amount paid on redemption and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing any capital gain or loss arising on the disposition of such shares which would be relevant where such shares were "taxable Canadian property". See "Holders Not Resident in Canada – Taxation of Non-Canadian Holders of Series I Shares and Series J Shares – Dispositions of Series I Shares and Series J Shares" above.

Conversion of Series I Shares and Series J Shares

The conversion of a Series I Share into a Series J Share or a Series J Share into a Series I Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force as of the date hereof, the Series I Shares and Series J Shares, provided they are listed on a designated stock exchange (which currently includes the TSX) or provided the Company is a "public corporation" for purposes of the Tax Act, if issued on the date of this prospectus

supplement, would be on such date qualified investments under the Tax Act for a trust governed by an RRSP, an RRIF, a RESP, a DPSP, a RDSP or a TFSA.

The Series I Shares and the Series J Shares will not be a “prohibited investment” for trusts governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm’s length with the Company for purposes of the Tax Act or (ii) has a “significant interest”, as defined in the Tax Act, in the Company. In addition, the Series I Shares and Series J Shares will not be a “prohibited investment” if the Series I Shares and Series J Shares (as applicable) are “excluded property”, as defined in the Tax Act, for trusts governed by a TFSA, RRSP or RRIF. Pursuant to the Proposed Amendments, the above rules in respect of “prohibited investments” (including the rules relating to “excluded property”) are also proposed to apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof. Holders, subscribers or annuitants should consult their own tax advisors with respect to whether the Series I Shares or Series J Shares would be prohibited investments, including with respect to whether the Series I Shares and Series J Shares would be “excluded property”.

RISK FACTORS

An investment in the Series I Shares and Series J Shares offered hereunder involves certain risks. In addition to the other information contained in this Prospectus, and in the documents incorporated by reference in the Prospectus, prospective purchasers of Series I Shares and Series J Shares should consider carefully the risk factors set forth below as well as the risk factors referenced under the heading “Risk Factors” in the AIF.

The Company will have discretion with respect to the use of proceeds of this Offering.

The Company currently intends to allocate the net proceeds received from this Offering as described under “Use of Proceeds”. However, the Company will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under “Use of Proceeds” if determined to be in the Company’s best interests to do so. Furthermore, as at the date hereof, the Company has no definitive plans for the expenditure of the net proceeds of this Offering and there can be no assurance as to how such funds may be expended. Holders of Series I Shares and Series J Shares may not agree with the manner in which Element chooses to allocate and spend the net proceeds of this Offering. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company’s business.

Completion of the Offering is subject to conditions.

The completion of the Offering remains subject to completion of definitive binding documentation and satisfaction of a number of conditions, including approval of the Offering by the TSX. There can be no certainty that the Offering will be completed.

There is currently no market through which the Series I Shares or Series J Shares may be sold.

There is currently no market through which the Series I Shares or Series J Shares may be sold and purchasers of Series I Shares may not be able to resell the Series I Shares or Series J Shares. The price offered to the public for the Series I Shares and the number of Series I Shares to be issued have been determined by negotiations among the Company and the Underwriters. The price paid for each Series I Share may bear no relationship to the price at which the Series I Shares will trade in the public market subsequent to this Offering. The Company cannot predict at what price the Series I Shares will trade and there can be no assurance that an active trading market will develop for the Series I Shares or, if developed, that such market will be sustained. The TSX has conditionally approved the listing of the Series I Shares and Series J Shares described in this prospectus supplement. Listing of the Series I Shares is subject to the Company fulfilling all of the requirements of the TSX on or before July 28, 2017, including distribution of a minimum dollar value of Series I Shares. Listing of the Series J Shares at the end of the Initial Fixed Rate Period is subject to the Company fulfilling all of the requirements of the TSX, including the public distribution requirements for the Series J Shares at that time.

The market price of the Series I Shares and Series J Shares may be volatile which may affect the ability to sell at an advantageous price.

The market price of the Series I Shares and Series J Shares may fluctuate due to a variety of factors relative to the Company's business, including announcements of new developments, fluctuations in the Company's operating results, sales of the Series I Shares and Series J Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the general creditworthiness of the Company, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series I Shares and Series J Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance.

Prevailing yields on similar securities will affect the market value of the Series I Shares and Series J Shares. Assuming all other factors remain unchanged, the market value of the Series I Shares and Series J Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series I Shares and Series J Shares in an analogous manner.

The declaration of dividends on the Series I Shares and the Series J Shares is at the discretion of the Board of Directors of the Company and is subject to applicable law.

Holders of Series I Shares and Series J Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if the Company has sufficient funds, net of its liabilities, to pay such dividends.

The Company may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Company will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Company under guarantees in respect of which a demand for payment has been made. See "Consolidated Capitalization".

As well, dividends on the Series I Shares and Series J Shares may not be paid when the Senior Credit Facility is in default or when any such dividend would cause a default under the Senior Credit Facility.

Creditors of the Company rank ahead of holders of Series I Shares and Series J Shares in the event of an insolvency or winding-up of the Company.

Creditors of the Company would rank ahead of holders of Series I Shares and Series J Shares in the event of an insolvency or winding-up of the Company. If the Company becomes insolvent or is wound-up, the Company's assets must be used to pay debt, including inter-company debt, before payments may be made on Series I Shares, Series J Shares and other Preferred Shares, if and when issued. The Series I Shares and the Series J Shares rank equally with other Preferred Shares that may be outstanding in the event of an insolvency or winding-up of the Company.

Element may redeem Series I Shares and Series J Shares without the holder's consent.

The Company may choose to redeem the Series I Shares and the Series J Shares from time to time, in accordance with its rights described under "Description of the Series I Shares – Redemption" and "Description of the Series J Shares – Redemption", including when prevailing interest rates are lower than the yields borne by the Series I Shares and the Series J Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yields on the Series I Shares or the Series J Shares being redeemed. The Company's redemption right may also adversely impact a purchaser's ability to sell Series I Shares and Series J Shares.

The Series I Shares and the Series J Shares may be converted without the holder's consent in certain circumstances.

An investment in the Series I Shares, or in the Series J Shares, as the case may be, may become an investment in Series J Shares, or in Series I Shares, respectively, without the consent of the holder in the event of an Automatic Conversion. Upon a Series I Automatic Conversion, the dividend rate on the Series J Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon a Series J Automatic Conversion, the dividend rate on the Series I Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series I Shares into Series J Shares, and vice versa pursuant to the Conversion Restrictions.

The Series I Shares and Series J Shares do not have a fixed maturity date, may not be redeemed at the holder's option and may be liquidated by the holder only in limited circumstances.

The Series I Shares and Series J Shares do not have a fixed maturity date or fixed redemption date and are not redeemable or retractable at the option of a holder of Series I Shares or Series J Shares, as applicable. The ability of a holder to liquidate its holdings of Series I Shares and Series J Shares, as applicable, may be limited.

The dividend rates on the Series I Shares and the Series J Shares will reset.

The dividend rate in respect of the Series I Shares will reset on June 30, 2022 and on June 30 every five years thereafter. The dividend rate in respect of the Series J Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period; provided that, in respect of the Series I Shares, for any Subsequent Fixed Rate Period, such dividend rate will not be less than 5.75%.

Investments in the Series J Shares, given their floating interest component, entail risks not associated with investments in the Series I Shares.

Investments in the Series J Shares, given their floating interest component, entail risks not associated with investments in the Series I Shares. The resetting of the applicable rate on a Series J Share may result in a lower dividend compared to fixed rate Series I Shares. The applicable rate on a Series J Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control.

Credit Risk

The likelihood that holders of either Series I Shares or Series J Shares will receive payments owing to them under the terms of such shares will depend on the financial health of the Company and its creditworthiness. Accordingly, there is no assurance that the Company will have sufficient capital to make the dividend payments owing to the holders of Series I Shares or Series J Shares, as the case may be.

Credit Ratings

The credit rating applied to the Series I Shares is an assessment, by DBRS, of the Company's ability to pay its obligations. The credit rating is based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Changes in credit ratings of the Series I Shares may affect the market price or value and the liquidity of the Series I Shares. There is no assurance that any credit rating assigned to the Series I Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See the section titled "Credit Ratings" in this prospectus supplement.

Holders of the Series I Shares and the Series J Shares do not have voting rights except under limited circumstances.

Holders of Series I Shares and Series J Shares will generally not have voting rights at meetings of the shareholders of the Company except under limited circumstances. Holders of Series I Shares and Series J Shares will have no right to elect the Board of Directors of the Company. See “Description of the Series I Shares” and “Description of the Series J Shares”.

LEGAL MATTERS

Certain legal matters relating to the Offering and this prospectus supplement will be passed upon by Blake, Cassels & Graydon LLP on behalf of Element and Osler, Hoskin & Harcourt LLP on behalf of the Underwriters.

INTEREST OF EXPERTS

As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, own, directly or indirectly, less than 1% of each class of outstanding securities of the Company. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially own, directly or indirectly, less than 1% of each class of outstanding securities of the Company.

Ernst & Young LLP, Chartered Professional Accountants, Toronto, Ontario, as auditors of the Company, has advised the Company that it is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company’s external auditors are Ernst & Young LLP, Chartered Professional Accountants and Licensed Public Accountants, located at 222 Bay Street, Toronto, Ontario, M5K 1J7.

The transfer agent, dividend paying agent and registrar for the Series I Shares and Series J Shares will be Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

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, 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 advisor.

CERTIFICATE OF THE UNDERWRITERS

Date: April 28, 2017

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 of Canada.

**BMO
NESBITT
BURNS INC.**

*(Signed) John
Coke*

**CIBC WORLD
MARKETS
INC.**

*(Signed) Shannan
M. Levere*

**NATIONAL
BANK
FINANCIAL
INC.**

*(Signed) Maude
Leblond*

**RBC
DOMINION
SECURITIES
INC.**

*(Signed) John
Bylaard*

**TD
SECURITIES
INC.**

*(Signed) Jonathan
Broer*

**CORMARK
SECURITIES
INC.**

*(Signed) Alfred
Avanessy*

**DESJARDINS
SECURITIES
INC.**

*(Signed) Wes
Fulford*

**GMP
SECURITIES
L.P.**

*(Signed) Harris
Fricker*

**HSBC
SECURITIES
(CANADA)
INC.**

*(Signed) Jay
Lewis*

**RAYMOND
JAMES LTD.**

*(Signed) Sean C.
Martin*