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NEWS RELEASE

Exchange Income Corporation Announces \$125,000,000 Bought Deal Financing of 5.25% Convertible Unsecured Subordinated Debentures

Winnipeg, Manitoba – July 12, 2021 – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”) announced today that it has reached an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and CIBC Capital Markets (the “Underwriters”), pursuant to which the Corporation will issue on a bought deal basis, subject to regulatory approval, \$125,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the “Debentures”) at a price of \$1,000 per principal amount of Debentures (the “Offering”). The Corporation has granted to the Underwriters an over-allotment option to purchase up to an additional \$18,750,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allotments.

The Corporation intends to use the net proceeds from the Offering to fund the redemption of certain debentures as set forth below and to reduce indebtedness under the credit facility of the Corporation. The Debentures will bear interest from the date of closing at 5.25% per annum, payable semi-annually in arrears on July 31 and January 31 each year commencing January 31, 2022. The Debentures will have a maturity date of July 31, 2028 (the “Maturity Date”).

The Debentures will be convertible at the holder’s option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures into common shares of the Corporation (“Common Shares”) at a conversion price of approximately \$52.70 per Common Share, being a conversion rate of 18.9753 Common Shares for each \$1,000 principal amount of Debentures, subject to adjustment as provided in the indenture governing the Debentures.

The Corporation also announced that it will issue a notice of redemption to the holders of its currently outstanding 7 year 5.25% convertible unsecured subordinated debentures maturing on June 30, 2023 (the “2016 Debentures”). The Corporation has the right to redeem the 2016 Debentures after June 30, 2021, and subject to all necessary approvals, will redeem all issued and outstanding 2016 Debentures following the closing of the Offering on a date to be determined by the Corporation (the “Redemption Date”). Holders of the 2016 Debentures will have the option to convert the 2016 Debentures into Common Shares prior to the Redemption Date at a price of \$44.75 per share. The 2016 Debentures are redeemable at a redemption price equal to their principal amount, plus accrued and unpaid interest thereon up to, but excluding, the Redemption Date. As of the close of business on July 12, 2021, there was approximately \$69 million principal amount of 2016 Debentures issued and outstanding.

The Corporation intends to use the net proceeds of the Offering to fund the redemption of the 2016 Debentures, as required, and to repay indebtedness under its credit facility that will provide financial flexibility in order to redeem, when permitted, other upcoming maturities, specifically the 5.25% convertible unsecured subordinated debentures maturing on December 31, 2022. The redemption of the 2016 Debentures is not conditional upon the completion of the Offering.

Closing of the Offering is expected to occur on or about July 30, 2021. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange of the listing of the Debentures and the Common Shares to be issued upon conversion of the Debentures. The Debentures will be offered in each of the provinces of Canada by way of a short form prospectus, and by way of private placement in the United States to Qualified Institutional Buyers pursuant to Rule 144A.



About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aerospace & aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

Caution Concerning Forward-Looking Statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, COVID-19 and pandemic related risks, the dependence of the Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation's financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclical nature of the industries, seasonality of the businesses, poor weather conditions, and foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Except as required by Canadian Securities Law, the Corporation does not undertake to update any forward-looking statements; such statements speak only as of the date made. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by the Corporation with the securities regulatory authorities, available at www.sedar.com.

For further information, please contact:

Mike Pyle
Chief Executive Officer
Exchange Income Corporation
(204) 982-1850
MPyle@eig.ca

Pam Plaster
Vice President, Investor Development
Exchange Income Corporation
(204) 953-1314
pplaster@eig.ca