

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws. Accordingly, these securities may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act (the “United States”)) except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable United States state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer of Cineplex Inc. at 1303 Yonge Street, Toronto, Ontario, Canada, M4T 2Y9, (416) 323-6600, and are also available electronically on SEDAR at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

July 9, 2020



CINEPLEX INC.

\$275,000,000

5.75% Convertible Unsecured Subordinated Debentures

Price: \$1,000 per Debenture

This short form prospectus (the “**Prospectus**”) of Cineplex Inc. (“**Cineplex**” or the “**Company**”) qualifies the distribution (the “**Offering**”) of \$275,000,000 aggregate principal amount of convertible unsecured subordinated debentures of the Company (the “**Debentures**”) due September 30, 2025 (the “**Maturity Date**”) at a price of \$1,000 per Debenture (the “**Offering Price**”). The Debentures will bear interest from the date of issue at an annual rate of 5.75%, payable semi-annually on September 30 and March 31 in each year, commencing September 30, 2020. The September 30, 2020 interest payment will represent accrued interest for the period from the closing of the Offering to September 30, 2020.

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to Cineplex⁽²⁾
Per Debenture.....	\$1,000	\$37.50	\$962.50
Total ⁽³⁾	\$275,000,000	\$10,312,500	\$264,687,500

Notes:

- (1) The Underwriters’ fee (the “**Underwriters’ Fee**”) is equal to 3.75% of the principal amount of the offered Debentures.
- (2) After deducting the Underwriters’ Fee but before deducting the expenses of the Offering estimated to be \$1,000,000.
- (3) The Company has granted to the Underwriters (as defined herein) an option (the “**Over-Allotment Option**”), exercisable in whole or in part, at any time, until the date that is 30 days following the closing date of the Offering, which is expected to occur on or about July 15, 2020 (the “**Closing Date**”) or such other date as the Company and the Underwriters may agree, but in any event no later than July 29, 2020, to purchase up to \$41,250,000 aggregate principal amount of Debentures (which is equal to 15% of the aggregate principal amount of the Debentures offered in the Offering) on the same terms as set forth above solely to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ Fee and net proceeds to Cineplex (before deducting the expenses of the Offering) will be \$316,250,000, \$11,859,375 and \$304,390,625, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option and the issuance of Debentures on the exercise of the Over-Allotment Option. A purchaser who acquires Debentures forming part of the Underwriters’

over-allocation position acquires those Debentures under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

Underwriters’ Position	Maximum Size or Number of Debentures Available	Exercise Period	Exercise Price
Over-Allotment Option	\$41,250,000 aggregate principal amount of Debentures	At any time until the date that is 30 days following the Closing Date	\$1,000 per Debenture

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus. 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*”.

The outstanding common shares of the Company (the “**Common Shares**”) are listed for trading on the Toronto Stock Exchange (“**TSX**”) under the symbol “**CGX**”. The price of the Common Shares on the TSX at the close of business on July 8, 2020 (the last Trading Day (as defined herein) prior to the date of this Prospectus) was \$8.58 per Common Share. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the Over-Allotment Option) and the Common Shares issuable upon the conversion, redemption or maturity of the Debentures (including the Common Shares issuable as a conversion premium in the event of a Cash Change of Control (as defined herein)) on the TSX. Listing is subject to the Company fulfilling all of the listing requirements of the TSX on or before October 7, 2020. The Debentures are not currently listed on the TSX or any other exchange.

Debenture Conversion Privilege

Each Debenture will be convertible into Common Shares at the option of the holder at any time prior to the close of business on the earlier of (i) five business days prior to the Maturity Date, and (ii) if called for redemption, five business days immediately preceding the date fixed for redemption of the Debentures, at a conversion price of \$10.94 per Common Share, being a conversion rate of approximately 91.4077 Common Shares for each \$1,000 principal amount of Debentures (the “**Conversion Price**”), subject to adjustment in certain events in accordance with the trust indenture (the “**Indenture**”) to be entered into on the Closing Date between the Company and AST Trust Company (Canada) (the “**Debenture Trustee**”). Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from, and including, the last Interest Payment Date (as defined herein) to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debenture may be converted during the five business days preceding an Interest Payment Date. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price upon the occurrence of certain events, are set out under “*Description of the Debentures — Conversion Privilege*”.

The Debentures will not be redeemable by the Company prior to September 30, 2023 (the “**First Call Date**”). On and after the First Call Date and prior to September 30, 2024, the Debentures will be redeemable at the Company’s option, in whole or in part, from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the Current Market Price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after September 30, 2024 and prior to the Maturity Date, the Debentures will be redeemable at the Company’s option, in whole or in part, from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days’ and not less than 30 days’ prior written notice.

Subject to any required regulatory approvals and provided that no Event of Default (as defined herein) has occurred and is continuing, the Company may, at its option, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured, on not more than 60 days’ and not less than 30 days’ prior notice, by issuing that number of freely-tradeable Common Shares obtained by dividing the principal amount of the Debentures that are to be redeemed or that have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as applicable. See “*Description of the Debentures — Payment upon Redemption or Maturity*”. In addition, subject to any required regulatory approvals and provided

that no Event of Default has occurred and is continuing, freely-tradeable Common Shares may be issued to the Debenture Trustee and sold, with the proceeds used to satisfy the Company's obligation to pay interest on the Debentures. See "*Description of the Debentures — Interest Payment Election*".

Within 30 days following the occurrence of a Change of Control (as defined herein), the Company will be required to make an offer to purchase the Debentures (an "**Offer to Purchase**") for a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but excluding, the date of purchase (the "**Offer Price**"). Holders of Debentures may accept this offer in whole or in part. See "*Description of the Debentures — Change of Control*".

The price of the Debentures offered under this Prospectus was determined by negotiation between the Company and Scotia Capital Inc. (the "**Lead Underwriter**"), BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc. and TD Securities Inc. (collectively with the Lead Underwriter, the "**Underwriters**"). A bank affiliate of each of the Underwriters is a lender to the Company and certain of its subsidiaries under the Credit Agreement (as defined herein). Consequently, the Company may be considered a "connected issuer" of each of the Underwriters under applicable Canadian securities laws. The net proceeds of the Offering will directly benefit the bank affiliates of the Underwriters as the Company will use such net proceeds to repay indebtedness under the Credit Facilities (as defined herein), of which \$100 million would be treated as a permanent reduction under the Term Facility (as defined herein). See "*Relationship between the Company and the Underwriters*". The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when created, sold and delivered by the Company and accepted by the Underwriters in accordance with the conditions of the underwriting agreement dated July 8, 2020 between the Company and the Underwriters (the "**Underwriting Agreement**") referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Torys LLP.

After the Underwriters have made reasonable efforts to sell all of the Debentures at the Offering Price (as defined herein), such price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. Any such reduction will not affect the proceeds received by the Company. See "*Plan of Distribution*".

The Company's earnings coverage ratio for the 12-month period ended March 31, 2020 was (0.86). The Company's earnings coverage ratio for the 12-month period ended March 31, 2020 after adjustment to give effect to the completion of the Offering (assuming the Over-Allotment Option is not exercised), the issuance, repayment, redemption and retirement of all financial liabilities since March 31, 2020, and the repayment or redemption of all financial liabilities with the proceeds of the Offering would be (0.77). See "*Earnings Coverage Ratios*".

There are certain risks inherent in an investment in the Debentures, in the Common Shares issuable on the conversion, redemption or maturity, as the case may be, of the Debentures, and in Cineplex's business. Prospective investors should carefully consider these risks before purchasing Debentures. See "*Risk Factors*".

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. The Debentures will be available in book-entry only form through the facilities of CDS Clearing and Depository Services Inc. ("**CDS**") as registered global securities and will be deposited with CDS on the Closing Date, which is expected to occur on July 15, 2020, or such other date as the Company and the Underwriters may agree, but in any event no later than July 29, 2020. Holders of beneficial interests in the Debentures will not have the right to receive physical certificates evidencing their ownership of Debentures. See "*Plan of Distribution*".

The head and registered office of the Company is located at 1303 Yonge Street, Toronto, Ontario, Canada, M4T 2Y9.

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GENERAL MATTERS

You should rely only on the information contained in or incorporated by reference in this Prospectus or to which the Company has referred you to. The Company has not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

The Company publishes its consolidated financial statements in Canadian dollars. In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

When used in this Prospectus, “net cash burn” is calculated as adjusted EBITDAaL less cash interest, less current tax expense and less net capital expenditures. Net cash burn assumes that all of the Company’s theatres and location-based entertainment (“LBE”) venues remain closed, current government wage subsidies continue in place (which is currently only the case until August 29, 2020 with respect to the CEWS (as defined herein)) and certain rent abatements and other rent savings currently being negotiated are implemented as expected by management.

When used in this Prospectus, the terms “profitable” and “profitability” refer to the Company being EBITDAaL positive for the relevant period.

The reports of PricewaterhouseCoopers LLP included or incorporated by reference in this Prospectus refer exclusively to the historical financial statements described therein and do not extend to the prospective financial information included in this Prospectus and should not be read to do so.

Caution Concerning Non-GAAP Financial Measures

Cineplex reports on certain non-GAAP measures that are used by management to evaluate the performance of Cineplex. In addition, non-GAAP measures are used in measuring compliance with debt covenants. Because non-GAAP measures do not have standardized meanings, securities regulations require that non-GAAP measures be

clearly defined and qualified, and reconciled to their nearest GAAP measure. The Company's key performance measures include EBITDA, adjusted EBITDA and adjusted EBITDAaL and are further discussed in detail in the 2020 Q1 MD&A (as defined herein).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, including the documents incorporated by reference, contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements contained in this Prospectus, including the documents incorporated by reference, may be based on forecasts of future results and estimates of amounts not yet determinable. These statements may include, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. All statements other than statements of historical facts included in this Prospectus, including the documents incorporated by reference, may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, among others, statements pertaining to:

- the Company's outlook, goals, expectations and projected results of operations, including factors and assumptions underlying the Company's projections regarding the duration and impact of the 2019 novel coronavirus ("COVID-19") pandemic on the Company, the movie exhibition industry and the economy in general, as well as the Company's response to the pandemic related to the closure of its theatres and LBE venues, employee reductions and other cost-cutting initiatives and increased expenses relating to safety measures taken at its facilities to protect the health and well-being of guests and employees;
- the Company's expectations with respect to net cash burn, liquidity and capital expenditures, including its ability to meet its ongoing capital, operating and other obligations, and anticipated needs for, and sources of, funds;
- the Company's ability to execute cost-cutting and revenue enhancement initiatives in response to the COVID-19 pandemic;
- the anticipated completion of the Offering;
- the use of proceeds from the Offering; and
- the Company's assessment of market risks.

Forward-looking statements, by their nature, are based on assumptions, including those described in this Prospectus and the documents incorporated by reference herein and are subject to important risks and uncertainties. In particular, the Company's expectations with respect to net cash burn are subject to current assumptions regarding its ability to successfully implement and sustain a variety of measures to reduce its expenses discussed in this Prospectus and the documents incorporated by reference herein. Forward-looking statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business of the Company. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

The COVID-19 pandemic has had an unprecedented impact on the Company, along with the rest of the movie exhibition industry and other industries in which the Company operates, including material decreases in revenues, results of operations and cash flows. The situation continues to evolve and the social and economic effects are widespread. As an entertainment and media company that operates spaces where guests gather in close proximity, the Company's business has been significantly impacted by the actions taken to control the spread of COVID-19. These actions include, among other things, the introduction of social distancing measures and restrictions on freedom of movement. There is limited visibility on when these restrictions will be lifted in many of the markets in which the Company operates and how quickly guests will return to the Company's locations once its operations resume due to prolonged safety concerns and adverse economic conditions. The Company is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves.

Cineplex cautions purchasers that the foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, purchasers and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements, may be found in the "Risk Factors" section of this Prospectus, in the "Risk Factors" section of the AIF (as defined herein), in the "Risks and Uncertainties" sections and elsewhere in the 2020 Q1 MD&A and 2019 Annual MD&A (as defined herein) and in the Company's other filings with Canadian securities regulatory authorities. Cineplex does not undertake to update any forward-looking statements, except as required by applicable Canadian securities law; such statements speak only as of the date made. Forward-looking statements made in a document incorporated by reference in this Prospectus are made as of the date of the original document and have not been updated except as expressly provided herein.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Torys LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the "Tax Act") in force as of the date hereof, provided that the Common Shares are listed on a "designated stock exchange" (as defined in the Tax Act), which currently includes the TSX, the Debentures being offered pursuant to this Prospectus and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (a "RRSP"), a registered education savings plan (a "RESP"), a registered retirement income fund (a "RRIF"), a registered disability savings plan (a "RDSP"), a tax-free savings account (a "TFSA" and together with a RRSP, RESP, RRIF and RDSP, a "Registered Plan"), and a deferred profit sharing plan (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm's length with the Company, has made a contribution).

Notwithstanding the foregoing, if the Debentures or Common Shares are "prohibited investments" for the purposes of a Registered Plan, the holder, annuitant or subscriber (as applicable) of such Registered Plan will be subject to a penalty tax as set out in the Tax Act. The Debentures or Common Shares, as the case may be, will generally be a "prohibited investment" for a Registered Plan if the holder, annuitant or subscriber, as the case may be, (i) does not deal at arm's length with the Company for the purposes of the Tax Act, or (ii) has a "significant interest" (within the meaning of subsection 207.01(4) of the Tax Act) in the Company. In addition, the Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for trusts governed by Registered Plans. Prospective investors who intend to hold Debentures and Common Shares in a trust governed by a Registered Plan should consult their own tax advisors regarding the tax rules applicable to that Registered Plan, and whether the Debentures or Common Shares will be "prohibited investments" in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer of Cineplex at 1303 Yonge Street, Toronto, Ontario, Canada, M4T 2Y9, telephone (416) 323-6600. In addition, copies of the documents incorporated by reference herein may be obtained electronically on SEDAR at www.sedar.com.

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

- (a) the management information circular dated April 2, 2019 in connection with the annual meeting of shareholders of the Company held on May 29, 2019;
- (b) the annual information form dated March 16, 2020 (the "AIF");
- (c) the audited consolidated financial statements dated February 11, 2020 as at and for the financial years ended December 31, 2019 and 2018, together with the auditors' report thereon and the notes thereto;

- (d) management’s discussion and analysis of results of operations and financial condition dated February 11, 2020 for the year ended December 31, 2019 (the “**2019 Annual MD&A**”);
- (e) the interim unaudited condensed consolidated financial statements dated June 29, 2020 as at and for the three-month period ended March 31, 2020, together with the notes thereto (the “**2020 Q1 Financial Statements**”);
- (f) management’s discussion and analysis of results of operations and financial condition dated June 29, 2020 for the three-month period ended March 31, 2020 (“**2020 Q1 MD&A**”);
- (g) the management information circular dated January 3, 2020 in connection with the special meeting of shareholders of the Company held on February 11, 2020 (the “**Special Meeting Circular**”), provided, however, that the following sections of the Special Meeting Circular are hereby excluded from this Prospectus:
 - (i) Letter to Shareholders;
 - (ii) “Notice of Special Meeting of Shareholders”;
 - (iii) “Introduction” at page 4 of the Special Meeting Circular;
 - (iv) “Information Concerning the Parent and the Purchaser” at page 4 of the Special Meeting Circular;
 - (v) “Notice to Shareholders Not Resident in Canada” at page 5 of the Special Meeting Circular;
 - (vi) “Documents Incorporated by Reference” at page 6 of the Special Meeting Circular;
 - (vii) “Unanimous Approval” at page 7 of the Special Meeting Circular;
 - (viii) “Questions and Answers about the Meeting and the Arrangement” at page 7 of the Special Meeting Circular;
 - (ix) “Summary” at page 11 of the Special Meeting Circular;
 - (x) “The Arrangement” at page 20 of the Special Meeting Circular;
 - (xi) “The Arrangement Agreement” at page 37 of the Special Meeting Circular;
 - (xii) “Arrangement Mechanics” at page 54 of the Special Meeting Circular;
 - (xiii) “Certain Legal and Regulatory Matters” at page 57 of the Special Meeting Circular;
 - (xiv) “Dissent Rights of Shareholders” at page 61 of the Special Meeting Circular;
 - (xv) “Information Concerning Cineworld” at page 65 of the Special Meeting Circular;
 - (xvi) “Certain Canadian Federal Income Tax Considerations” at page 65 of the Special Meeting Circular;
 - (xvii) “Risk Factors – Risk Factors Related to the Arrangement” at page 69 of the Special Meeting Circular;
 - (xviii) “Interest of Informed Persons in Material Transactions” at page 71 of the Special Meeting Circular;
 - (xix) “Consent of Scotia Capital Inc.” at page 74 of the Special Meeting Circular;
 - (xx) “Appendix A – Glossary of Terms” (to the extent defined terms are not used in the sections that are incorporated by reference into the Prospectus) at page A-1 of the Special Meeting Circular;

- (xxi) “Appendix B – Arrangement Resolution” at page B-1 of the Special Meeting Circular;
 - (xxii) “Appendix C – Arrangement Agreement” at page C-1 of the Special Meeting Circular;
 - (xxiii) “Appendix D – Plan of Arrangement” at page D-1 of the Special Meeting Circular;
 - (xxiv) “Appendix E – Fairness Opinion” at page E-1 of the Special Meeting Circular;
 - (xxv) “Appendix F – Interim Order” at page F-1 of the Special Meeting Circular;
 - (xxvi) “Appendix G – Notice of Application for Final Order” at page G-1 of the Special Meeting Circular;
and
 - (xxvii) “Appendix H – Section 185 of the OBCA” at page H-1 of the Special Meeting Circular;
- (collectively, the “**Excluded Sections**”);
- (h) the statement of executive compensation for the year ended December 31, 2019;
 - (i) the material change report dated June 15, 2020 in respect of the termination of the Arrangement Agreement (as defined herein);
 - (j) the indicative term sheet prepared in connection with the Offering dated July 7, 2020 (the “**Indicative Term Sheet**”);
 - (k) the final term sheet prepared in connection with the Offering dated July 8, 2020 (the “**Final Term Sheet**”);
and
 - (l) the investor presentation prepared in connection with the Offering dated July 7, 2020 (the “**Investor Presentation**”, and together with the Indicative Term Sheet and the Final Term Sheet, the “**Marketing Materials**”).

Any documents of the type required by section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Company with a securities commission or similar authority in any of the provinces or territories of Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of the Offering shall be deemed to be incorporated by reference into this Prospectus.

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

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of such Marketing Materials have been modified or superseded by a statement contained in this Prospectus or any amendment.

In addition, any “template version” of any other “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) that are utilized by the Underwriters in connection with the

Offering, are not part of this Prospectus to the extent that the contents of such marketing materials have been modified or superseded by a statement contained in this Prospectus or any amendment.

In addition, the template version of any marketing materials that is filed on SEDAR with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date of this Prospectus and before the termination of the distribution of the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101

Pursuant to Section 8.2 of NI 44-101, and as evidenced by the receipt for this Prospectus issued by the relevant securities regulatory authorities, the Company has been granted an exemption from the requirement under Item 11.1(1)7 of Form 44-101F1 under NI 44-101 to incorporate by reference into this Prospectus the Excluded Sections of the Special Meeting Circular (other than as set out below) due to the fact that such Excluded Sections are either (i) no longer relevant due to the termination of the Cineworld Transaction or (ii) modified or superseded by information contained in this Prospectus or the documents incorporated by reference herein. The Excluded Sections “Summary – Fairness Opinion” at page 14 of the Special Meeting Circular, “The Arrangement – Fairness Opinion” at page 28 of the Special Meeting Circular, “Consent of Scotia Capital Inc.” at page 74 of the Special Meeting Circular “Appendix E – Fairness Opinion” at page E-1 of the Special Meeting Circular are excluded on the basis of Item 11.1(3) of Form 44-101F1 as such sections were prepared in connection with the Cineworld Transaction and do not pertain to the Offering.

THE COMPANY

The Company is governed by the *Business Corporations Act* (Ontario) pursuant to articles of arrangement dated January 1, 2011. The Company is a reporting issuer in each of the provinces and territories of Canada and the Common Shares are traded on the TSX under the symbol “CGX”. The head and registered office of the Company is located at 1303 Yonge Street, Toronto, Ontario, Canada, M4T 2Y9.

The Company is a top-tier Canadian brand that operates in the film entertainment and content, amusement and leisure and media sectors. As a leading entertainment and media company, the Company welcomes millions of guests annually through its circuit of theatres and LBE venues across the country. In addition to being Canada’s largest and most innovative film exhibitor, the Company also operates successful businesses in digital commerce (CineplexStore.com), food service, alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media) and amusement solutions (Player One Amusement Group Inc. (“PIAG”). Additionally, the Company operates an LBE business through Canada’s newest destinations for ‘Eats & Entertainment’ (The Rec Room) and entertainment complexes specifically designed for teens and families (Playdium). The Company is also a joint venture partner in SCENE, Canada’s largest entertainment loyalty program.

The Company’s theatre circuit is concentrated in major metropolitan and mid-sized markets. As at the date hereof, the Company owned, leased or had a joint venture interest in 1,687 screens in 164 theatres from coast to coast.

RECENT DEVELOPMENTS

Termination of the Arrangement Agreement with Cineworld

On December 15, 2019, Cineplex entered into an arrangement agreement (the “**Arrangement Agreement**”) with Cineworld Group plc (“**Cineworld**”), pursuant to which an indirect wholly-owned subsidiary of Cineworld agreed to acquire all of the issued and outstanding Common Shares for \$34.00 per share in cash (the “**Cineworld Transaction**”). The Cineworld Transaction was to be implemented by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario).

On June 12, 2020, Cineworld delivered a notice (the “**Termination Notice**”) to Cineplex purporting to terminate the Arrangement Agreement. In the Termination Notice, Cineworld alleged that Cineplex took certain actions that constituted breaches of Cineplex’s covenants under the Arrangement Agreement, including failing to operate its business in the ordinary course. In addition, Cineworld alleged that a material adverse effect had occurred

with respect to Cineplex. Cineworld's repudiation of the Arrangement Agreement has been acknowledged by Cineplex and the Cineworld Transaction will not proceed. Cineplex vigorously denies Cineworld's allegations. The Arrangement Agreement explicitly excludes any "outbreaks of illness or other acts of God" from the definition of material adverse effect and all of Cineworld's allegations stem from an outbreak of illness and act of God (COVID-19). Cineplex believes that Cineworld had no legal basis to terminate the Arrangement Agreement and that Cineworld breached the Arrangement Agreement and its other contractual obligations because, among other failures, it did not use reasonable best efforts to obtain approval under the *Investment Canada Act* as soon as reasonably practicable ("**ICA Approval**"). If Cineworld had complied with its obligation to obtain ICA Approval, Cineplex believes the ICA Approval would have been obtained and the Cineworld Transaction would have closed well before the outside date for completion in the Arrangement Agreement.

On July 3, 2020, Cineplex announced that it had commenced an action in the Ontario Superior Court of Justice against Cineworld and 1232743 B.C. Ltd. seeking damages after Cineworld wrongfully repudiated the Arrangement Agreement. Cineplex's statement of claim was issued by the Ontario court on July 3, 2020 and served on Cineworld the same day. The claim seeks damages, including the approximately \$2.18 billion that Cineworld would have paid upon the closing of the Cineworld Transaction for Cineplex's securities, reduced by the value of the Cineplex securities retained by its securityholders, as well as compensation for other losses including the failure of Cineworld to repay or refinance Cineplex's approximately \$664 million in debt and transaction expenses. Cineplex has also advanced alternative claims for damages for the loss of benefits to its securityholders, and to require Cineworld to disgorge the benefits it improperly received by wrongfully repudiating the Cineworld Transaction.

Cineplex claims that Cineworld breached its contractual obligations and its duty of good faith and honesty in contractual performance. Cineworld purports to rely upon alleged adverse impacts of COVID-19 on Cineplex's business to terminate the Arrangement Agreement, which it is not entitled to do. The contractual agreements between the parties expressly exclude outbreaks of illness, such as the COVID-19 pandemic, as a circumstance entitling Cineworld to terminate the Arrangement Agreement. Without any legal right to avoid its contractual obligations, Cineworld intentionally chose to breach its obligations, including its obligation to obtain ICA Approval.

On July 6, 2020, Cineworld announced that it would defend Cineplex's claim, and that it intends to counterclaim against Cineplex for damages and losses that it claims it suffered as a result of Cineplex's alleged breaches of the Arrangement Agreement and the Cineworld Transaction not proceeding.

Due to uncertainties inherent in litigation, it is not possible for Cineplex to predict the timing or final outcome of the legal proceedings against Cineworld or to determine the amount of damages, if any, that may be awarded. Further, even if Cineplex's action against Cineworld is successful, Cineworld may not have the ability to pay the full amount of any damages awarded to Cineplex.

Adoption of Shareholder Rights Plan

On June 19, 2020, the board of directors of the Company (the "**Board of Directors**") approved the adoption of a shareholder rights plan agreement (the "**Rights Plan**") with AST Trust Company (Canada), as rights agent. The Rights Plan has been adopted to ensure the fair treatment of all shareholders in connection with any takeover bid for the Company. The Rights Plan has not been adopted in response to any specific takeover bid or other proposal to acquire control of the Company, and the Company is not aware of any such pending or contemplated proposals.

Subject to the terms of the Rights Plan and to certain exceptions provided therein, the rights attached to the Common Shares will become exercisable in the event that any person, together with joint actors, acquires or announces its intention to acquire 20% or more of the Company's outstanding Common Shares without complying with the "permitted bid" provisions of the Rights Plan or in circumstances where the application of the Rights Plan is waived in accordance with its terms. The "permitted bid" provisions prevent the dilutive effects of the Rights Plan from operating if a takeover bid is made to all holders of Common Shares (other than the bidder) by way of a takeover bid circular that remains open for acceptance for a minimum of 105 days and satisfies certain other conditions. In circumstances where a takeover bid does not comply with the requirements of the Rights Plan, or where the application of the Rights Plan is not waived in accordance with its terms, the rights holders (other than the acquiring person and any joint actors) will be entitled to purchase additional Common Shares at a significant discount to the market price.

The Rights Plan has been conditionally approved by the TSX and is subject to the ratification by the shareholders of the Company within six months of its effective date. The Board of Directors intends to recommend the ratification of the Rights Plan for approval by shareholders at the Company's next annual meeting of shareholders, which will be held prior to December 19, 2020. If ratified by the Company's shareholders, the Rights Plan will have an initial term of three years. If the Rights Plan is not ratified by the Company's shareholders at the next annual meeting of shareholders, the Rights Plan and all rights issued thereunder will terminate and cease to be effective at that time.

A copy of the Rights Plan is available on SEDAR at www.sedar.com.

Amendments to the Credit Facilities

On June 29, 2020, Cineplex and Cineplex Entertainment Limited Partnership entered into an amendment agreement (the "**Credit Agreement Amendment**") with The Bank of Nova Scotia, as administrative agent, and the lenders from time to time named therein, to the seventh amended and restated credit agreement (the "**Credit Agreement**"). The Credit Agreement provides for a senior secured revolving credit facility in the maximum amount of \$650 million (the "**Revolving Facility**") and a senior secured non-revolving credit facility in the maximum amount of \$150 million (the "**Term Facility**", and together with the Revolving Facility, the "**Credit Facilities**"). The Credit Facilities bear interest at a floating rate based on the Canadian dollar prime rate or bankers' acceptances rates plus, in each case, an applicable margin to those rates. As at June 30, 2020, an aggregate of \$664 million was outstanding under the Credit Facilities.

The Credit Agreement Amendment provides Cineplex with certain financial covenant relief in light of the COVID-19 pandemic and its effects on Cineplex's businesses. The following is a summary of the material terms and conditions of the Credit Agreement Amendment. This summary is qualified in its entirety by reference to the provisions of the Credit Agreement Amendment and the Credit Agreement, which contains a complete statement of those terms and conditions.

- Financial covenant testing was suspended effective upon execution of the Credit Agreement Amendment, and assuming the closing of this Offering for anticipated gross proceeds of at least \$250 million and the repayment of indebtedness under the Credit Facilities as described under "*Use of Proceeds*", the suspension will continue for the second and third quarters of 2020.
- The leverage ratio of 3.75x will apply when financial covenants are reinstated, and will be reduced over the course of 2021 until the fourth quarter of 2021 at which point it will reach a level of 3.00x.
- The maturity date for the Term Facility will be advanced by two years to be coincident with the maturity date for the Revolving Facility of November 13, 2023.
- If Cineplex chooses to undertake any new debt, equity or equity-related issuances or the sale of certain assets, Cineplex will be required to make certain mandatory permanent repayments of the Credit Facilities from the proceeds of such issuances or asset sales.
- Growth capital expenditures will be limited to certain agreed upon projects. After December 31, 2020, additional growth capital expenditures will be permitted subject to a pro forma leverage covenant of 2.75x (both prior to and immediately after giving effect to any such growth capital expenditure).
- Distributions will be limited to free cash flow and only permitted when the leverage ratio is less than 2.75x (both prior to and immediately after giving effect to any such distribution).
- Cineplex will not be permitted to make any acquisitions without consent from at least three of its lenders holding, in the aggregate, a minimum of 51% of the commitments under its Credit Facilities.
- The applicable margins for the interest rates on all borrowings will increase.

- Cineplex will no longer be able to request an increase in the total commitments under the Credit Facilities pursuant to the “accordion” provisions of the current Credit Agreement.
- Payments of interest on the Debentures will be permitted so long as no default or event of default has occurred under the Credit Agreement.

A copy of the Credit Agreement Amendment is available on SEDAR at www.sedar.com.

Impact of the COVID-19 Pandemic

In early 2020, the outbreak of COVID-19 was confirmed in multiple countries throughout the world and, on March 11, 2020, it was declared a global pandemic by the World Health Organization. In response, Cineplex immediately introduced enhanced cleaning protocols and reduced theatre capacities to promote social distancing. By mid-March, each of Canada’s provinces and territories had declared a state of emergency resulting in, among other things, the mandated closure of non-essential businesses, restrictions on public gatherings and quarantining of people who may have been exposed to the virus.

On March 16, 2020, Cineplex announced the temporary closure of all of its theatres and LBE venues across Canada, as well as substantially all route locations operated by PIAG in Canada and the U.S. On April 1, 2020, in response to applicable government directives and guidance from Canadian public health authorities, Cineplex announced that the closure of its theatres and LBE venues across Canada would remain in effect and that the reopening of such locations would be reassessed as further guidance is provided by Canadian public health authorities and applicable government authorities.

The COVID-19 pandemic has had a material negative effect on all aspects of Cineplex’s businesses resulting in material decreases in revenues, results of operations and cash flows. Since March 15, 2020, the Company has experienced a net cash burn of approximately \$15-20 million per month as a result of having to close its theatres and LBE venues. In addition to cost savings associated with the temporary layoffs of its employees, reductions in salaries and other mitigation efforts, the Company has suspended or deferred certain capital spending and is reviewing all capital projects to consider further deferrals or cancellations and has plans to reduce purchases of property, plant and equipment (net of tenant inducements) to approximately \$50 million over the next 12 months.

As some of the Company’s largest expenses, such as film cost and cost of food services, are fully variable, during the closure of its theatres and LBE venues the Company has focused on reducing its largest fixed and semi-fixed expenses, including those attributed to theatre payroll and theatre occupancy. As a result of the measures described below, including receipt of assistance under the Canada Emergency Wage Subsidy (“CEWS”), the Company has been able to materially reduce theatre payroll expenses from \$41.1 million reported in the second quarter of 2019 to approximately \$1 million in the second quarter of 2020. With respect to theatre occupancy expenses, the Company is continuing to work with its landlord partners to identify relief measures, which resulted in no material cash rent being paid in the second quarter of 2020. The focus has been on identifying opportunities for rent abatements during the closure period, converting fixed components of rent to variable rent during the reopening period and looking for other opportunities to extract value under its existing lease agreements. While the Company is still in the process of finalizing these measures, and the accounting for any amendments will be more complex under IFRS 16, the Company was able to materially reduce cash payments during the second quarter of 2020.

Net cash burn is expected to improve in the third quarter of 2020 as a result of the planned reopening of the Company’s theatres and LBE venues and the measures taken by the Company to reduce its expenses. The ability of Cineplex to return to profitability will depend on both managing its expenses and increasing its revenues, with revenue increases largely dependent on when, and to what extent, attendance at its theatres and LBE venues returns once permitted to be reopened by the relevant government authorities.

Expense Management

To mitigate the negative impact of COVID-19 and support its long-term stability, the Company has taken a variety of measures to reduce its expenses including:

- temporary layoffs of all hourly employees as well as a number of full-time employees who chose a temporary layoff rather than a salary reduction;

- reducing full-time employee salaries between March 21, 2020 to July 4, 2020, by agreement with such employees (which will be extended for certain senior executive officers);
- reducing non-essential discretionary operational expenditures (such as spending on marketing, travel and entertainment);
- implementing a more stringent review and approval process for all outgoing procurement and payment requests;
- proactively negotiating with landlords for rent relief, including abatements and converting fixed rent to variable rent depending on attendance, until attendance returns to previous levels;
- working with major suppliers and other business partners to modify the timing and amount of certain contractual payments;
- reviewing and applying for government subsidy programs where available, including the CEWS, which has allowed the Company to return certain employees that were temporarily laid off to its payroll since March 15, 2020. This program, which was launched by the Government of Canada, provides a subsidy of 75% of employee wages, up to a maximum benefit of \$847.00, per week, for up to 24 weeks, retroactive from March 15, 2020 to August 29, 2020. The Company expects to maintain the CEWS until August 29, 2020 in respect of its employees who have been temporarily laid off; and
- continuing the suspension of dividends.

Revenue Expectations

Cineplex's revenue has been very significantly reduced as a result of the COVID-19 pandemic. During the period of theatre and LBE venue closures, Cineplex has focused on revenue driving opportunities outside of its physical venues, including the expansion of Cineplex Store offerings and home food delivery from theatres and LBE venues. Cineplex Digital Media revenues were also impacted, but not to the same extent as the Company's theatre and LBE businesses. However, these revenue sources alone are not sufficient to return Cineplex to profitability. The ability of Cineplex to return to profitability will depend, in part, on when, and to what extent, attendance at its theatres and LBE venues returns once permitted to be reopened by the relevant government authorities. There are a number of factors which will influence attendance levels going forward, some of which are within the control of Cineplex, others of which are not.

Preparing for the Safe Reopening of Theatres and LBE Venues

Since the closure of its theatres and LBE venues in March 2020, Cineplex has been diligently preparing for their safe reopening, with the health and wellbeing of its guests and employees being its top priority. Cineplex has carefully re-examined all of its buildings and processes, so that when its theatres and LBE venues reopen, it will have implemented an industry-leading program with end-to-end health and safety protocols. Cineplex does not expect the cost of additional cleaning supplies and personal protective equipment to be material. At Cineplex's theatres specifically, it will also be launching reserved seating in all auditoriums across the country to ensure proper physical distancing between its guests.

Cineplex has been able to maintain connections with its guests during the period of theatre and LBE venue closures through its online Cineplex Store and home delivery of food offerings via Uber Eats and Skip the Dishes, as well as through the SCENE loyalty program and social media channels. Cineplex will use these communication channels to ensure that its guests are made aware of when its theatres and LBE venues will reopen, and the various measures put in place to ensure their safety while enjoying a long-deserved outing.

Timing of Reopening

Many states in the U.S. have already allowed the opening of theatres subject to certain limitations, including capacity restrictions and social distancing requirements. In addition, many European countries have announced plans

to reopen theatres as early as July 2020. Cineplex is monitoring the reopening of venues in the U.S. and Europe and will apply any lessons learned to its reopening plan in Canada, and looks forward to welcoming guests back to its theatres and LBE venues as soon as it is safe to do so and permissible under applicable government guidelines.

In Canada, most provinces have adopted a phased approach to reopening businesses. The following is a summary of the status of reopening plans in each province as of the date of this Prospectus. These reopening plans are subject to change from time to time.

	<u>Theatres</u>	<u>Restaurants</u>
British Columbia	✓ Permitted since May 22. <i>Limit of 50 persons per auditorium and common areas. Contact tracing data collection required for licensed premises.</i>	✓ Permitted since May 19.
Alberta	✓ Permitted since June 12. <i>Limit of 100 persons per auditorium and common areas.</i>	✓ Permitted since May 14.
Saskatchewan	✓ Permitted since June 29. <i>Limit of 30% of auditorium capacity up to a maximum of 150 persons.</i>	✓ Permitted since June 8.
Manitoba	– Announcement pending.	✓ Permitted since June 1.
Ontario	– Announcement pending.	● Outdoor only permitted since June 12 (regionally).
Quebec	✓ Permitted since June 22. <i>Limit of 50 persons per auditorium and common areas.</i>	✓ Permitted since June 15 (Montreal on June 22).
New Brunswick	✓ Permitted since June 26. <i>Capacity limited to number of attendees who can be accommodated with physical distancing between cohorts. Contact tracing data collection required for all persons in attendance.</i>	✓ Permitted since May 8.
Nova Scotia	✓ Permitted since June 19. <i>Limit of 50% of auditorium capacity up to a maximum of 200 persons.</i>	✓ Permitted since June 5.
Prince Edward Island	✓ Permitted since June 1. <i>Limit of 50 persons per auditorium and common areas, but no more than 100 persons on the premises among multiple gathering. Pre-approval required before opening if planning to hold multiple gatherings of 50 persons or more.</i>	✓ Permitted since June 1.
Newfoundland	✓ Permitted since June 24. <i>Limit of 50 persons per auditorium or 50% capacity, whichever is less.</i>	✓ Permitted since June 8.
Legend:	✓ Reopened / Plan in Place ● Partially Reopened / In Progress – No Detailed Plan / TBD	

As at the date hereof, the Company owned, leased or had a joint venture interest in 1,687 screens in 164 theatres in Canada, as depicted in the table below. The number of screens per province is generally consistent with the proportion of capacity and revenue per province.

Theatre Locations and Screens at March 31, 2020

<u>Province</u>	<u>Locations</u>	<u>Screens</u>	<u>Percentage of Screens</u>
British Columbia	24	231	14%
Alberta	19	208	12%
Saskatchewan	6	54	3%
Manitoba	5	49	3%
Ontario	68	730	43%
Quebec	20	250	15%
New Brunswick	5	41	2%
Nova Scotia	12	91	5%
PEI	2	13	1%
Newfoundland	3	20	1%
Total	164	1,687	100%

Cineplex will take a gradual approach to reopening its consumer-facing segments in phases. The phases will be driven by government regulations around public gathering sizes and safety guidelines, availability of first run film product, social norms around social distancing and attendance levels at theatres and other venues once reopened. Cineplex is also implementing a number of pricing and marketing strategies to entice its guests to return to theatres and LBE venues as the impact of the COVID-19 pandemic in the markets which it operates subsides. As a result of loosened provincial government restrictions on social gatherings in certain markets in which it operates, Cineplex resumed measured operations at The Rec Room in Winnipeg, Calgary and Edmonton during the week of June 15, 2020. Cineplex also reopened six theatres in Alberta on June 26, 2020. Cineplex will continue to assess how long it should extend the closure of its other theatres and LBE venues across Canada as additional government directives and guidance from Canadian public health authorities are issued. In all markets where Cineplex is permitted by government and health authorities, it plans to reopen as many of its locations as it can in July 2020.

Although restrictions on social gatherings are being lifted in many of the markets in which the Company operates, there is the possibility that restrictions may be reinstated in the future if there are additional outbreaks of COVID-19 in Canada, a vaccine has not been developed and other effective treatment options are not available. Any reinstatement of restrictions on social gatherings that would result in the closure of Cineplex's theatres and LBE venues would have a significant negative impact on the ability and timing of Cineplex's return to profitability.

Supply of Film Content

Movie exhibition attendance is driven significantly by the attractiveness of the movies available for exhibition. Since the commencement of the COVID-19 pandemic, the release dates for a number of many highly anticipated films scheduled for an early 2020 release have been delayed until later in the year and into 2021, while others have been released through non-theatrical distribution channels. Opening of theatres in the U.S. and worldwide will positively impact decisions by studios to release film products. While theatrical release dates are subject to ongoing change by the movie studios and distributors, there are currently a number of highly anticipated movies scheduled for release commencing at the end of July, through the balance of the summer and into the autumn including *Tenet*, *Mulan*, *No Time To Die*, *A Quiet Place II*, *Peter Rabbit 2*, *Top Gun: Maverick* and *Wonder Woman 1984*. Cineplex is optimistic that the industry will recover over time as consumer demand for the theatrical experience, combined with a build-up of anticipated releases of strong film content, will help drive visitation as people look to return to normalcy.

Return to Profitability

Cineplex's return to profitability will depend significantly on attendance levels once its theatres and LBE venues are permitted to reopen. Based on its own internal market research and surveys conducted with SCENE loyalty

members, Cineplex believes that consumer demand for the theatrical experience combined with a backlog of anticipated releases of strong film content will help drive visitation, and that LBE activities will increase as people seek out-of-home experiences that they have been restricted from enjoying since mid-March. Cineplex currently believes that it will operate at an approximate break-even EBITDAaL level for the second half of 2020, based on current assumptions for attendance levels declining by approximately 40% compared to 2019 attendance levels, which management believes is a reasonable assumption.

Although historically Cineplex has operated at an overall seat capacity utilization rate of approximately 15%, it is substantially lower during weekday matinee performances and higher during weekend evening performances. Management expects that (a) during the reopening phase, there will be varying capacity restrictions on the Company's theatres across Canada based on provincial and municipal guidelines, and (b) the initial capacity restrictions will transition to an overall 50% capacity restriction in the near-term as has been seen in other jurisdictions globally. In an effort to provide an indication of the impact of near-term potential capacity restrictions, management has calculated that if seating capacity at its theatres had been limited to 50% of maximum capacity during 2019, this capacity restriction would have resulted in a decline in attendance of approximately 9.1% based on 2019 attendance levels.

As the Company begins its reopening phase, it will do so without the benefit of a number of highly anticipated new film titles, which historically it would have had with the early "summer blockbusters" of July. In response, the Company will be playing previously released films at reduced prices and, as a result, expects to report lower box office revenues per patron during the initial reopening period. In addition, the Company will have a modified food offering which could result in lower concession revenues per patron during the initial reopening period. During this time, the Company will benefit from the CEWS, until its expiry (currently August 29, 2020) and successful lease amendments. However, due to the uncertainty of the timing of the reductions of many government-imposed restrictions and the potential long-term effects that the COVID-19 pandemic may have on the exhibition and amusement and leisure businesses, COVID-19 is expected to have a prolonged negative impact on Cineplex's operations. With the unknown duration of the COVID-19 pandemic and yet to be determined timing of the complete reopening of Cineplex's businesses, as well as consumers' future risk tolerance regarding health matters, it is not possible to precisely estimate future attendance levels or the impact on future results and if or when Cineplex will return to profitability. See "*Cautionary Statement Regarding Forward-Looking Information*" and "*Risk Factors – Risks Related to Recent Events – COVID-19 Pandemic*".

USE OF PROCEEDS

The estimated net proceeds of the Offering, after deducting the Underwriters' Fee payable to the Underwriters and the estimated expenses of the Offering, will be \$263,687,500. If the Over-Allotment Option is exercised in full, the net proceeds to be received from the Offering by the Company, after deducting the Underwriters' Fee payable to the Underwriters and the estimated expenses of the Offering, will be \$303,390,625.

The Company will use the net proceeds of the Offering to repay indebtedness under the Credit Facilities, of which \$100 million would be treated as a permanent reduction under the Term Facility. The remaining portion of the net proceeds, which will not constitute a permanent reduction under the Term Facility, will be used to reduce the outstanding balance under the Revolving Facility and will be available for borrowing under the Revolving Facility for general corporate purposes. The Company expects to report negative EBITDAaL in the second quarter of 2020. However, upon completion of this Offering and after paying the Underwriters' Fee and the expenses of this Offering, the Company will have available liquidity under the Credit Facilities of approximately \$306 million, providing ample capacity to fund operations well into 2021 based on management's current assumptions. See "*Cautionary Statement Regarding Forward-Looking Information*" and "*Risk Factors – Risks Relating to Recent Events – COVID-19 Pandemic*".

As at June 30, 2020, \$664 million was drawn under the Credit Facilities. The indebtedness under the Credit Facilities was incurred in the normal course of business, including in connection with working capital requirements and certain capital expenditures. See "*Recent Developments – COVID-19 Pandemic*" and "*Risk Factors*".

CONSOLIDATED CAPITALIZATION

Since March 31, 2020, other than as described in this Prospectus, there have been no material changes in the capitalization of the Company. The following table sets forth the consolidated capitalization of the Company as at the

date indicated before and after completion of the Offering, assuming the Over-Allotment Option is not exercised. This table should be read in conjunction with the 2020 Q1 Financial Statements incorporated by reference in this Prospectus.

Designation	As at March 31, 2020	As adjusted as at March 31, 2020 after giving effect to the Offering
	(unaudited)	(unaudited)
<i>Debentures – Liability Component⁽²⁾</i>	-	210,000
<i>Credit Facilities</i>	665,000	401,313
Total Indebtedness	665,000	611,313
<i>Share Capital⁽²⁾</i>	852,379	917,379
<i>Contributed Surplus</i>	7,996	7,996
<i>Hedging Reserves and Other</i>	(131)	(131)
<i>Cumulative Translation Adjustment</i>	4,219	4,219
<i>Deficit</i>	(452,223)	(452,223)
<i>Non-Controlling Interests</i>	(110)	(110)
Total Shareholders' Equity	412,130	477,130
Total Capitalization	1,077,130	1,088,443

Notes:

(1) All figures in thousands of dollars.

(2) The figure is subject to change based on the valuation on the date of the issuance of the Debentures.

EARNINGS COVERAGE RATIOS

The Company's earnings coverage ratio for the 12-month period ended December 31, 2019 was 1.48. The Company's financial statements for the 12-month period ended December 31, 2019 include results from discontinued operations and additional expenses related to the terminated Cineworld acquisition. Adjusting for these items, the adjusted earnings coverage ratio would be 1.99.

The Company's earnings coverage ratio for the 12-month period ended December 31, 2019 after adjustment to give effect to the completion of the Offering (assuming the Over-Allotment Option is not exercised), the issuance, repayment, redemption and retirement of all financial liabilities since December 31, 2019, and the repayment or redemption of all financial liabilities with the proceeds of the Offering would be 1.45.

The Company's earnings coverage ratio for the 12-month period ended March 31, 2020 was (0.86). In order to achieve an earnings coverage ratio of 1.00, the numerator would be required to be \$95,649,000 as compared to the actual numerator of (\$82,553,000). The Company's financial statements for the 12-month period ended March 31, 2020 includes results from discontinued operations, additional expenses related to the terminated Cineworld acquisition and an impairment charge. Adjusting for these items, the adjusted earnings coverage ratio would be 1.53.

The Company's earnings coverage ratio for the 12-month period ended March 31, 2020 after adjustment to give effect to the completion of the Offering (assuming the Over-Allotment Option is not exercised), the issuance, repayment, redemption and retirement of all financial liabilities since March 31, 2020, and the repayment or redemption of all financial liabilities with the proceeds of the Offering would be (0.77).

The earnings coverage ratio is calculated as the sum of (a) net income plus (b) interest expense – other, plus (c) interest expense – lease obligations plus (d) provision for income taxes divided by the sum of (e) interest expense – other plus (f) interest expense – lease obligations.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX under the symbol “CGX”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate trading volume of the Common Shares on the TSX, as reported by the TSX.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Monthly Trading Volume</u>
2019			
July	24.91	22.66	5,829,714
August	25.91	22.92	5,207,695
September	26.19	23.83	4,759,220
October	24.39	22.45	3,156,181
November	26.26	22.25	6,636,712
December	34.39	23.85	13,305,022
2020			
January	34.06	33.74	13,355,529
February	33.90	32.51	14,672,805
March	33.23	6.30	35,131,053
April	16.93	10.29	13,400,061
May	16.04	11.22	9,391,767
June	16.90	7.63	21,932,761
July (to July 8)	9.01	7.65	8,637,661

PRIOR SALES

The Company has not issued or sold any Common Shares or securities convertible or exchangeable into Common Shares during the 12-month period prior to the date of this Prospectus.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to create, issue and sell, and the Underwriters have agreed to purchase, on the Closing Date, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, \$275,000,000 principal amount of Debentures at a price of \$1,000 per Debenture for aggregate gross proceeds of \$275,000,000, payable in cash to the Company against delivery of the Debentures. The Underwriting Agreement provides that the Company will pay to the Underwriters a fee of \$10,312,500 (\$37.50 per \$1,000 principal amount of Debentures) in consideration for their services in connection with the Offering. The distribution price of the Debentures was determined by negotiation between the Company and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at their discretion on the occurrence of certain stated events, as described in the Underwriting Agreement. If one or more Underwriters fail to purchase the Debentures that they have agreed to purchase, and such Debentures do not exceed 10% of the total principal amount of the Debentures, then the remaining Underwriters will be obligated to purchase such Debentures on a *pro rata* basis (or in such other proportion as the remaining Underwriters may mutually agree). If one or more Underwriters fail to purchase the Debentures that they have agreed to purchase, and such Debentures exceed 10% of the total principal amount of the Debentures, the other Underwriters may, but are not obligated to, purchase any Debentures. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under Canadian securities legislation.

The Company has granted the Underwriters an Over-Allotment Option, exercisable in the sole discretion of the Underwriters, in whole or in part, at any time until the date that is 30 days from the Closing Date, to purchase up to an additional \$41,250,000 aggregate principal amount of Debentures on the same terms as set forth above solely to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the total price to the public will be \$316,250,000, the Underwriters' Fee will be \$11,859,375 and the net proceeds to the Company (before deducting the expenses of the Offering) will be \$304,390,625. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of Debentures on the exercise of the Over-Allotment Option.

The Underwriters may not, throughout the period of distribution under this Prospectus, bid for or purchase Debentures other than pursuant to the Underwriting Agreement. This restriction is subject to certain exceptions, 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 such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of 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. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may, subject to applicable laws, engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of Debentures is for the purpose of maintaining a fair and orderly market in the Debentures, subject to prior limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

If any of the Debentures remain unsold after the Underwriters have made reasonable efforts to sell all the Debentures at the Offering Price fixed in this Prospectus, the Underwriters reserve the right to decrease and thereafter change, from time to time, to an amount not greater than the Offering Price, the price at which the Debentures may be offered under this Prospectus. Any such reduction will not affect the proceeds received by the Company. If the Underwriters exercise such right, the Underwriters' compensation will decrease by the amount by which the aggregate price paid for the Debentures by the purchasers is less than the aggregate price paid by the Underwriters to the Company.

Pursuant to the Underwriting Agreement, the Company agreed that, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld, it will not, directly or indirectly, sell, agree or offer to sell, grant any option for the sale of, or otherwise dispose of any Common Shares or securities convertible or exchangeable into Common Shares for a period of 90 days from the Closing Date, except for the purposes of granting employee, consultant and director compensation and incentives and to satisfy currently outstanding instruments upon the conversion, redemption or maturity of any securities of the Company or the payment of interest thereon or contractual commitments including the Company's, stock option plan and directors' deferred share unit compensation plan.

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a CDS participant. On the Closing Date, the Company will cause one or more global certificates representing the Debentures to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Debentures must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the holder of Debentures holds such Debentures. Each person who acquires Debentures will typically receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Debentures are acquired in accordance with the practices and procedures of the Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its CDS participants having interests in the Debentures. See "*Description of the Debentures — Book-Entry System*".

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus. The TSX has conditionally approved the listing of the Debentures (including the Debentures issuable pursuant to the Over-Allotment Option) and the Common Shares issuable upon the conversion, redemption or maturity of the Debentures (including the Common Shares issuable as a conversion premium in the event of a Cash Change of Control) on the TSX. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before October 7, 2020.

Neither the Debentures nor the Common Shares issuable upon conversion, redemption or maturity of the Debentures (collectively, the “**Subject Securities**”), if any, have been or will be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Subject Securities may not be offered, sold or delivered, directly or indirectly, within the United States, except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. Except as permitted in the Underwriting Agreement, the Underwriters may not offer or sell the Debentures in the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Debentures to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“**Rule 144A**”)) in the United States, provided that such offers and sales are made in transactions exempt from the registration requirements of the U.S. Securities Act in accordance with Rule 144A. The Underwriting Agreement also provides that the Underwriters will offer and sell the Debentures outside the United States only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Subject Securities within the United States.

In addition, until 40 days after the commencement of the Offering, any offer or sale of the Subject Securities in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Indenture (as defined herein) to be entered into on the Closing Date between the Company and the Debenture Trustee.

General

The Debentures will be issued under the Indenture. The maximum aggregate principal amount of debentures authorized to be issued under the Indenture will be \$316,250,000. The Debentures will be dated as of the Closing Date and will be issuable only in denominations of \$1,000 and integral multiples thereof.

At the Closing Date, the Debentures will be available for delivery in book-entry only form through the facilities of CDS. Holders of beneficial interests in the Debentures will not have the right to receive physical certificates evidencing their ownership of Debentures except under certain circumstances described under “— *Book-Entry System*”.

The Debentures will bear interest from the date of issue at an annual rate of 5.75% per annum, payable semi-annually on September 30 and March 31 in each year (or the immediately following business day if any Interest Payment Date would not otherwise be a business day), commencing September 30, 2020. The September 30, 2020 interest payment will represent accrued interest for the period from the Closing Date to September 30, 2020.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Company and subject to applicable regulatory approvals and provided no Event of Default has occurred and is continuing, by delivery of freely-tradeable Common Shares to satisfy, in whole or in part, the obligations of the Company to repay the principal amount of the Debentures as further described under “— *Payment upon Redemption or Maturity*”, “— *Redemption and Purchase*” and “— *Change of Control*”. The interest on the Debentures will be payable in lawful money of Canada or, at the option of the Company and subject to applicable regulatory approvals, by delivering sufficient freely-tradeable Common Shares to the Debenture Trustee to sell for cash proceeds to satisfy the Interest Obligation (as defined herein) in accordance with the Indenture as described under “— *Interest Payment Election*”.

The Debentures will be direct obligations of the Company and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Company as described under “— *Rank and Subordination*”. The Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging their real and personal property to secure any indebtedness.

The Debentures will be transferable and may be presented for conversion at the principal offices of the Debenture Trustee in Toronto, Ontario.

Conversion Privilege

The Debentures will be convertible at the holder's option into fully-paid, non-assessable and freely-tradeable Common Shares at any time prior to the close of business on the earlier of (i) five business days prior to the Maturity Date, and (ii) if called for redemption, five business days immediately preceding the date specified by the Company for redemption of the Debentures, at the Conversion Price. The Conversion Price is subject to adjustment in certain circumstances to be set out in the Indenture. See "*— Anti-Dilution Provisions*". No adjustment will be made for dividends on Common Shares issuable on conversions. Holders converting their Debentures will receive all accrued and unpaid interest to, but excluding, the date of conversion. Holders converting their Debentures shall become shareholders of record of Common Shares immediately after the close of business on the date upon which a Debenture is surrendered, or deemed surrendered in accordance with the provisions of the Indenture. Notwithstanding the foregoing, no Debenture may be converted during the five business days preceding an Interest Payment Date.

No fractional Common Shares will be issued on any conversion of the Debentures but, in lieu thereof, the Company shall satisfy fractional interests by a cash payment equal to the Current Market Price of such fractional interest.

Redemption and Purchase

The Debentures will not be redeemable prior to the First Call Date, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as described below under "*— Change of Control*". On and after the First Call Date and prior to September 30, 2024, the Debentures will be redeemable by the Company, in whole or in part, from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days' and not less than 30 days' prior written notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after September 30, 2024 and prior to the Maturity Date, the Debentures will be redeemable by the Company, in whole or in part, from time to time at the option of the Company at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption on not more than 60 days' and not less than 30 days' prior written notice.

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

The Company will have the right to purchase Debentures in the market, by tender or by private contract, subject to regulatory requirements, provided, however, that if an Event of Default (as described under "*— Event of Default*") has occurred and is continuing, the Company will not have the right to purchase Debentures by private contract.

The Indenture will contain, in substance, the following defined terms relevant to the redemption feature:

- "**Current Market Price**" means, in respect of a Common Share, the volume weighted average price per Common Share for the 20 consecutive Trading Days ending on the fifth Trading Day preceding the date of determination on the TSX (or, if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by a duly authorized Director and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market). The volume weighted average price shall be determined by the Company by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive Trading Days by the total number of Common Shares so sold during such period.
- "**Trading Day**" means, with respect to the TSX or other market for securities, any day on which such exchange or market is open for trading or quotation.

Payment upon Redemption or Maturity

On redemption or the Maturity Date, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon to, but excluding, the date of redemption or Maturity Date, as the case may be. The Company may, at its option, on not more than 60 days' and not less than 30 days' prior written notice, subject to applicable regulatory approvals and compliance with applicable securities laws, and provided that no Event of Default has occurred and is continuing and certain other conditions are satisfied, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed (the "**Common Share Redemption Right**") or that have matured (the "**Common Share Repayment Right**"), as the case may be, by issuing freely-tradeable Common Shares to holders of the Debentures. Any accrued and unpaid interest to, but excluding, the redemption date or Maturity Date, as the case may be, on the Debentures which are to be redeemed or which have matured, as the case may be, will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date.

No fractional Common Shares will be issued upon redemption or maturity of the Debentures but, in lieu thereof, the Company shall satisfy fractional interests by a cash payment equal to the Current Market Price of such fractional interest.

Restriction on Common Share Redemption Right and Common Share Repayment Right

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

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

is, in whole or in part, based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Common Share Redemption Right or the Common Share Repayment Right, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Redemption or the Common Share Repayment Right.

Change of Control

Within 30 days following the occurrence of (i) the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over an aggregate of more than 50% of the outstanding Common Shares, or (ii) the sale or other transfer of all or substantially all of the assets of the Company on a consolidated basis (each, a "**Change of Control**"), the Company will be required to make an Offer to Purchase all of the Debentures at the Offer Price. A "Change of Control" shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the holders of Common Shares immediately prior to the completion of the transaction hold or have direction over at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale of all or substantially all of the assets, in the entity which has acquired such assets) immediately following the completion of such transaction.

Holders of Debentures may accept the Offer to Purchase in whole or in part. If holders of 90% or more in aggregate principal amount of the Debentures outstanding on the date the Company delivers the Offer to Purchase to the Debenture Trustee accept the Offer to Purchase, the Company will have the right to redeem all the remaining Debentures at the Offer Price. Notice of such redemption must be given to the Debenture Trustee within 10 days following the date of purchase, and promptly thereafter, by the Debenture Trustee to the holders of Debentures not tendered pursuant to the Offer to Purchase.

The Company will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures in the event of a Change of Control.

Cash Change of Control

In addition to the requirement for the Company to make a Debenture Offer (as defined in the Indenture) in the event of a Change of Control, if a Change of Control occurs on or before the Maturity Date in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of:

- (a) cash (other than cash payments for fractional Common Shares and cash payments made in respect of dissenters' appraisal rights);
- (b) equity securities, including trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity, that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, (each, a "**Cash Change of Control**"),

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

The number of additional Common Shares per \$1,000 principal amount of Debentures constituting the Make-Whole Premium will be determined by reference to the table below and is based on the date on which the Cash Change of Control becomes effective (the "**Effective Date**") and the price (the "**Stock Price**") paid per Common Share in the transaction constituting the Cash Change of Control. If holders of Common Shares receive (or are entitled and able in all circumstances to receive), only cash in the transaction, the Stock Price will be the cash amount paid per Common Share. Otherwise, the Stock Price will be equal to the Current Market Price of the Common Shares immediately preceding the Effective Date of such transaction.

The following table shows what the Make-Whole Premium would be for each hypothetical Stock Price and Effective Date set out below, expressed as additional Common Shares per \$1,000 principal amount of Debentures. For greater certainty, the Company will not be obliged to pay the Make-Whole Premium other than by issuance of Common Shares upon conversion, subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under "*— Conversion Privilege*" above. Holders of the Debentures will not be entitled to a Make-Whole Premium in connection with any Cash Change of Control occurring after the Maturity Date.

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

Stock Price	Effective Date					
	July 15, 2020	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2025
\$8.58	25.139	25.139	25.139	25.139	25.139	25.139
\$9.40	21.459	19.193	16.955	14.975	14.975	14.975
\$10.20	18.617	16.155	13.553	10.837	7.538	6.628
\$10.94	16.481	13.915	11.085	8.080	3.681	0.000

Stock Price	Effective Date					
	July 15, 2020	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2025
\$12.50	13.078	10.458	7.402	4.073	0.433	0.000
\$15.00	9.567	7.104	4.137	0.490	0.000	0.000
\$17.50	7.383	5.186	2.556	0.003	0.000	0.000
\$22.50	4.892	3.225	1.326	0.000	0.000	0.000
\$25.00	4.128	2.682	1.070	0.000	0.000	0.000
\$30.00	3.076	1.978	0.783	0.000	0.000	0.000
\$35.00	2.383	1.538	0.616	0.000	0.000	0.000
\$40.00	1.891	1.232	0.501	0.000	0.000	0.000
\$50.00	1.230	0.826	0.346	0.000	0.000	0.000
\$60.00	0.803	0.563	0.243	0.000	0.000	0.000
\$70.00	0.501	0.377	0.170	0.000	0.000	0.000

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

- (a) if the actual Stock Price on the Effective Date is between two Stock Prices in the table or the actual Effective Date is between two Effective Dates in the table, the Make-Whole Premium will be determined by a straight line interpolation between the Make-Whole Premiums set out for the two Stock Prices and the two Effective Dates in the table based on a 365-day year, as applicable;
- (b) if the Stock Price on the Effective Date exceeds \$70.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero; and
- (c) if the Stock Price on the Effective Date is less than \$8.58 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero.

The Stock Prices set out in the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted Stock Prices will equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Stock Price adjustment. The number of additional Common Shares set out in the table above will be adjusted in the same manner as the Conversion Price as set out above under “— *Conversion Privilege*”, other than by operation of an adjustment to the Conversion Price by adding the Make-Whole Premium.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, the Company may elect (an “**Interest Payment Election**”), at any time and from time to time, subject to applicable regulatory approvals, to satisfy all or part of its obligation to pay interest on the Debentures (the “**Interest Obligation**”) on a date on which any portion of the Interest Obligation is payable under the Indenture (each, an “**Interest Payment Date**”) (i) in cash, (ii) by delivering Common Shares to the Debenture Trustee, for sale, to satisfy the interest obligations in accordance with the Indenture, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares, or (iii) any combination of (i) and (ii) above. The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) receive delivery of Common Shares from the Company, (ii) accept bids with respect to, and facilitate settlement of sales of, such Common Shares, each as the Company shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Company in the notice to elect to satisfy all or any part of the Interest Obligation by delivering Common Shares to the Debenture Trustee, (iii) invest the proceeds of such sales on direction of the Company in short-term permitted government securities (to be defined in the Indenture) which mature prior to the applicable Interest Payment Date, and use the

proceeds received from such permitted government securities, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy such Interest Obligation, and (iv) subject to the prior consent of the Company, perform any other action necessarily incidental thereto.

Neither the Company's making of an Interest Payment Election on an Interest Payment Date by delivering sufficient Common Shares to the Debenture Trustee, nor the facilitation of settlement of Common Shares will: (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (ii) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Anti-Dilution Provisions

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Common Shares, (ii) the issuance of Common Shares or securities convertible into or exchangeable for Common Shares to all or substantially all holders of Common Shares by way of a dividend or distribution or otherwise (above \$0.00 per share per calendar month), (iii) the issuance of options, rights or warrants to all or substantially all holders of Common Shares entitling them to acquire Common Shares or other securities convertible into or exchangeable for Common Shares at less than 95% of the then Current Market Price of the Common Shares, and (iv) the distribution to all or substantially all holders of Common Shares of certain other securities or assets (including cash or debt securities). There will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii) or (iv) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. No adjustment will be made to the Conversion Price upon the issuance from time to time of Common Shares pursuant to the Company's existing or future stock option plan, long-term incentive plan, deferred share unit plan, share purchase plan or any dividend reinvestment plan, or any similar plan, if any, as such plans may be amended or replaced from time to time. The Company will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation, arrangement or merger of the Company with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Company as or substantially as an entirety to any other entity as a result of which the holders of Common Shares are entitled to receive shares, other securities or other property, or a liquidation, dissolution or winding-up of the Company, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive and shall accept in lieu of Common Shares, the kind and amount of securities or property which the holder thereof would have been entitled to receive if, on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible on the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up ("**Substitute Property**"). Following any such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up, any reference to "Common Shares" under the headings "*— Payment upon Redemption or Maturity*", "*— Change of Control*" or "*— Interest Payment Election*" shall be deemed to be a reference to Substitute Property.

Notwithstanding the foregoing, if holders of Debentures would otherwise be entitled to receive, upon conversion of the Debentures, any Substitute Property that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied on December 31, 2007 ("**ineligible consideration**"), such holders shall not be entitled to receive such ineligible consideration but the Company or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Company or the successor or acquirer, as the case may be) to deliver either such ineligible consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied on December 31, 2007 with a market value (as conclusively determined by the Board of Directors) equal to the market value of such ineligible consideration. In general, prescribed securities would include the Common Shares and other shares which are not redeemable by the holder within five years of the date of issuance of the Debentures. Because of this, certain transactions may result in the Debentures being convertible into prescribed securities that are highly illiquid. This could have a material adverse effect on the value of the Debentures.

Subject to compliance with the terms of the Indenture and applicable law, no consent of holders of the Debentures will be required in connection with a reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up of the Company and the holders of the Debentures will have no voting or other approval rights with respect to any such transaction.

Cancellation

All Debentures converted, redeemed or purchased as aforesaid will be cancelled and may not be reissued or resold.

Rank and Subordination

The Debentures will be direct, subordinated, unsecured obligations of the Company and will rank equally with one another and subordinate to all liabilities of the Company (including all trade debt), except liabilities which by their terms rank in right of payment equally with or subordinate to the Debentures, and will rank *pari passu* to all future unsecured subordinated debentures issued by the Company. The Indenture setting out the terms of the Debentures will not restrict the Company or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

The payment of the principal of, premium, if any, and interest on, the Debentures, including pursuant to any redemption thereof, will be subordinated in right of payment of principal and interest in the circumstances referred to below and more particularly, to be set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. “**Senior Indebtedness**” of the Company will be defined in the Indenture as the principal of and premium, if any, and interest on and other amounts payable in respect of all indebtedness (including any indebtedness to trade creditors) of the Company (whether outstanding as at the date of the Indenture or thereafter created, incurred, assumed or guaranteed), other than all other existing and future indebtedness of the Company which, by the terms of the instrument creating or evidencing such other existing and future indebtedness, is expressed to be *pari passu* with, or subordinate in the right of payment to, the Debentures or other indebtedness ranking *pari passu* with the Debentures. For greater certainty, the Credit Facilities (together with any amendment, restatement, refinancing or replacement thereof) will constitute Senior Indebtedness of the Company.

The Indenture will provide that in the event of any dissolution, winding-up, liquidation, bankruptcy, insolvency, receivership, creditor enforcement or realization or other similar proceedings relating to the Company or any of its property, or any marshalling of the assets and liabilities of the Company, then holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of the Debentures or any unpaid interest accrued thereon. The Indenture also will provide that the Company will not make any payment, and the holders of the Debentures will not be entitled to demand, accelerate, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures if a default or event of default with respect to or under any Senior Indebtedness permitting acceleration of the same has occurred and is continuing.

The Debentures will also be effectively subordinate to claims of creditors (including trade creditors) of the Company’s subsidiaries except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such creditors of the Company’s subsidiaries.

Modification

The rights of the holders of the Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions that will make Extraordinary Resolutions binding on all holders of Debentures. Under the Indenture, the Debenture Trustee will have the right to make certain amendments to the Indenture in its discretion, without the consent of the holders of Debentures. “**Extraordinary Resolutions**” will be defined in the Indenture as resolutions passed at a meeting of the holders of Debentures by holders of not less than 66⅔% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Debentures.

Events of Default

The Indenture will provide that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred with respect to the Debentures: (i) failure for 30 days to pay interest on the Debentures when due, (ii) failure to pay the principal or premium, if any, on the Debentures when due, whether on the Maturity Date, upon redemption, by declaration or otherwise and the continuance of such default for 30 days, (iii) material default in performing or observing any of the other covenants, agreements or obligations of the Company to be described in the Indenture and the continuance of such default for 60 days after the date on which the written notice of such default has been given to the Company by the Debenture Trustee or the holders of Debentures holding not less than 25% in principal amount of the outstanding Debentures, and (iv) certain events of bankruptcy, insolvency or reorganization of the Company under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the Debentures then outstanding under the Indenture, declare the principal amount of, premium, if any, and interest on all Debentures then outstanding under the Indenture to be immediately due and payable. Certain Events of Default may be waived by written direction of the holders of at least 50% of the principal amount of the outstanding Debentures, by Extraordinary Resolution or by the Debenture Trustee in certain circumstances in accordance with the terms of the Indenture.

No holder of Debentures will have any right to pursue any remedy (including any action, suit or proceeding authorized or permitted by the Indenture or pursuant to applicable law) with respect to the Indenture or the Debentures unless: (i) the holder gives to the Debenture Trustee notice of a continuing Event of Default, (ii) the holders holding at least 25% in principal amount of outstanding Debentures make a request in writing to the Debenture Trustee to pursue the remedy, (iii) such holder or holders offer or provide to the Debenture Trustee security and indemnity in form satisfactory to the Debenture Trustee against any loss, liability or expense, (iv) the Debenture Trustee does not comply with the request within 30 days after receipt of such request and indemnity, and (v) during such 30 day period the holders holding a majority in principal amount of outstanding Debentures do not give the Debenture Trustee any direction inconsistent with the request.

Compulsory Acquisition of Debentures

The Indenture will contain provisions to the effect that if an offer is made for all the Debentures other than Debentures held by or on behalf of the offeror or an affiliate or associate of the offeror and not less than 90% of the Debentures (other than Debentures held by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Satisfaction and Discharge

The Company may satisfy and discharge the Company's obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Debentures and/or by depositing with the Debenture Trustee, or the paying agent, if applicable, funds or property (including Common Shares (as applicable under the terms of the Indenture)) sufficient for, among other things, the payment of (i) the expenses of the Debenture Trustee under the Indenture, and (ii) all principal, premium (if any), interest and other amounts due or to become due in respect of the Debentures.

Book-Entry System

Debentures will be issued in the form of fully-registered global Debentures ("**Global Debentures**") held by, or on behalf of, CDS as custodian for its participants. All Debentures will be represented in the form of Global Debentures registered in the name of CDS or its nominee. Purchasers of Debentures represented by Global Debentures will not receive Debentures in definitive form. Rather, the Debentures will be represented only in "book-entry only" form (unless the Company, in its sole discretion, elects to prepare and deliver Debentures in registered and definitive form (the "**Definitive Debentures**"). Beneficial interests in the Global Debentures, constituting ownership of the Debentures, will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect participants of CDS. Each purchaser of a Debenture represented by a Global Debenture will typically receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Debenture is purchased in accordance with the practices and procedures of the selling Underwriter or

Underwriters. The practices of the Underwriters 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 Global Debentures.

All interests in the Debentures will be subject to the operations and procedures of CDS. The operations and procedures of each settlement system may be changed at any time. The Company is not responsible for those operations and procedures.

If: (i) the Company is required to do so by law, (ii) the “book-entry only” system ceases to exist, (iii) CDS notifies the Company that it is unwilling or unable to continue as depository in connection with the Global Debentures, (iv) at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Company is unable to locate a qualified successor, (v) the Company elects, in its sole discretion, to terminate the book-entry only system for the Debentures, or (vi) in certain circumstances where an Event of Default has occurred, beneficial owners of Debentures represented by Global Debentures at such time will receive Definitive Debentures.

Neither the Company, the Debenture Trustee or the Underwriters will have any responsibility or obligation to participants, or the persons for whom they act as nominees, with respect to (i) the accuracy of the records of CDS, its nominee, or any participant, regarding any ownership interest in the securities, or (ii) any payments, or the providing of notice, to participants or beneficial owners.

Transfer and Exchange of Debentures

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

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

If Definitive Debentures are used instead of or in place of Global Debentures, registered holders of Definitive Debentures may transfer such Debentures upon payment of certain charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal offices in Toronto, Ontario or such other city or cities as may from time to time be designated by the Company whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees.

Payments

Payments of interest and principal on each Global Debenture will be made to CDS or its nominee, as the case may be, as the registered holder of the Global Debenture. As long as CDS or its nominee is the registered owner of a Global Debenture, CDS or its nominee, as the case may be, will be considered the sole legal owner of such Global Debenture for the purposes of receiving payments of interest and principal on the Debentures and for all other purposes under the Indenture and the Debentures. Interest payments on Global Debentures will be made by electronic funds transfer or other means acceptable to the Debenture Trustee prior to the day interest is payable and will be delivered to CDS or its nominee, as the case may be.

The Company understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, will credit participants’ accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of CDS or its nominee. The Company also understands that payments of interest and principal by participants to the owners of beneficial interests in such Global Debenture held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name” and will be the responsibility of such

participants. The Company's responsibility and liability in respect of payments on Debentures represented by the Global Debenture is limited solely and exclusively, while the Debentures are registered in Global Debenture form, to making payment of any interest and principal due on such Global Debenture to CDS or its nominee.

If Definitive Debentures are issued instead of or in place of Global Debentures, payments of interest on each Definitive Debenture will be made by electronic funds transfer, cheque or other means acceptable to the Debenture Trustee at least three business days (a business day for this purpose being a day, other than a Saturday, Sunday or statutory holiday, on which Canadian chartered banks are open for business in Toronto, Ontario) preceding the applicable Interest Payment Date. The Debenture Trustee will forward such payments to the address of the holders appearing in the register maintained by the registrar for the Debentures at the close of business on the seventh business day prior to the Interest Payment Date. Payment of principal at maturity will be made at the principal office of the Debenture Trustee in the City of Toronto, Ontario (or in such other city or cities as may from time to time be designated by the Company) against surrender of the Definitive Debentures, if any. If the due date for payment of any amount of principal or interest on any Definitive Debenture is not, at the place of payment, a business day such payment will be made on the next business day and the holder of such Definitive Debenture shall not be entitled to any further interest or other payment in respect of such delay.

The Company or the Debenture Trustee will make any withholdings or deductions from all payments on the Debentures in respect of taxes required by law or by the interpretation or administration thereof and will remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

Governing Law

Each of the Indenture and the Debentures will be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

DESCRIPTION OF THE COMMON SHARES

The Company is authorized to issue an unlimited number of Common Shares of which 63,333,238 are issued and outstanding as at the date hereof. The holders of Common Shares are entitled to one vote per share at meetings of shareholders of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series.

Subject to the preferences accorded to holders of preferred shares and any other shares ranking senior to the Common Shares with respect to the payment of dividends, holders of Common Shares are entitled to receive, if, as and when declared by the Board of Directors, such dividends as may be declared thereon by the Board of Directors from time to time in equal amounts per share on the Common Shares at the time outstanding.

In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (a "**Distribution**"), subject to the prior rights of the holders of any preferred shares and any other shares ranking senior to the Common Shares with respect to priority in a Distribution, holders of Common Shares are entitled to receive the remaining property of the Company.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Company, and Torys LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder of Debentures who acquires Debentures pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, holds the Debentures and will hold the Common Shares issuable on the conversion, redemption or maturity of the Debentures (collectively, the "**Securities**") as the beneficial owner thereof and as capital property, and deals at arm's length and is not affiliated with the Company or the Underwriters (a "**Holder**"). Generally, the Securities will be considered to be capital property to a Holder provided that the Holder does not acquire or hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who are residents of Canada and who might not otherwise be considered to hold their Debentures and Common Shares as capital property may, in certain circumstances, be entitled to have them, 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. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a “specified financial institution” or a “restricted financial institution” (each as defined in the Tax Act), (iii) an interest in which is a “tax shelter” or “tax shelter investment” (each as defined in the Tax Act), (iv) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act, (v) that has entered into or will enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to any Securities, (vi) that is exempt from tax under Part I of the Tax Act; (vii) that is a corporation resident in Canada and is, or becomes (or does not deal at arm’s length for purposes of the Tax Act with a corporation that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of Debentures or Common Shares, controlled by a non-resident person or a group of non-resident persons not dealing with each other at arm’s length for purposes of section 212.3 of the Tax Act, or (viii) that receives dividends on the Common Shares under or as part of a “dividend rental arrangement” (as defined in the Tax Act) of the Holder. In addition, this summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Securities. Any such Holder should consult its own tax advisors with respect to an investment in the Securities.

This summary is based on the provisions of the Tax Act in force at the date hereof, all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), and counsel’s understanding of the administrative policies and practices of the Canada Revenue Agency (the “**CRA**”) 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 in administrative policies or assessing practices, whether by legislative, administrative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

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

Holders Resident in Canada

The following discussion applies to a Holder of Securities who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is resident in Canada (a “**Resident Holder**”).

Taxation of Interest on Debentures

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

Any other Resident Holder, including an individual (other than certain trusts), will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder’s income for a preceding taxation year. In addition, if at any time a Debenture should become an “investment contract” (as defined in the Tax Act) in relation to a Resident Holder, such Resident Holder will be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Debenture up to any “anniversary day” (as defined in the

Tax Act) in that year, to the extent that such interest was not otherwise included in computing the Resident Holder's income for that year or a preceding taxation year.

A Resident Holder of a Debenture that throughout the relevant taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include interest income.

As described above under the heading "*Description of the Debentures - Interest Payment Election*", the Company may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Resident Holder would be entitled to receive a cash payment equal to the interest owed to the Resident Holder from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Company were to pay interest in this manner, the Canadian federal income tax consequences to a Resident Holder would generally be the same as those described above.

Exercise of the Conversion Privilege

Generally, a Resident Holder that converts a Debenture into Common Shares pursuant to its right of conversion under the terms of the Debenture and only receives Common Shares upon such conversion (other than cash delivered in lieu of a fraction of a Common Share) will be deemed not to have disposed of the Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion.

Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of a Debenture, receives cash not in excess of \$200.00 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby recognizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Resident Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the Resident Holder's adjusted cost base of the Debenture immediately before the conversion, minus any reduction of adjusted cost base for cash received in lieu of a fraction of a Common Share as discussed above. The adjusted cost base to a Resident Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at the time.

Upon a conversion of a Debenture, interest accrued thereon will be included in computing the income of the Resident Holder as described above under "*Holders Resident in Canada — Taxation of Interest on Debentures*".

Disposition of Debentures

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

If the Company pays any amount upon the redemption, purchase or maturity of a Debenture by issuing Common Shares to the Resident Holder (but not including by the conversion of a Debenture into Common Shares pursuant to the Resident Holder's conversion privilege as described above), the Resident Holder's proceeds of disposition of the Debenture will be equal to the fair market value, at the time of redemption, purchase or maturity of the Debenture, of the Common Shares and any other consideration so received (except consideration received in satisfaction of accrued interest or that is deemed to be interest). The Resident Holder's adjusted cost base of the Common Shares so received will be equal to the fair market value of such Common Shares. The adjusted cost base to a Resident Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at the time.

Upon a disposition or deemed disposition of a Debenture, interest accrued thereon will be included in computing the income of the Resident Holder (to the extent that such interest has not otherwise been included in computing the Resident Holder's income) as described above under "Taxation of Interest on Debentures", and should be excluded in computing the Resident Holder's proceeds of disposition of the Debenture.

Any amount paid by the Company as a penalty or premium because of the repayment of all or a portion of the principal amount of a Debenture before its maturity will be deemed to be received by the Resident Holder as interest on the Debenture and will be required to be included in computing the Resident Holder's income as described above, to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of the payment of, interest that, but for the repayment, would have been paid by the Company on the Debenture for a taxation year ending after the repayment of such amount.

Disposition of Common Shares

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

Receipt of Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on such Resident Holder's Common Shares.

In the case of a Resident Holder who is an individual (other than certain trusts), such taxable dividends will be subject to the normal gross-up and dividend tax credit rules applicable to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act). Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. There may be limitations on the ability of the Company to designate dividends and deemed dividends as eligible dividends.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may give rise to alternative minimum tax, as calculated under the detailed rules set out in the Tax Act. Such Resident Holders should consult their own tax advisors in this regard.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year.

The Tax Act imposes an additional tax (refundable in certain circumstances) on dividends received or deemed to be received for the purposes of Part IV of the Tax Act by a Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) to the extent that such dividends are deductible in computing the corporation's taxable income for the year. Additionally, in certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

Taxation of Capital Gains and Capital Losses

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

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

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

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

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

Holders Not Resident in Canada

The following discussion applies to a Holder that, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention: (i) is neither a resident of Canada nor deemed to be resident in Canada, (ii) does not use or hold, is not deemed to use or hold and will not use or hold, the Securities in carrying on a business in Canada, (iii) is entitled to receive all payments (including interest and principal) in respect of a Debenture or a Common Share (including dividends, if any), and (iv) deals at arm’s length with any transferee that is resident in Canada and to whom the Holder disposes of a Debenture (a “**Non-Resident Holder**”). For greater certainty, this discussion does not apply to an insurer that carries on an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act) or a Non-Resident Holder that is, or does not deal at arm’s length with for purposes of the Tax Act, at any time a “specified shareholder” (as defined in subsection 18(5) of the Tax Act) of the Company.

Taxation of Interest on Debenture

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Company as, on account or in lieu of, or in satisfaction of, interest or principal on the Debentures unless such interest is “participating debt interest”. See “*Risk Factors – Risks Related to the Debentures – Withholding and Participating Debt Interest*”.

Exercise of Conversion Privilege

The conversion of a Debenture into Common Shares on the exercise of a conversion privilege by a Non-Resident Holder will generally be deemed not to constitute a disposition of the Debenture and, accordingly, a Non-Resident Holder should not recognize a capital gain (or capital loss) on such conversion. See “ *Holders Resident in Canada – Exercise of the Conversion Privilege*”.

Upon conversion of a Debenture, interest accrued thereon to the date of conversion will be subject to the Canadian federal tax considerations described above under “ *Holders Not Resident in Canada – Taxation of Interest on Debentures*”.

Disposition of Debentures and Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of a Debenture or a Common Shares, as the case may be, unless the Non-Resident Holder’s Debenture or Common Shares are, or are deemed to be, “taxable Canadian property” (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable tax treaty between Canada and the country of residence of the Non-Resident Holder. Provided the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition, the Debentures and the Common Shares generally will not constitute taxable

Canadian property of a Non-Resident Holder, unless, at any time during the 60-month period preceding the disposition, (a) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, partnerships in which the Non-Resident Holder or any such non-arm's length person holds an interest directly or indirectly through one or more partnerships, or any combination of the Non-Resident Holder and all such persons and partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as such term is defined in the Tax Act), (iii) "timber resource properties" (as such term is defined in the Tax Act), and (iv) options in respect of, or interests in or rights in property described in (i) to (iii). A Non-Resident Holder owning Debentures or Common Shares that may constitute taxable Canadian property should consult its tax advisors prior to a disposition thereof.

In certain circumstances, the assignment or transfer of a Debenture to a person resident or deemed to be resident in Canada for purposes of the Tax Act may give rise to a deemed payment of interest under the Tax Act. See also "*Holders Not Resident in Canada – Taxation of Interest on Debentures*" and "*Risk Factors – Risks Related to the Debentures - Withholding and Participating Debt Interest*".

Receipt of Dividends on Common Shares

Where a Non-Resident Holder receives or is deemed to receive a dividend on Common Shares, the amount of such dividend will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the Non-Resident Holder's country of residence. Where the Non-Resident Holder is a resident of the United States who is entitled to benefits under the Canada-United States Income Tax Convention (1980), as amended (the "**Convention**"), and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%. A Non-Resident Holder who is a resident of the United States is advised to consult its tax advisors in this regard.

RISK FACTORS

An investment in the Debentures is subject to certain risks. Before deciding whether to invest in the Debentures, investors should consider carefully the risks relating to the Company set forth below and in the information incorporated by reference in this Prospectus. Specific reference is made to the "Risk Factors" section in the AIF and to the "Risks and Uncertainties" sections in the 2020 Q1 MD&A and 2019 Annual MD&A, which documents are incorporated by reference in this Prospectus. All statements regarding the Company's business should be viewed in light of these risk factors. Investors should consider carefully whether investment in the Debentures is suitable for them in light of the information in this Prospectus and in the documents incorporated by reference herein and their personal circumstances. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, the Company's business, financial position, results and/or future operations may be materially adversely affected. Additional risks and uncertainties not presently known to the Company, or which the Company currently deems immaterial, may also have an adverse effect upon the Company. There can be no certainty that the Company will be able to implement successfully the strategy set out in this Prospectus and in the documents incorporated by reference herein.

Risks Relating to Recent Events

COVID-19 Pandemic

The outbreak of the COVID-19 pandemic has had an unprecedented impact on all business segments of Cineplex. As an entertainment company that operates in spaces where guests gather in close proximity, including theatres and LBE venues, the Company has been significantly impacted by the actions taken to control the spread of COVID-19. On March 16, 2020, Cineplex announced the temporary closure of all of its theatres and LBE venues across Canada, as well as substantially all route locations operated by P1AG. On April 1, 2020, in response to applicable government directives and guidance from Canadian public health authorities, Cineplex announced that the closure of its theatres and LBE venues across Canada would remain in effect and that the reopening of such locations would be reassessed as further guidance is provided by Canadian public health authorities and applicable government authorities.

The impact of the COVID-19 pandemic cannot be quantified at this time because of the significant uncertainty around the timing of the reductions of government-imposed restrictions and mandated closures of non-essential businesses, and the potential long-term effects that COVID-19 may have on Cineplex's exhibition and amusement and leisure businesses. Cineplex cannot predict when these restrictions will be lifted or how quickly (a) its businesses will be permitted to resume operations, and (b) guests will return to its locations once operations have resumed, which may be a function of (i) continued safety and health concerns, (ii) additional regulatory requirements limiting Cineplex's seating capacity, and/or (iii) depressed consumer sentiment due to adverse economic conditions, including job losses, among other things. If Cineplex does not respond appropriately to the pandemic, or if guests do not perceive its response to be adequate, Cineplex could suffer damage to its reputation, which could adversely affect its business.

Additional significant impacts on Cineplex's business caused by the COVID-19 pandemic include, and are likely to continue to include, among others:

- lack of availability of films in the short or long-term, including as a result of (i) continued delay in film releases, (ii) release of scheduled films on alternative channels, (iii) disruptions or suspensions of film production, or (iv) the reduction or elimination of the theatrical exclusive release window including the introduction of a Premium Video On Demand (PVOD) window;
- increased operating costs resulting from additional regulatory requirements enacted in response to the COVID-19 pandemic and from precautionary measures it voluntarily takes at Cineplex's locations for the health and wellbeing of its guests and employees;
- challenges maintaining relationships with its business partners, including its landlords, suppliers and motion picture distributors, as a result of its business closures during the COVID-19 pandemic;
- unavailability of employees and/or their inability or unwillingness to conduct work under revised work environment protocols;
- increased risks related to employee matters, including increased employment litigation and claims relating to terminations or leaves of absence caused by the suspension of operations;
- reductions and delays associated with planned operating and capital expenditures;
- Cineplex's inability to generate significant cash flow from operations if Cineplex's theatres continue to operate at significantly lower than historical levels, which could, in the long-term, lead to a substantial increase in indebtedness and may negatively impact Cineplex's ability to comply with the financial covenants in the Credit Facilities;
- Cineplex's inability to access lending, capital markets and other sources of liquidity, if needed, on reasonable terms, or at all, or obtain amendments, extensions and waivers of financial maintenance or other material terms;
- Cineplex's inability to effectively meet short-term and long-term obligations which it does not have the ability to eliminate or reduce (including interest payments, taxes, critical maintenance capital expenditures and compensation and benefits payments); and
- Cineplex's inability to service its existing and future indebtedness.

The longer and more severe the COVID-19 pandemic is, including new outbreaks in the future, the more significant the effects will be on Cineplex's business, financial condition and results of operations. Even when the COVID-19 pandemic subsides, Cineplex cannot guarantee that it will recover as rapidly as other industries, or as other operators within the movie exhibition industry, due to its strong footprint in densely populated areas. Further, if Canada experiences additional outbreaks of COVID-19, Cineplex may elect on a voluntary basis to again close (after reopening) certain of its theatres and LBE venues or governmental officials may order additional closures, impose

further restrictions on travel or introduce social distancing measures such as limiting the number of people allowed in a theatre or other venue at any given time.

While Cineplex has eliminated certain variable costs and reduced fixed costs to the extent possible, the Company continues to incur significant expenses, including interest payments, taxes, critical maintenance capital expenditures, and compensation and benefits payments. Cineplex cannot be certain that it will have access to sufficient liquidity to meet its obligations for the time required to allow its operations to resume or normalize. The net cash burn experienced by the Company in the second quarter of 2020 may not be sustainable at its current levels and may worsen in the future. Further, Cineplex may not be able to obtain additional liquidity and any relief provided by lenders, governmental agencies, and business partners may not be adequate or may include onerous terms.

Cineplex continues to actively monitor all aspects of its business and operations in order to minimize the impact of COVID-19 on its operations wherever possible. However, the outbreak of COVID-19 has caused significant disruptions to the Company's ability to generate profitability and cash flows. Cineplex expects the ongoing COVID-19 pandemic and the events and circumstances resulting from the COVID-19 pandemic to have a material negative impact on its business, financial condition and results of operations for the balance of 2020 and potentially longer.

Litigation Arising Out of Termination of the Cineworld Transaction

Cineplex has commenced an action against Cineworld as a result of Cineworld's repudiation of the Arrangement Agreement. Cineworld has also announced an intention to counterclaim against Cineplex for damages and losses that it suffered as a result of Cineplex's alleged breaches of the Arrangement Agreement. See "*Recent Developments - Termination of the Arrangement Agreement with Cineworld*". While Cineplex denies Cineworld's allegations and believes that Cineworld (a) had no legal basis to terminate the Arrangement Agreement, and (b) breached the Arrangement Agreement and its other contractual obligations, the outcome of such litigation cannot be predicted with certainty. Cineplex will incur additional expenses in connection with these matters, and there can be no assurance that it will be successful in obtaining any financial remedy. Even if Cineplex's action against Cineworld is successful, Cineworld may not have the ability to pay the full amount of any damages awarded to Cineplex. As well, the litigation proceedings could take away from management's time and effort, which could be otherwise spent on running Cineplex's business. There can be no assurance that the proceedings, and associated costs, will not have a material adverse impact on Cineplex's financial performance, cash flow and results of operations.

General Economic Conditions

Entertainment companies compete for guests' entertainment time and spending, and as such can be sensitive to global, national or regional economic conditions and any changes in the economy may either adversely influence these revenues in times of an economic downturn or positively influence these revenue streams should economic conditions improve. Historical data shows that movie theatre attendance has not been negatively affected by economic downturns over the past 25 years. However, COVID-19 has significantly increased economic uncertainty, which could lead to a long lasting recession in Canada, which will further adversely affect the Company's business, and such adverse effects may be material. Cineplex has never previously experienced a complete halt of its operations, and as a result, its ability to predict the impact of such a halt on its operations and future prospects is uncertain.

Lack of Financial Assistance Directed at the Movie Exhibition Industry

The Canadian government has not announced any financial assistance or other relief specifically for the Canadian movie exhibition industry in response to the COVID-19 pandemic. The Canadian government has announced a general program entitled the Large Employer Emergency Financing Facility ("**LEEFF**"), which it stated was being established to provide short-term liquidity assistance in the form of interest-bearing term loans to large Canadian employers that have been affected by the COVID-19 pandemic. As announced by the Canadian government, eligible businesses with significant operations in Canada and annual revenues of \$300 million or higher will generally be able to seek loan financing of \$60 million or more, based on their cash flow needs for the proceeding 12 months, on terms and conditions commercial in nature. The specific terms and conditions governing the program have not been released by Canadian government.

As of the date hereof, the Company has not applied to seek financing under the LEEFF program. The application of the above conditions, as well as the specific terms and conditions, pursuant to which the Company could

receive financial assistance under the LEEFF program or any other government aid initiative are not clear. Any such financial assistance and, in turn, the conditions imposed in connection with operations and in connection with receipt of financial assistance, may significantly limit the Company's corporate activities, and its terms could adversely impact its business and operations. Financing under the LEEFF program or otherwise could require amendments or waivers under agreements governing the Company's existing or future indebtedness. The nature of any amendment or waivers which would be sought by the Canadian government are unclear and, if required, there can be no assurance that such amendments or waivers, as applicable, would be secured on terms acceptable to the Company or at all. Issuance of warrants pursuant to the terms of the LEEFF program or issuances or other equity or equity-linked securities would also be dilutive to the Company's existing equity shareholders, and such dilution could be material.

As a result of the foregoing, the Company cannot make any assurances that funding under LEEFF or any other governmental programs will be made available to the Company, on terms acceptable to it, in a timely manner, or at all. If the Company does not secure financing under the LEEFF program or if it is not offered other governmental financial assistance, or if such program or other assistance is not made available to the Company on terms acceptable to it, the amount of financing that the Company would be required to seek from other third parties would be increased accordingly.

Negative Cash Flow from Operations

The Company expects to report negative cash flow from operations for the three-month period ended June 30, 2020 due to the impact of the COVID-19 pandemic. However, upon completion of this Offering, after paying the Underwriters' Fee and the expenses of this Offering and following repayment of indebtedness under the Credit Facilities as described under the heading "*Use of Proceeds*", the Company will have available liquidity under the Credit Facilities of approximately \$306 million, providing ample capacity to fund operations well into 2021 based on management's current assumptions. Although management believes the Company will have sufficient liquidity under its Credit Facilities and achieve positive cash flow from operating activities by the fourth quarter of 2020, there can be no assurance that the Company will obtain sufficient revenues to achieve or maintain profitability or positive cash flow from operations in the future. If the Company does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Company's business, financial condition and results of operation.

Financial Statements Contain Going Concern Disclosures

The 2020 Q1 Financial Statements contain disclosures describing material uncertainties related to the impact and timing of the reductions of many government-imposed restrictions and the potential prolonged negative long-term effects that the COVID-19 pandemic may have on the operations of Cineplex and its financial performance.

Cineplex has prepared its unaudited interim condensed consolidated financial statements as at March 31, 2020 on a going concern basis, which presumes it will continue its operations for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business as they become due. While Cineplex currently has sufficient liquidity to satisfy its immediate financial obligations, there can be no assurance that the steps that management is taking will provide sufficient liquidity in the near term to meet its ongoing obligations, nor can it be assured that it will be able to obtain additional financing at favorable terms, or at all. These material uncertainties lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The unaudited interim condensed consolidated financial statements do not reflect adjustments and classifications of assets, liabilities, revenues and expenses which would be necessary if Cineplex were unable to continue as a going concern. Such adjustments could be material.

Although the completion of the Offering and repayment of a portion of the outstanding Credit Facilities described under "*Use of Proceeds*" will extend the financial covenant relief contained in the Credit Agreement Amendment and provide the Company with additional liquidity to fund operations well into 2021 based on management's current assumptions, COVID-19 may have a prolonged negative impact on Cineplex's operations and financial position.

Risks Relating to the Debentures

No Prior Public Market for the Debentures

There is currently no market through which the Debentures may be sold and purchasers of Debentures may not be able to resell Debentures purchased under this Prospectus. This may affect the trading prices of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of Debentures, and the extent of issuer regulation. There can be no assurance that an active trading market will develop for the Debentures after the Offering or, if developed, that such market will be sustained. If an active market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected. The trading prices of the Debentures will depend on many factors, including liquidity of the Debentures, prevailing interest rates, the markets for similar securities, the market price of the Common Shares, general economic conditions and Cineplex's financial condition, financial performance and future prospects.

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

Ability to Satisfy Payments of Interest and Principal on the Debentures

There is no guarantee that the Company will have sufficient cash available to make interest and principal payments on the Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health and creditworthiness of the Company and the ability of the Company to earn revenues. The Debentures are subordinated to the Senior Indebtedness. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Debentures.

Credit Risk and Prior Ranking Indebtedness; Absence of Covenant Protection

The Debentures are unsecured obligations of the Company and are subordinate in right of payment to all the Company's future Senior Indebtedness. Therefore, if the Company becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Company's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively and structurally subordinate to claims of creditors (including trade creditors) of the Company's subsidiaries. The Indenture does not prohibit or limit the ability of the Company or its subsidiaries to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions on the Common Shares. The Indenture will not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction involving the Company.

Volatility of Market Price of Debentures and Common Shares

The market price of the Debentures and the underlying Common Shares may be volatile. This may be the result of a variety of factors, including, without limitation:

- the market reaction to the COVID-19 pandemic and its impact on the Company;
- actual or anticipated fluctuations in the Company's quarterly or annual earnings or those of other companies in the movie exhibition industry;
- changes in estimates of the Company's future earnings by the Company or securities research analysts;
- changes in general conditions in Canada and the global economy, financial markets or movie exhibition industry, including those resulting from war, incidents of terrorism, other pandemics or responses to such events;

- acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- the other risks described or referred to in this Prospectus and in the documents incorporated by reference herein.

The volatility may affect the ability of holders of Debentures to sell the Debentures at a favourable price. Additionally, volatility in the market price of the Common Shares may result in greater volatility in the market price of the Debentures than would be expected for non-convertible debt securities. Market price fluctuations in the Common Shares and the Debentures may be due to the Company's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Cautionary Statement Regarding Forward-Looking Information*". In addition, broad market fluctuations may adversely affect the market prices of the Debentures and the Common Shares.

Change of Control

The Company will be required to offer to purchase all outstanding Debentures within 30 days following the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Company will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. The Company's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Company's other indebtedness, if any, at that time. See "*Description of the Debentures — Change of Control*".

If a holder of Debentures converts its Debentures in connection with a Cash Change of Control, the Company may, in certain circumstances, be required to increase the conversion rate as described under "*Description of the Debentures — Cash Change of Control*". While the increased conversion rate is designed to compensate a holder of Debentures for the lost option time value of its Debentures as a result of a Cash Change of Control in certain circumstances, the increased conversion rate amount is only an approximation of such lost value and may not adequately compensate the holder for such loss.

Redemption Prior to Maturity Date

The Debentures will be redeemable, at the option of the Company, on and after the First Call Date and prior to September 30, 2024, in whole or in part, from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after September 30, 2024 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time, at the option of the Company, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of redemption. Holders of Debentures should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Debentures.

Conversion Following Certain Transactions

In the case of certain transactions, each Debenture may (i) become convertible into the securities, cash or property receivable by a holder of Common Shares based on the number of Common Shares into which the Debenture was convertible immediately prior to the transaction, or (ii) become convertible into certain prescribed securities with limited liquidity. These changes could substantially reduce or eliminate the value of the conversion privilege associated with the Debentures in the future and result in the receipt of illiquid securities and thereby have a material adverse effect on the value of the Debentures. See "*Description of the Debentures — Anti-Dilution Provisions*".

Prevailing Yields on Similar Securities

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

Possible Dilutive Effects on Holders of Common Shares

The Company may determine to redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts and interest owing thereunder at the Maturity Date of the Debentures by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Shareholder Rights

Holders of Debentures will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the Board of Directors designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Company delivers Common Shares upon conversion of a Debenture and, to a limited extent, under the conversion rate adjustments applicable to the Debentures. For example, in the event that an amendment is proposed to the Company's constating documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Common Shares that result from such amendment.

Book-Entry System

Unless and until certificated Debentures are issued in exchange for book-entry interests in the Debentures, owners of the book-entry interests will not be considered owners or holders of Debentures. Instead, the depository or its nominee will be the sole holder of the Debentures. Payments of principal, interest and other amounts owing on or in respect of the Debentures in global form will be made to the paying agent, which will make payments to CDS. Thereafter, such payments will be credited to CDS participants' accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the Debentures themselves, owners of book-entry interests will not have the direct right to act upon the Company's solicitations for consents or requests for waivers or other actions from holders of the Debentures. Instead, holders of beneficial interests in the Debentures will be permitted to act only to the extent such holders have received appropriate proxies to do so from CDS or, if applicable, a participant. There is no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Debentures to vote on any requested actions on a timely basis.

Withholding and Change in Tax Laws

The Indenture will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures. At present, the Company does not intend to withhold amounts from such payments to holders of Debentures that, for purposes of the Tax Act, are at the time of payment either (i) resident in Canada, or (ii) not resident in Canada and (A) deal at arm's length with the Company, and (B) are not deemed to receive such payments as dividends. However, no assurance can be given that the Tax Act and other applicable income tax laws will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts.

Withholding and Participating Debt Interest

The Tax Act does not generally impose withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax does apply to payments of "participating debt interest", which is defined in the Tax Act as interest that is paid on an obligation where all or any

portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion or exchange of the obligation, and a redemption or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an “Excess”).

The deeming rule does not apply in respect of certain “excluded obligations” (as defined in the Tax Act), although it is not clear whether a particular Debenture would qualify as an excluded obligation. If a Debenture is not an excluded obligation, the issues that arise are whether any such Excess is treated as participating debt interest, and if so, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that it would not consider the Excess to be participating debt interest, provided that the convertible debenture in question satisfied the requirements of a “standard convertible debenture” (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants dated May 10, 2010), and therefore there would be no withholding tax in such circumstances (provided generally that the payor and payee deal at arm’s length for purposes of the Tax Act). The Company believes that the Debentures should generally meet the criteria set forth in the CRA’s statement. However, the application of CRA’s published guidance to the Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a Non-Resident Holder of Debentures on account of interest or any Excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty).

Potential Dilution and Depression of the Price of the Common Shares

The Company may undertake additional offerings of Common Shares and of securities convertible into Common Shares in the future. The issuance of additional Common Shares will dilute the ownership interests of existing shareholders and could depress the price of the Common Shares.

Dividends

Holders of Common 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 to believe 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. Liabilities of the Company will include those arising in the ordinary course of business and indebtedness.

RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITERS

A bank affiliate of each of the Underwriters is a lender to the Company under the Credit Facilities. Consequently, the Company may be considered a “connected issuer” of each of the Underwriters under applicable Canadian securities laws. As of June 30, 2020, \$664 million has been drawn under the Credit Facilities and the Company is in compliance with all material terms of the Credit Agreement (as amended by the Credit Agreement Amendment). Since the execution of the Credit Agreement, the lenders have not waived a breach thereunder but waived the reporting deadline for the Company’s financial statements for the first quarter of the 2020. Indebtedness under the Credit Facilities is secured by certain assets of the Company and guarantees provided by certain subsidiaries of the Company. The net proceeds of the Offering will be used to repay indebtedness under the Credit Facilities. See “Use of Proceeds”.

The decision to distribute the Debentures offered hereunder and the determination of the terms of the distribution were made through negotiations between the Company and the Underwriters. The Banks did not have any

involvement in such decision or determination but have been advised of the issuance and terms thereof. As a consequence of this issuance, each of the Underwriters will receive its respective share of the Underwriters' Fee referred to under "*Plan of Distribution*".

INTERESTS OF EXPERTS

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Torys LLP. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this Prospectus or in a document that is specifically incorporated by reference herein as having prepared or certified a part of this Prospectus has received or shall receive a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company.

As of the date hereof, the respective partners and associates of each firm beneficially owned, directly or indirectly, less than 1% of the securities of the Company and its associates and affiliates. In addition, none of the aforementioned persons or companies, nor any director, partner, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a trustee, officer or employee of the Company or of any associates or affiliates of the Company.

AUDITORS

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario. PricewaterhouseCoopers LLP is independent of the Company in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

TRANSFER AGENT, REGISTRAR AND DEBENTURE TRUSTEE

The transfer agent and registrar for the Common Shares is AST Trust Company (Canada) at its principal office located in Toronto, Ontario.

The Debenture Trustee, registrar and transfer agent for the Debentures is AST Trust Company (Canada) at its principal office located in Toronto, Ontario.

AGENT FOR SERVICE OF PROCESS

Joan Dea a director of the Company, resides outside of Canada and has appointed the following agent for service of process: Cineplex Inc., 1303 Yonge Street, Toronto, Ontario, Canada, M4T 2Y9.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS

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

In an offering of convertible securities, such as the Debentures, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in this Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the convertible security is offered to the public under the

prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal advisor.

By virtue of their purchase of the Debentures under this Prospectus, original purchasers of the Debentures will have a contractual right of rescission against the Company following the conversion of such Debentures in the event that this Prospectus or any amendment thereto contains a misrepresentation. The contractual right of rescission will entitle such original purchasers to receive from the Company, upon surrender of the Common Shares issued upon conversion of such Debentures, the amount paid for such Debentures, provided that the right of rescission is exercised within 180 days of the date of the purchase of such Debentures under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario) or otherwise at law. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Date: July 9, 2020

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

By: (Signed) ELLIS JACOB
President and Chief Executive Officer

By: (Signed) GORD NELSON
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) PHYLLIS YAFFE
Director

By: (Signed) JANICE FUKAKUSA
Director

CERTIFICATE OF THE UNDERWRITERS

Date: July 9, 2020

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

SCOTIA CAPITAL INC.

By: (Signed) KEN LEHNER

BMO NESBITT BURNS INC.

By: (Signed) BRAD FRASER

RBC DOMINION SECURITIES INC.

By: (Signed) JAMES MCKENNA

CIBC WORLD MARKETS INC.

By: (Signed) PAUL GORMAN

NATIONAL BANK FINANCIAL INC.

By: (Signed) COLIN RYAN

TD SECURITIES INC.

By: (Signed) JEREMY WALKER