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

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.

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 Corporate Secretary of Eclipse Residential Mortgage Investment Corporation at its head office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario M5J 2T3, or by calling 1-866-642-6001, and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue June 23, 2017

eclipse Residential MIC

$150,000,000

Common Shares

Eclipse Residential Mortgage Investment Corporation (the "**Corporation**") may from time to time offer and issue up to $150,000,000 of common shares (the "**Common Shares**") during the 25-month period that this short form base shelf prospectus (the "**Prospectus**"), including any amendments hereto, remains effective. Common Shares may be offered in such amount as the Corporation may determine in light of market conditions. The specific terms of the Common Shares in respect of which this Prospectus is being delivered (the "**Offered Shares**"), and all shelf information not included in this Prospectus, will be set forth in one or more prospectus supplements (each a "**Prospectus Supplement**") to be delivered to purchasers together with this Prospectus, which may include the aggregate offered amount, the number of Offered Shares offered and the issue price. Each such Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of each such Prospectus Supplement and only for the purposes of the distribution of Offered Shares to which such Prospectus Supplement pertains.

The Corporation is a mortgage investment corporation ("**MIC**") and its business focuses on acquiring and maintaining a diversified mortgage portfolio primarily composed of single-family residential mortgage investments that seeks to preserve capital and to generate income to pay monthly distributions to Shareholders.

The Corporation may sell Offered Shares to or through underwriters or dealers, directly to investors or through agents. Each Prospectus Supplement will identify each underwriter, dealer or agent with respect to such Offered Shares and will set forth the terms of the offering of such Offered Shares, including, to the extent applicable, the net proceeds to the Corporation and any fees payable to the underwriters, dealers or agents. The underwriters, dealers or agents may over-allot or effect transactions that stabilize, maintain or otherwise affect the market price of the Offered Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

The Corporation’s outstanding Common Shares are listed on the Toronto Stock Exchange under the symbol ERM. On June 22, 2017, the closing price on the TSX of the Common Shares was $9.95.

An investment in the Offered Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors described in this Prospectus. See “*Risk Factors*”.

The Corporation’s head and registered office is located at Bay Wellington Tower, Brookfield Place, 181 Bay Street Suite 2930, Toronto, Ontario, M5J 2T3.

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GENERAL MATTERS

In this Prospectus, references to the "Corporation" refer to Eclipse Residential Mortgage Investment Corporation; and references to the "Manager" refer to Brompton Funds Limited. All capitalized terms used herein are defined elsewhere in this Prospectus including under "Glossary of Terms".

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this Prospectus may be forward-looking statements. The use of words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. Examples of such forward-looking statements include, but are not limited to, statements relating to: payment of any dividend, the Corporation's expected borrowings and the ability of the Corporation to continue to qualify as a mortgage investment corporation under the Income Tax Act (Canada). Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the Corporation's Annual Information Form dated March 22, 2017 and filed on the Corporation's SEDAR profile at www.sedar.com. Risk factors are also discussed under "Risk Factors" herein. Although the Manager believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof or as of the date specified in the documents incorporated by reference herein, as the case may be. The Corporation and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

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

a) the annual information form of the Corporation dated March 22, 2017 for the year ended December 31, 2016;

b) the audited financial statements of the Corporation for the year ended December 31, 2016, together with the accompanying report of the auditor;

c) the management's discussion and analysis of the Corporation for the year ended December 31, 2016;

d) the unaudited financial statements of the Corporation for the three-month period ended March 31, 2017;

e) the management's discussion and analysis of the Corporation for the three-month period ended March 31, 2017;

f) the information circular of the Corporation dated November 1, 2016; and

g) the information circular of the Corporation dated May 2, 2017.

All documents of the Corporation of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* to National Instrument 44-101 — *Short Form Prospectus Distributions* ("NI 44-101"), including any annual information form, interim and annual financial statements and related management's discussion and analysis, material change reports (except confidential material change reports), business acquisition reports and information circulars, if filed by the Corporation with a securities commission or similar authority in Canada after the date of this Prospectus and during the term of this prospectus, will be deemed to be incorporated by reference in this Prospectus.

Any template version of any "marketing materials" (as such term is defined in NI 44-101) filed after the date of a Prospectus Supplement and before the termination of the distribution of the Offered Shares offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed to be incorporated by reference in such Prospectus Supplement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document 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 such 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.

Upon a new annual information form, quarterly or annual financial statements and management's discussion and analysis being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, quarterly or annual financial statements and management's discussion and analysis and all material change reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Offered Shares hereunder.

A Prospectus Supplement containing the specific terms of an offering of Offered Shares will be delivered to purchasers of such Offered Shares together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Offered Shares covered by that Prospectus Supplement.

ECLIPSE RESIDENTIAL MORTGAGE INVESTMENT CORPORATION

The Corporation is a mortgage investment corporation and its business focuses on acquiring and maintaining a diversified mortgage portfolio primarily composed of single-family residential mortgage investments that seeks to preserve capital and to generate income to pay monthly distributions to Shareholders.

The Corporation is a corporation incorporated under the *Business Corporations Act* (Ontario) pursuant to articles of incorporation dated April 3, 2013, as amended, with a head and registered office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street Suite 2930, Toronto, Ontario, M5J 2T3.

The Corporation completed its initial public offering in June 2013. Prior to January 4, 2017, the Corporation operated as a non-redeemable investment fund, as defined in NI 81-106, and filed public disclosure documents according to NI 81-106. On November 30, 2016, holders of Class A Shares in the capital of the Corporation approved the transition of the Corporation from the Canadian securities regulatory regime for investment funds to the regulatory regime for reporting issuers that are not investment funds (which transition included, among other things, amendments to the Corporation's articles to provide that each Class A Share be exchanged for one Common Share). Such transition was completed on January 4, 2017, and as a result, the Corporation currently files public disclosure documents pursuant to NI 51-102.

The Corporation qualifies as a MIC and is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Common Shares are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions thereof or any other legislation.

The Common Shares are listed on the TSX under the symbol ERM.

Investment Objectives and Investment Strategies

The Corporation's Investment Objectives are to acquire and maintain a diversified Mortgage Portfolio comprised primarily of Single Family Residential Mortgages that seeks to preserve capital and generate sufficient income to permit the Corporation to pay monthly distributions to the Shareholders.

The Corporation seeks to accomplish its Investment Objectives through prudent investments in a Mortgage Portfolio consisting primarily of Single Family Residential Mortgages. Currently, the Corporation is fully invested in 100% Single Family Residential Mortgages. From time to time, the Corporation may also invest a limited portion of its Mortgage Portfolio in Other Mortgages (i.e., Commercial Mortgages and Residential Construction Mortgages).

The Mortgage Portfolio is diversified based on a number of factors, including the maturity date of the Mortgages and the geographic location of the underlying Real Property. The Portfolio Mortgages will be on properties principally located in major urban centres across Canada. The weighted average Loan-to-Value of the Mortgage Portfolio, excluding Insured Single Family Residential Mortgages, will not exceed 80%, with no single Mortgage having a Loan-to-Value of more than 85% at the time of funding.

The Corporation is currently invested in Single Family Residential Mortgages, including: (i) junior tranches of first Mortgages; (ii) second charge Mortgages where MCAP is the servicer of the first Mortgage on the Real Property; and (iii) short-term Insured Single Family Residential Mortgages.

Investment Guidelines

The Investment Guidelines of the Corporation are as follows, which may be amended, from time to time, as approved by the board of directors of the Corporation (the "Board"):

1. the Corporation expects borrowings to range between 20% and 50% of the Total Assets of the Corporation; however, the Corporation may employ higher leverage levels provided that borrowings are not in excess of those requirements set out for the Corporation to qualify as a "mortgage investment corporation" within the meaning of the Income Tax Act;

2. at the time of investment, the weighted average term to maturity of Mortgages invested in by the Corporation may not exceed 60 months;

3. at the time of funding, the weighted average Loan-to-Value of the Mortgage Portfolio may not exceed 80% and no single Portfolio Mortgage may have a Loan-to-Value exceeding 85%, excluding Insured Single Family Residential Mortgages;

4. not more than 30% of the principal amount of the Mortgage Portfolio will be secured by second Mortgages, excluding Insured Single Family Residential Mortgages (for greater clarity, a junior position in, or junior tranche of, a first ranking mortgage is not considered a second Mortgage);

5. not more than 15% of the principal amount of the Mortgage Portfolio may be comprised of Mortgage-Related Securities;

6. at the time of investment, not more than 20% of the principal amount of the Mortgage Portfolio may be comprised of Other Mortgages;

7. the Corporation will not invest in securities other than Mortgages secured by Real Property situated in Canada, Mortgage-Related Securities and cash and cash equivalents;

8. the Corporation does not expect that it will invest in Real Property, except that the Corporation may hold Real Property acquired as a result of foreclosure where such foreclosure is necessary to protect the Mortgage investment of the Corporation as a result of a default by the mortgagor and the Corporation will

use commercially reasonable efforts to dispose of any such Real Property acquired on foreclosure, and the Corporation will not manage or develop any Real Property;

9. not more than 10% of the principal amount of the Mortgage Portfolio will be comprised of Mortgages of the same borrower; and

10. not more than 5% of the principal amount of the Mortgage Portfolio will be comprised of Mortgages secured by the same property.

The Board may, in the future, make further changes to the Investment Guidelines on advice from the Manager and the Mortgage Consultant and when the Board believes it would be in the best interests of the Corporation to do so.

Investment Restrictions

The Corporation will not make or hold any investment, conduct any activity or take any action or omit to take any action that would result in the Corporation failing to qualify as a “mortgage investment corporation” within the meaning of the Income Tax Act.

Junior Tranches of First Mortgages

The junior and senior tranches of the mortgages in which the Corporation has an interest are governed by standard form participation agreements that permit MCAP to control the administration of the entire mortgage. Junior tranches of first mortgages represent a direct ownership interest in such mortgages together with the owners of the senior tranches of the mortgages, provided that the entire mortgage is serviced by MCAP. The senior position in a mortgage entitles its owner to a lower interest rate than the mortgage rate paid on the entire mortgage, which allows the Corporation, as the owner of the junior position, to earn an increased yield on its investment in the junior tranche of the mortgage. The Corporation believes that tranching provides an improved risk-return proposition to the Corporation over holding what otherwise would be the entire mortgage investment.

Typically, unless there is an event of default under a given mortgage (i.e. failure of the borrower to pay an amount owing), both the senior and junior positions of the mortgage will receive their shares of the principal and interest payments according to the relevant participation agreement. In the event of a default on a given mortgage, payments, including payments of principal and interest, are made to the holder of the senior position in the mortgage until the senior position is repaid. Additionally, if there is a default on a particular mortgage, then the senior participant (or after it has been fully repaid then the junior participant) is entitled to direct the servicer to enforce the mortgage on behalf of both participants in accordance with applicable law with all costs to be borne by the borrower. In such circumstances, the junior participant has the right, but not the obligation, to purchase the senior participant’s interest in the mortgage if it wishes to elect to direct the servicer to enforce on the mortgage prior to full repayment of the senior position. Title to the mortgage and all other security is in the name of a nominee that holds title on behalf of both participants as beneficial owners of the mortgage.

Results of Operations – Year ended December 31, 2016

Revenue for the year ended December 31, 2016 amounted to $3.0 million compared to $3.6 million for year ended December 31, 2015. The 17% decrease in revenue was primarily a result of a 17% decrease in the average portfolio size as a result of the redemption by holders of Class A Shares in the capital of the Corporation at the end of 2015 pursuant to the annual redemption feature that the Corporation provided previously when it operated as an investment fund. The annual redemption was limited to 15% of outstanding equity. Over the course of 2016, the Corporation also purchased approximately 4% of the Corporation’s outstanding shares (as at December 31, 2015) under its normal course issuer bid program at prices below net asset value, which also contributed to a decline of the portfolio size over the year and led to a decline in ongoing revenue. The Corporation’s normal course issuer bid program provided liquidity to shareholders and allowed the Corporation to purchase Class A Shares on the TSX for cancellation if such shares traded below net asset value. The weighted average yield of the portfolio also declined from 9.82% at December 31, 2015 to 9.38% at December 31, 2016. Such decrease reflected lower interest rates from the insured six-month convertible mortgages and insured mortgages with open terms, which declined by 0.54%

and 0.99%, respectively. Insured mortgages represented 27% of the Corporation's portfolio as at the 2016 year end, an increase from the 23% weighting at the 2015 year end.

Expenses for 2016 were $0.9 million compared to $1.0 million in 2015. The decrease in expenses was primarily a result of lower management fees and mortgage service fees in 2016 with the decline of assets in the Corporation as a result of the annual redemption at the end of 2015.

The Corporation's earnings per share for 2016 was $0.79 compared to $0.83 in 2015, reflecting the lower yield earned from the mortgage portfolio. The Corporation's 2016 earnings per share was in excess of the dividends declared in the year which amounted to $0.65 per share. The Corporation's book value increased from $9.54 at the end of 2015 to $9.69 at the end of 2016. The Corporation has tax attributes primarily available from the issuance of equity shares which are being used to shelter income in excess of dividends to allow for growth in retained earnings. The Corporation increased its monthly dividend rate from $0.05 per share to $0.05417 per share in April 2015. Since inception, the Corporation has paid dividends of $2.14 per share to December 31, 2016. On January 12, 2017, the Corporation announced a 15.4% increase in the dividend rate to $0.0625 per share per month commencing with the January 31, 2017 record date, representing $0.75 per share per annum.

Investment Portfolio – as at December 31, 2016

The Corporation's investment portfolio has a low duration, with a weighted average maturity of 7.7 months as at December 31, 2016 and 2015. The Corporation also focuses on mortgages underwritten to entry-level housing for working families who are Canadian residents, rather than high-end housing markets or lending to foreign buyers. As at December 31, 2016, the weighted average property value of mortgages held by the Corporation based on original appraised value at loan origination was $323,000, which demonstrates that the Corporation's investment focus is not on high-end housing but rather on liquid and entry-level housing. The Corporation's portfolio continues to be mostly concentrated in Ontario (58% as at December 31, 2016 and 59% as at December 31, 2015) with the second highest exposure to mortgages located in Alberta (19% as at December 31, 2016 and 18% as at December 31, 2015).

As at December 31, 2016, the Corporation had 65% of its portfolio invested in junior tranches of uninsured first mortgages, which was largely unchanged from the 66% weighting as at December 31, 2015. The Corporation intends to increase the weighting of junior tranches of uninsured first mortgages in its portfolio and to decrease the weighting of insured mortgage investments. As at December 31, 2016, the Loan-to-Value of the uninsured first mortgages which have been tranched ranged from 19% to 82% with a weighted average Loan-to-Value of 76%. The junior positions held by the Corporation represented 12% of the weighted average Loan-to-Value and the remaining 64% comprised the senior positions which were held by third parties. The Corporation had 499 junior tranches of uninsured first mortgages as at the end of 2016 with total value of $16.9 million. The Corporation's junior tranches represented $16.9 million of the total whole mortgage value of $106.2 million in uninsured first mortgages, with the balance being held by the owners of senior tranches. The size of individual junior tranches position ranged from approximately $2,000 to $182,000 and the average size of junior tranche mortgage investment outstanding was $34,000. The average size of each uninsured first mortgage before tranching (i.e. whole loan) was approximately $247,000. The Corporation earned a weighted average yield of 10.43% from its junior tranche investments on a pool of uninsured first mortgage with a weighted average interest rate of 4.76%.

The following table sets out additional details of the junior tranches held by the Corporation as at December 31, 2016.

Yield			**Maturity Dates**			**Loan-to-Value**	
Less than 6%	1%		Less than 6 Months	39%		Less than 60%	39%
6.01% to 8%	16%		6 Months to 1 Year	35%		60.01% to 70%	35%
8.01% to 10%	41%		1 Year to 18 Months	14%		70.01% to 80%	14%
Greater than 10%	42%		Greater than 18 Months	12%		Greater than 80%	12%
Total	100%		Total	100%		Total	100%

Organization and Management of the Corporation

Manager

Pursuant to the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Corporation, and may delegate certain of its powers to third parties at no additional cost to the Corporation where, in the discretion of the Manager, it would be in the best interests of the Corporation to do so.

Mortgage Consultant

Pursuant to the Mortgage Consulting Agreement, the Mortgage Consultant provides Mortgage consulting services required by the Manager. The duties and services of the Mortgage Consultant under the Mortgage Consulting Agreement include but are not limited to: (i) consulting with the Manager in respect of Mortgages and the Mortgage-Related Securities market and in respect of Portfolio investments; and (ii) providing the Manager such other Mortgage consulting and related services as the Manager may require from time to time.

Mortgage Services Provider

Pursuant to the Mortgage Services Agreement, the Mortgage Services Provider sources and services the Mortgage Portfolio. Pursuant to the Mortgage Services Agreement, the Mortgage Services Provider provides all Portfolio Mortgage sourcing and servicing services required by the Corporation and/or the Manager. The duties and services of the Mortgage Services Provider under the Mortgage Services Agreement, include but are not limited to: (i) seeking out and evaluating Mortgage investment opportunities for the Corporation and referring such Mortgage investment opportunities to the Corporation and the Manager; (ii) originating Mortgages that adhere to the Corporation's Investment Objectives and Investment Strategies subject to the Investment Restrictions; (iii) overseeing the servicing of the Portfolio Mortgages, which includes but is not limited to monitoring and ensuring the adequacy of the Portfolio Mortgages' performance by substantiating Mortgage and realty tax payments, collecting payments, confirming insurance coverage, reviewing financial and operating statements; (iv) providing those services as may be required to collect, handle, prosecute or settle any claims of the Corporation with respect to the Mortgage Portfolio, including default servicing; (v) obtaining appraisals as may be required, including title opinions or reports of counsel or others concerning zoning, environmental regulations and insurance coverage; (vi) assisting any valuation agent of the Corporation or retained by the Manager in respect of the valuation of the Mortgage Portfolio; and (vii) such other sourcing and Mortgage servicing services as may be required by the Corporation or the Manager from time to time.

Custodian

Pursuant to the Custodian Agreement, the Custodian, located in Toronto, Ontario, is responsible for certain aspects of the day-to-day administration of the Corporation and provides safekeeping and custodial services in respect of the Corporation's assets.

The Custodian may, in accordance with the terms of the Custodian Agreement, appoint sub-custodians and enter into sub-custodian agreements. CIBC Mellon Trust Company, located in Toronto, Ontario, has been appointed as sub-custodian for the safekeeping of client cash.

SUMMARY DESCRIPTION OF THE COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares. As of June 22, 2017, there were 2,101,212 Common Shares outstanding. The following description sets forth certain general terms and provisions of the Common Shares, as well as the Corporation's current policy relating to dividends.

Dividends

Shareholders are entitled to receive dividends as and when declared by the Board on the Common Shares out of the assets of the Corporation properly applicable to the payment of dividends or distributions in an amount and at a time determined by the Board in its sole discretion.

The current policy of the Board of the Corporation is to pay monthly dividends to the Shareholders. The Corporation currently pays monthly dividends in the amount of $0.0625 per Share. Dividends are declared from time to time by the Board, acting in its sole discretion, out of the assets of the Corporation available for the payment of dividends and other distributions. Shareholders are entitled to receive dividends as and when declared. The Corporation intends to continue to make monthly cash distributions to Shareholders of record on the last Business Day of each month and pay such cash dividends on or before the 10th Business Day of the following month. Notwithstanding the above, the Corporation has the right to determine a record date that is other than the last Business Day of each month. The amount of monthly cash dividends may fluctuate from month to month and there can be no assurance that the Corporation will make any dividends in any particular month or months

Voting Rights

Shareholders are entitled to receive notice of and to attend and vote at all meetings of the Shareholders of the Corporation (except where the holders of a specified class or classes of shares, other than Common Shares, are entitled to vote separately or collectively as a class as provided in the applicable share conditions or in the *Business Corporations Act* (Ontario)) and each Share shall confer the right to one vote in person or by proxy at all such meetings.

Rights upon Dissolution or Winding Up

Shareholders shall be entitled to receive, subject to the rights of the holders of another class of shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

Restriction on Ownership

No Shareholder is permitted to hold at any time, directly or indirectly, together with Related Persons, more than 25% of any class or series of the issued shares of the Corporation. In the event that, as determined by the board of directors of the Corporation in its sole discretion, any transaction affecting any Common Shares (each a "**Triggering Transaction**"), if completed, would cause any Shareholder(s) (each an "**Automatic Repurchase Shareholder**"), together with Related Persons, to hold more than 25% of the Common Shares, that portion of such Common Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued Common Shares (the "**Repurchased Shares**") will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Corporation (an "**Automatic Repurchase**") without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to the 10-day volume weighted average trading price of the Common Shares on the TSX for the 10 days prior to the date of the Triggering Transaction. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder within 60 days following the date of the Triggering Transaction.

MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes in the consolidated capitalization of the Company since December 31, 2016 that have not been disclosed in this Prospectus or the documents incorporated by reference herein.

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, the Corporation expects to use the net proceeds from the sale of Offered Shares to fund the purchase of mortgage investments for the Portfolio in accordance with the

Investment Objectives, Investment Guidelines and Investment Restrictions, and any remaining balance of the net proceeds for general corporate purposes.

PLAN OF DISTRIBUTION

The Corporation may sell Offered Shares to or through underwriters or dealers, directly to investors or through agents.

Offered Shares may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Offered Shares. In connection with the sale of Offered Shares, underwriters, dealers or agents may receive compensation from the Corporation or from purchasers of Offered Shares for whom they may act as agents.

A Prospectus Supplement for any Offered Shares being offered will identify each underwriter, dealer or agent with respect to the offering of Offered Shares and will set forth the terms of the offering of such Offered Shares, including, to the extent applicable, the aggregate offered amount, the number of Offered Shares offered, the offering price, the proceeds to and the portion of expenses borne by the Corporation from and any underwriting discount or commission and any discounts, concessions or commissions allowed or reallowed or paid by any underwriter to other dealers. The underwriters, dealers or agents may over-allot or effect transactions that stabilize, maintain or otherwise affect the market price of the Offered Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Only underwriters so named in the Prospectus Supplement are deemed to be underwriters in connection with the Securities offered thereby.

Under agreements that may be entered into by the Corporation, underwriters, dealers and agents who participate in the distribution of Offered Shares may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the Corporation or its subsidiaries in the ordinary course of business.

The Offered Shares will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX under the symbol “ERM”. The following table summarizes the high and low prices for the Common Shares and the volume of trading for the Common Shares on the TSX on a monthly basis for the 12-month period before the date of this prospectus.

Month	High	Low	Volume
June 2016	$9.44	$9.10	50,582
July 2016	$9.98	$9.14	18,862
August 2016	$9.52	$9.27	23,846
September 2016	$9.45	$9.31	17,982
October 2016	$9.58	$9.20	65,404
November 2016	$9.40	$9.30	76,175
December 2016	$10.20	$9.35	29,129
January 2017	$10.00	$9.70	51,955
February 2017	$10.29	$9.86	24,585
March 2017	$10.45	$10.00	13,458
April 2017	$10.45	$9.72	12,753

Month	High	Low	Volume
May 2017	$10.79	$10.38	22,808

PRIOR SALES

The following table sets out the prior sales of the Common Shares by the Corporation for the 12-month period before the date of this prospectus.

Issue Type	Date	Price per Share(1)	Quantity	Gross Proceeds(2)
DRIP	February 14, 2017	$9.80	249	$2,440
DRIP	March 14, 2017	$9.85	266	$2,620
DRIP	April 17, 2017	$9.80	294	$2,881
DRIP	May 12, 2017	$10.09	273	$2,755
DRIP	June 14, 2017	$9.85	277	$2,728

Notes:

(1) Ascribed value. These values have been rounded

(2) These amounts have been rounded.

RISK FACTORS

Certain risk factors relating to the Corporation and the Common Shares are described below. Additional risks and uncertainties that are not currently known to the Corporation, or that are currently considered immaterial, may also impair the operations of the Corporation. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Corporation and the ability of the Corporation to make distributions on the Common Shares, could be materially adversely affected.

No Assurance of Achieving Investment Objectives

There can be no assurance that Portfolio Mortgages invested in by the Corporation will result in a guaranteed rate of return or any return to Shareholders or that losses will not be suffered on one or more of the Portfolio Mortgages. Although Portfolio Mortgages and Mortgage-Related Securities will undergo a thorough review and selection process by the Manager and MCAP, respectively, there is no assurance that the Corporation will be able to achieve its investment objectives, pay distributions at the targeted levels or preserve capital. The funds available for distribution to Shareholders will vary according to, among other things, losses of principal and/or interest in relation to Portfolio Mortgages and the interest and principal payments received in respect of the Portfolio Mortgages. There is no assurance that the Mortgage Portfolio will earn any positive return. The Manager, on behalf of the Corporation, may periodically re-evaluate the Corporation’s targeted level of distributions and adjust it higher or lower, which may have a material effect on the price or value of the Common Shares. An investment in the Corporation is appropriate only for investors who have the capacity to absorb a loss on their investment and who can withstand the effect of distributions not being paid in any period or at all.

Changes in Real Property Values

The Corporation’s investments in Mortgage loans will be secured by Real Property, the value of which may fluctuate. The value of Single Family Residential Properties is affected by, among other factors, general economic conditions, local real estate markets, the attractiveness of the property and the level of supply and demand in the market for comparable properties. A substantial decline in value of Real Property provided as security for a Mortgage may cause the value of such Real Property to be less than the outstanding principal amount of the Mortgage loan. In that case, and in the event the Mortgage loan is uninsured, the Corporation’s realization on its security and its exercise of foreclosure or power of sale rights in respect of the relevant property might not provide the Corporation with proceeds sufficient to satisfy the outstanding principal amount of, and interest owing, under the Mortgage loan. However, even in the event the loan is insured, the Corporation may not be able to realize proceeds sufficient to satisfy the outstanding principal amount of, and interest owing under, the Mortgage loan if its claim to the relevant Mortgage Insurance Company is denied in whole or in part or if the relevant Mortgage Insurance Company becomes insolvent.

While independent appraisals are required before the Corporation may make any Mortgage investments, the appraised values provided, even where reported on an "as is" basis, are not necessarily reflective of the market value of the underlying Real Property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain assumptions and conditions, including the completion of construction, rehabilitation, remediation or leasehold improvements on the Real Property providing security for the loan. There can be no assurance that these assumptions and conditions will be satisfied and if and to the extent they are not satisfied appraised value may not necessarily reflect the market value of the Real Property at the time the conditions are satisfied.

Concentration and Composition of the Mortgage Portfolio

The Mortgage Portfolio will be comprised primarily of Single Family Residential Mortgages, although the Corporation also may hold Other Mortgages and cash and cash equivalents. Given the concentration of the Corporation's exposure to Mortgages, the Corporation will be more susceptible to adverse economic or regulatory occurrences affecting Real Property than an entity that holds a diversified portfolio of securities. Investments in Mortgages are relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to vary the composition of the Mortgage Portfolio promptly in response to changing economic or investment conditions. The investment objectives, investment strategies, investment restrictions and investment guidelines of the Corporation permit the assets of the Corporation to be invested in different types of Mortgages. Therefore, the composition of the Mortgage Portfolio may vary from time to time, subject to the investment objectives, investment strategies, investment restrictions and investment guidelines of the Corporation. The Mortgage Portfolio will be invested, and may from time to time be concentrated, by location of the properties, type of property, or other factors resulting in the Mortgage Portfolio being less diversified than at other times. As a result, the returns generated by the Mortgage Portfolio may change as its composition changes.

No Guarantees or Insurance

Other than Insured Single Family Residential Mortgages, a Mortgage borrower's obligations to the Corporation or any other person are not guaranteed by the Government of Canada, the government of any province or any agency thereof nor are they insured under the *National Housing Act* (Canada). In relation to uninsured Single Family Residential Mortgages, and if additional security is given by the borrower or a third party or if a private guarantor guarantees the Mortgage borrower's obligations, there is no assurance that such additional security or guarantee will be available or sufficient to make the Corporation whole if and when resort is to be had thereto. Further, Common Shares are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions thereof or any other legislation.

Competition

MCAP's products compete with those offered by banks, insurance companies, trust companies and other financial institutions. Certain of these competitors are better capitalized, hold a larger percentage of the Canadian Mortgage market, may have greater financial, technical and marketing resources than MCAP and will have greater name recognition than MCAP. MCAP will experience competition in all aspects of its business, including price competition. If price competition increases, MCAP may not be able to raise the interest rates it charges in response to a rising cost of funds or may be forced to lower the interest rates that it is able to charge borrowers, which has the potential to reduce the value of the Portfolio Mortgages that the Corporation has purchased from MCAP or the return on or yield of Portfolio Mortgages that the Corporation may purchase from MCAP. Price-cutting or discounting may reduce the return on or yield of the Portfolio Mortgages invested in by the Corporation. This could have a material adverse effect on the Corporation's business, financial condition and results of operations and on the amount of cash available for distribution to be made on the Common Shares.

Sensitivity to Interest Rates

At any point in time, the interest rates being charged for Portfolio Mortgages are reflective of the general level of interest rates and, as interest rates fluctuate, it is expected that the aggregate yield on Mortgage investments will also change. It is anticipated that the market price for the Common Shares and the value of the Mortgage Portfolio at any given time may be affected by the level and term structure of interest rates prevailing at such time. The Corporation's income will consist primarily of interest payments on the Portfolio Mortgages. If there is a decline in interest rates (as measured by the indices upon which the interest rates of the Portfolio Mortgages are based), the Corporation may find it difficult to purchase additional Mortgages bearing rates sufficient to achieve the targeted payment of distributions on the Common Shares. There can be no assurance that an interest rate environment in which there is a significant decline in interest rates would not adversely affect the Corporation's ability to maintain distributions on the Common Shares at a consistent level. As well, if interest rates increase, the value of the Corporation's Mortgage Portfolio may be negatively impacted.

Risks Related to Mortgage-Related Securities

The Corporation may invest in mortgage-related securities ("**Mortgage-Related Securities**") where the cash flows received are based on the difference between the interest payments received on a pool of Mortgages and the cost of financing the pool of Mortgages (or otherwise based on the residual interest in such pools after the costs of operating and funding the pools). Such cash flows may be represented by separate securities or constitute contractual rights under securitization or other similar programs. In most cases, however, the underlying pool of Mortgages will consist of Insured Single Family Residential Mortgages rather than Mortgage-Related Securities.

In addition to default risk which can adversely affect Mortgage-Related Securities, investments in Mortgage-Related Securities are also generally sensitive to changes in the pre-payment rate on the applicable Mortgages underlying this form of investment. In particular, an increase in prepayments has the effect of shortening the average amortization, and thereby reducing the interest income, of the applicable underlying Mortgages, which may cause principal losses and a material adverse effect on the market value of Mortgage-Related Securities. Conversely, a decrease in the pre-payment rate and an increase in the amortization of the applicable underlying Mortgages may cause an increase in the market value of Mortgage-Related Securities.

Fluctuations in Distributions

The funds available for distribution by the Corporation will vary according to, among other things, the value of the Mortgage Portfolio and the interest earned thereon. Fluctuations in the market value of the Mortgage Portfolio may occur for a number of reasons beyond the control of the Manager or the Corporation. The Corporation depends on revenue generated from the Mortgage Portfolio. There can be no assurance regarding the amount of revenue that will be generated by the Portfolio Mortgages. The amount of distributions will depend upon numerous factors, including the ability of borrowers to make applicable payments under Portfolio Mortgages, interest rates, unexpected costs, and other factors which may not now be known by or which may be beyond the control of the Corporation, the Manager or MCAP. If the Board, on the advice of the Manager, determines that it would be in the best interests of the Corporation, it may reduce or suspend for any period, or altogether cease indefinitely, the distributions to be made on the Common Shares. Distributions made to Shareholders may exceed actual cash available to the Corporation from time to time because of items such as debt payment obligations and fluctuations in Mortgage Portfolio returns. The excess cash required to fund distributions may be funded from the Corporation's loan facility or from the capital of the Corporation.

Availability of Investments

As the Corporation relies on MCAP to source the Portfolio Mortgages, the Corporation is exposed to adverse developments in the business and affairs of MCAP, to its management and financial strength, competition faced by MCAP and by MCAP's ability to operate its businesses efficiently and profitably. The ability of the Corporation to make investments in accordance with its investment objectives, investment guidelines and investment strategies depends upon the availability of suitable investments and the amount of funds available to make such investments. Additionally, the Corporation may occasionally hold excess funds to be invested in additional Mortgages, which may negatively impact returns.

Risks Related to Mortgage Extensions and Mortgage Defaults

MCAP may from time to time deem it appropriate to extend or renew the term of a Portfolio Mortgage past its maturity, or to accrue the interest on a Portfolio Mortgage, in order to provide the borrower with increased repayment flexibility. MCAP generally will do so if it believes that there is a very low risk to the Corporation of not being repaid the full principal and interest owing on the Portfolio Mortgage or if it believes that it contributes to maximizing recoveries if and where a loss is possible. In these circumstances, however, the Corporation is subject to the risk that the principal and/or accrued interest of such Portfolio Mortgage may not be repaid in a timely manner or at all, which could impact the cash flows of the Corporation during and after the period in which it is granting this accommodation. Further, in the event that the valuation of the asset has fluctuated substantially due to market conditions, there is a risk that the Corporation may not recover all or substantially all of the principal and interest owed to the Corporation in respect of such Portfolio Mortgage. When a Mortgage is extended past its maturity, the loan can either be held over on a month-to-month basis, or renewed for an additional term at the time of its maturity. Notwithstanding any such extension or renewal, if the borrower subsequently defaults under any terms of the loan, the Mortgage Services Provider has the ability to exercise its Mortgage enforcement remedies in respect of the extended or renewed Mortgage. Exercising Mortgage enforcement remedies is a process that requires a significant amount of time to complete, which could adversely impact the cash flows of the Corporation during the period of enforcement. In addition, as a result of potential declines in Real Property values, the priority ranking of the Mortgage and other factors, there is no assurance that the Corporation will be able to recover all or substantially all of the outstanding principal and interest owed to the Corporation in respect of such Mortgages by the Mortgage Service Provider’s exercise of Mortgage enforcement remedies for the benefit of the Corporation. Should the Corporation be unable to recover all or substantially all of the principal and interest owed to the Corporation in respect of such Mortgage loans, the returns, financial condition and results of operations of the Corporation could be adversely impacted.

Foreclosure or Power of Sale and Related Costs

One or more borrowers could fail to make payments according to the terms of their loan, and the Corporation could therefore be forced to exercise its rights as mortgagee. The recovery of a portion of the Corporation’s assets may not be possible for an extended period of time during this process and there are circumstances where there may be complications in the enforcement of the Corporation’s rights as mortgagee. Legal fees and expenses and other costs incurred by the Corporation in enforcing its rights as mortgagee against a defaulting borrower are usually recoverable from the borrower directly or through the sale of the mortgaged property by power of sale or otherwise, although there is no assurance that they will actually be recovered. In the event that these expenses are not recoverable they will be borne by the Corporation. Furthermore, certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, Mortgage payments to prior charge holders, insurance costs and related charges must be made through the period of ownership of Real Property regardless of whether Mortgage payments are being made. The Corporation may therefore be required to incur such expenditures to protect its investment, even if the borrower is not honouring its contractual obligations.

Litigation Risks

The Corporation may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. During litigation involving a borrower in respect of a Portfolio Mortgage, the Corporation may not be receiving payments of interest on such Portfolio Mortgage, thereby impacting cash flows. The unfavourable resolution of any legal proceedings could have an adverse effect on the Corporation and its financial position and results of operations that could be material.

Trading Price of Common Shares and Liquidity

The Common Shares may trade in the market at a premium or discount to book value per share and there can be no assurance that the Common Shares will trade at a price equal to book value per share or that a liquid market will develop. This risk is separate from the risk that the book value per share may decrease.

Qualification as a MIC

Although the Corporation intends to qualify at all times as a MIC, no assurance can be provided in this regard, including with respect to whether Mortgages representing junior tranches of first mortgages would be secured “debts” for purposes of the 50% asset test that must be met by the Corporation to qualify as a MIC. Although the Corporation is of the view that such Mortgages governed by participation agreements in the form entered into by the Corporation would be secured “debts” for purposes of the 50% asset test if acquired on the date hereof, no advance income tax ruling has been requested or obtained from the CRA in this regard and there can be no assurance that the CRA will agree with the Corporation’s view. If for any reason the Corporation does not maintain its qualification as a MIC under the Income Tax Act, dividends paid by the Corporation on the Common Shares will cease to be deductible by the Corporation in computing its income and will no longer be deemed to have been received by Shareholders as interest or a capital gain, as the case may be. In such event, as long as a class of Common Shares in the capital of the Corporation is listed on a designated stock exchange, the rules in the Income Tax Act regarding the taxation of public corporations and their shareholders apply, with the result that the combined corporate and shareholder tax may be significantly greater. In addition, unless the Common Shares are listed on a designated stock exchange, the Common Shares may not constitute qualified investments for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“TFSA”) (collectively, “Plans”).

The Corporation monitors major positions held in Common Shares in relation to the outstanding balance of Common Shares to ensure that no one Shareholder, together with Related Persons, of the Corporation exceeds the 25% maximum ownership limit set by the Income Tax Act for the Corporation to maintain its qualification as a MIC. The terms of the Common Shares include certain provisions intended to prevent this condition from being violated.

Reliance on the Manager

Pursuant to the Management Agreement, the Manager advises the Corporation in a manner consistent with the investment objectives and the investment restrictions of the Corporation. Although the employees of the Manager who are primarily responsible for the performance of the obligations owed to the Corporation have extensive experience, there is no certainty that such individuals will continue to be employees of the Manager in the future. In addition, there is no assurance that the Manager will continue to provide services to the Corporation. There is no certainty that the persons who are currently officers and directors of the Manager will continue to act in such capacity. Shareholders will be required to rely on the good faith, expertise and judgment of the individuals comprising the management of the Manager from time to time. Shareholders do not have the right to direct or influence in any manner the business or affairs of the Manager.

Reliance on MCAP

MCAP Service Corporation, in its capacity as the Mortgage Services Provider, performs its obligations in relation to sourcing and servicing the Portfolio Mortgages, among other duties and obligations, and MCAP Financial Limited Partnership, in its capacity as the Mortgage Consultant, performs its obligations in relation to the provision of Mortgage consulting services, among other duties and obligations. MCAP’s operations on behalf of the Corporation and the Manager are dependent on the abilities, experience and efforts of its employees and management and other key employees including MCAP Commercial LP’s senior management team. Should any of these persons be unable or unwilling to continue in their employment, this could have a material adverse effect on MCAP’s operations on behalf of the Corporation and the Manager. Shareholders do not have the right to direct or influence in any manner the business or affairs of MCAP.

The Corporation May Be Unable to Fund Investments

The Corporation may commit to making future Mortgage investments in anticipation of repayment of principal outstanding and/or the payment of interest under existing Mortgage investments. In the event that such repayments of principal or payments of interest are not made, the Corporation may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may be required to obtain interim financing and to fund such commitments or face liability in connection with its failure to make such advances.

Leverage

The Manager intends to use the Corporation's loan facility to enhance returns from the Mortgage Portfolio, and may use the loan facility to (i) facilitate its operating activities and fund working capital requirements, (ii) enhance the liquidity of assets, and (iii) facilitate entering into Mortgage loans or funding subsequent advances in an expedient manner. The use of leverage may reduce returns (both distributions and capital) to Shareholders. If there is a default by the Corporation under the loan facility, and if the lender enforces its rights on default, the lender will have priority over the Shareholders to the assets of the Corporation for the recovery of principal, interest and cots in relation to the loan facility.

Conflicts of Interest

The Corporation is subject to a number of actual and potential conflicts of interest involving MCAP, the Mortgage Consultant and the Mortgage Services Provider. MCAP, the Mortgage Consultant and the Mortgage Services Provider provide Mortgage origination and/or Mortgage-related services to other investors, including FRFIs and pension funds as well as investing on their own account. Accordingly, the services provided by the Mortgage Consultant pursuant to the Mortgage Consulting Agreement and the Mortgage Services Provider pursuant to the Mortgage Services Agreement are not exclusive to the Corporation and neither the Mortgage Consulting Agreement nor the Mortgage Services Agreement restricts MCAP, the Mortgage Consultant or the Mortgage Services Provider from establishing, as applicable, additional Mortgage origination and/or servicing arrangements, contracting with competitors to the Corporation, entering into other advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Corporation and/or involve substantial time and resources of MCAP, the Mortgage Consultant or the Mortgage Services Provider. MCAP, the Mortgage Consultant and/or the Mortgage Services Provider currently provide Mortgage origination and/or servicing to a number of different investors having more assets than the Corporation and this precludes MCAP, the Mortgage Consultant and/or the Mortgage Services Provider from devoting all of their time and effort to the business of the Corporation. In addition, the directors and officers of MCAP, the Mortgage Consultant and/or the Mortgage Services Provider may have a conflict of interest in allocating their time between respective businesses and interests of MCAP, the Mortgage Consultant, the Mortgage Services Provider and the Corporation, and other businesses or projects in which they may become involved.

MCAP, the Mortgage Consultant and/or the Mortgage Services Provider may also manage, advise on or service Mortgages for institutional investors that may have investment objectives similar to those of the Corporation and may engage in sale and servicing transactions involving the same types of securities, instruments or Mortgage products as offered to the Manager for sale to the Corporation. Such transactions may be executed independently of those involving the Manager and the Corporation, and thus at prices or rates that may be more or less favourable than those obtained by the Corporation.

General Economic Conditions

The Mortgage financing industry in Canada continues to benefit from historically low and stable interest rates. There is a risk that an increase in interest rates could slow the pace of property sales and adversely affect growth in the Canadian Mortgage market, which could adversely affect the Corporation's operations. A decline in general economic conditions could also cause default rates to increase as creditworthiness decreases for borrowers. This could have a material adverse effect on the Corporation's operating results.

In addition, a significant decline in real estate values could negatively affect the Corporation's operating results and growth prospects as this may result in a decrease in the value of Mortgages. As property values decline, security on Mortgages could also be adversely affected, thereby reducing the ability to liquidate properties held by defaulting borrowers at favourable prices.

The Corporation's Mortgage Portfolio may include assets whose values can fluctuate because of changing interest rates and economic and market conditions. In addition, some of these assets could be difficult to sell at any given time. Changes in interest rates and other market factors such as stock market prices and demographics could affect the preferences of its customers for different types of products and adversely impact the Corporation's profitability. A reduction in positive spreads between Mortgage rates and capital market funding rates could have a material adverse effect on the Corporation's operating results.

In addition, there are economic trends and factors that are beyond the Corporation's control and which may affect its operations and business. Such trends and factors include adverse changes in the condition in the specific markets for the Corporation's and MCAP's products and services, the conditions in the broader market for Single Family Residential Mortgages and Other Mortgages and the conditions in the domestic or global economy generally. Although the Corporation's performance is affected by the general condition of the economy, not all of its service areas are affected equally. It is not possible for the Corporation's management to accurately predict fluctuations and the impact of such fluctuations on performance.

Restrictions on Ownership and Repurchase of Shares

No Shareholder of the Corporation is permitted, together with Related Persons, at any time, to hold more than 25% of any class or series of the issued shares of the Corporation. The terms and conditions of the Common Shares provide that the portion of such Common Shares held by a Shareholder, together with Related Persons, that exceeds 24.9% of the issued Common Shares will be repurchased by the Corporation. Such repurchases of Common Shares could be significant and could engender similar risks to those that arise in the context of significant redemptions of Common Shares.

Failure or Unavailability of Computer and Data Processing Systems and Software

MCAP Service Corporation is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Mortgage Consultant's and the Mortgage Services Provider's ability to originate, monitor or service customer accounts. If sustained or repeated, a system failure or loss of data could negatively affect the ability of the Mortgage Consultant and the Mortgage Service Provider to discharge their duties to the Corporation. In addition, the Mortgage Service Provider depends on automated software to collect payments on Mortgages. If such software fails or is unavailable on a prolonged basis, the Mortgage Service Provider could be required to manually complete such activities, which could have a material adverse effect on the Mortgage Service Provider's ability to discharge its duties to the Corporation.

Subordinate and Non-Conventional Financing

Subordinate financing (such as a second charge Mortgage), which, subject to the investment restrictions and investment guidelines, may be carried on by the Corporation in accordance therewith, is generally considered a higher risk than first ranking financing. Subject to the Corporation's investment restrictions, Portfolio Mortgages will be secured by a charge, which may be in a first, but may often be a subsequent, ranking position upon or in the underlying Real Property. When a charge on Real Property is in a position other than first ranking, it is possible for the holder of a prior charge on the Real Property, if the borrower is in default under the terms of its obligations to such holder, to take a number of actions against the borrower and ultimately against the Real Property in order to realize the security given for such loan. Such actions may include a foreclosure action, or an action forcing the Real Property to be sold. A foreclosure action may have the ultimate effect of depriving any person having other than a first ranking charge on the Real Property of the value of their security of the Real Property. If an action is taken to sell the Real Property and sufficient proceeds are not realized from such sale to pay off all creditors who have prior charges on the Real Property, the holder of a subsequent charge will lose their investment or part thereof to the extent of such deficiency unless they can otherwise recover such deficiency from other property, if any, owned by the debtor. Where permitted by the investment restrictions and investment guidelines, and when the Corporation invests in a second or subsequent Mortgage, it will also hold the first Mortgage or have a written agreement with the holder of the first charge to deal with permitted actions and procedures on the default of the Mortgage. The Corporation may make an investment in a Mortgage where its Loan-to-Value exceeds 80%, which exceeds the investment limit for conventional Mortgage lending by Schedule A Banks.

Change in Legislation

There can be no assurance that certain laws applicable to the Corporation or to MCAP, including Canadian federal and provincial tax laws, tax proposals, securities laws, other governmental policies or regulations and governmental, administrative or judicial interpretation thereof, will not change in a manner that will adversely affect the Corporation, MCAP, the Mortgage Consultant or the Mortgage Services Provider or fundamentally alter the tax consequences to Shareholders acquiring, holding or disposing of Common Shares.

Changes in Mortgage Financing Regulations and Guidelines

There can be no assurance that future regulatory and guideline changes will not adversely affect the Corporation, MCAP, the Mortgage Consultant or the Mortgage Services Provider, including changes resulting in limited Mortgage investment opportunities and increased competition from FRFIs offering similar products. In the event of such increased competition, MCAP, the Mortgage Consultant and the Mortgage Services Provider may not be able to raise the interest rates it charges in response to a rising cost of funds or may be forced to lower the interest rates that it is able to charge borrowers, which has the potential to reduce the value of the Portfolio Mortgages that the Corporation has purchased from MCAP Service Corporation or the return on or yield of Portfolio Mortgages that the Corporation may purchase from MCAP Service Corporation. This could have a material adverse effect on the Corporation’s business, financial condition and results of operations and on the amount of cash available for distributions to be made on the Common Shares.

Environmental Matters

On behalf of the Corporation, the Mortgage Services Provider may in the future take possession, through enforcement proceedings, of Real Properties that secure defaulted Portfolio Mortgages to recover the Corporation’s investment in such Portfolio Mortgages. Prior to taking possession of Real Properties which secure a Mortgage investment, the Mortgage Services Provider will assess the potential environmental liability associated with such enforcement and determine whether it is significant, having regard to the value of the Real Property. If the Mortgage Services Provider subsequently takes possession of the Real Property, the Corporation could be subject to environmental liabilities in connection with such Real Property, which could exceed the value of the property.

Global Financial Developments

Global financial markets continue to experience uncertainty. This has been, in part, related to concerns over if and when central banks curtail asset purchases, reduce their balance sheets and/or look to increase interest rates. At the same time, capital regulations are expected to make liquidity and capital more expensive for banks. This has contributed to liquidity becoming a more valuable commodity for financial institutions and it has also raised concerns with respect to the continued availability of credit to those institutions and to the issuers who borrow from them. While the central banks as well as global governments continue to work to ensure the availability of much needed liquidity to the global economies, no assurance can be given that markets will continue to function, and that general asset pricing and asset valuation metrics will not be significantly reduced, if and when central banks potentially reduce the supply of liquidity to markets and/or look to increase interest rates. No assurance can be given that efforts to respond to the continued weak underlying economic performance in western countries will continue or that, if continued, they will be successful or these economies will not be adversely affected by potential inflationary pressures resulting from the steps previously taken by central banks in relation to the financial crisis or central banks’ efforts to slow inflation if and when it appears. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Corporation and the value of the Mortgage Portfolio. A substantial decline in equities markets could be expected to have a negative effect on the Corporation and the market price of the Common Shares.

Market Disruptions

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the value or liquidity of the Mortgage Portfolio.

Accrued Gains

The adjusted cost base to the Corporation for tax purposes of Portfolio Mortgages may be less than their fair market value. Accordingly, the Corporation may realize capital gains upon the disposition of Portfolio Mortgages. The Corporation intends to distribute any such capital gains (less any applicable capital losses) as capital gains dividends to Shareholders. Capital gains dividends received by a Shareholder will be treated as a capital gain of the Shareholder from a disposition of capital property in the year in which the dividend is received.

Cybersecurity Risk

The information and technology systems of Brompton Funds and the Corporation’s key service providers (including its custodian, registrar and transfer agent, MCAP and any valuation agent) may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Corporation’s information resources.

A cybersecurity incident may disrupt business operations or result in the theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require Brompton Funds or a service provider to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Corporation’s business operations, potentially resulting in financial losses to the Corporation and Shareholders. There is no guarantee that the Corporation or Brompton Funds will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Corporation.

INTERNATIONAL INFORMATION REPORTING

The Corporation is required to comply with due diligence and reporting obligations imposed under Part XVIII of the Income Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As long as the Common Shares continue to be listed and are regularly traded on the TSX, the Corporation should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Shareholders. However, dealers through which Shareholders hold their Common Shares are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Shareholders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Common Shares. If a Shareholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Shareholder does not provide the requested information, the Shareholder’s dealer will be required by the Income Tax Act to report certain information about the Shareholder’s investment in the Corporation to the CRA, unless the Common Shares are held by a Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

Pursuant to provisions of the Income Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Provisions”), “Canadian financial institutions” (as defined in the CRS Provisions) would be required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with countries that have agreed to bilateral information exchange with Canada under the Common Reporting Standard in which the account holders or such controlling persons are resident. Under the CRS Provisions, after June 30, 2017, Shareholders may be required to provide certain information regarding their investment in the Corporation to any applicable Canadian financial institution (for instance by completing a Declaration of Tax Residence or similar form) for the purpose of complying with the CRS Provisions and, where applicable, such information exchange (which information is initially required to be provided to the CRA by May 1, 2018), unless the investment is held within Plans.

PROMOTERS

Each of Brompton Funds Limited and MCAP Financial Corporation has taken the initiative in re-organizing the Corporation in connection with the Corporation's transition in January 2017 from the securities regulatory regime for issuers that are investment funds to the securities regulatory regime for issuers that are not investment funds, and, accordingly, may be considered to be a "promoter" of the Corporation for the purposes of applicable securities legislation.

An affiliate of MCAP Financial Corporation, MCAP Commercial LP, holds 300,000 Common Shares, or approximately 14.3% of all outstanding Common Shares as at June 22, 2017. Brompton Funds Limited owns no securities of the Corporation. Brompton Funds Limited receives fees from the Corporation in connection with its role as Manager pursuant to the Management Agreement and is entitled to reimbursement of certain expenses incurred. The Mortgage Services Provider, an affiliate of MCAP Financial Corporation, receives fees from the Corporation in connection with its role as such pursuant to the Mortgage Services Agreement, and is entitled to reimbursement of certain expenses incurred. The Mortgage Consultant, an affiliate of MCAP Financial Corporation, receives fees from the Manager in connection with its role as such pursuant to the Mortgage Consulting Agreement and is entitled to reimbursement by the Corporation of certain expenses incurred. See "Management of the Corporation" in the Corporation's Annual Information Form dated March 22, 2017.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The external auditor of the Corporation is Ernst & Young LLP, Chartered Professional Accountants and Licensed Public Accountants, of Toronto, Ontario, located at EY Tower, 100 Adelaide Street West, Toronto, Ontario M5H 0B3.

Transfer Agent and Registrar

TSX Trust Company is the registrar and transfer agent for the Common Shares.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters in connection with the Offered Shares offered hereby will be passed upon by Blake, Cassels & Graydon LLP, Toronto, Ontario.

INTEREST OF EXPERTS

As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, own less than 1% of the outstanding Common Shares.

Ernst & Young LLP has advised the Corporation that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

PURCHASERS' STATUTORY 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 of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province 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.

GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this Prospectus are to Canadian dollars.

"**1933 Act**" means the United States *Securities Act of 1933*, as it may be amended from time to time.

"**Brompton Funds**" means Brompton Corp. and its wholly owned subsidiary Brompton Funds Limited, which acts as manager of the Corporation. Brompton Corp. is in the business of managing investment funds.

"**Business Day**" means any day on which the TSX is open for business.

"**Commercial Mortgages**" means Mortgages on and secured by Real Property used for commercial purposes, including retail, industrial, office or multi-unit residential of greater than four units.

"**Common Share**" means a common share and "**Common Shares**" means more than one common share.

"**Conforming Single Family Residential Mortgages**" means Mortgages on and secured by Single Family Residential Properties that, to MCAP's knowledge, are generally in conformance with Schedule A Banks' mortgage underwriting standards at the time each Mortgage is underwritten.

"**Corporation**" means Eclipse Residential Mortgage Investment Corporation, a corporation incorporated under the laws of the Province of Ontario.

"**CRA**" means the Canada Revenue Agency or any successor organization.

"**Custodian**" means Computershare Trust Company of Canada, in its capacity as custodian under the Custodian Agreement.

"**Custodian Agreement**" means the custodian agreement entered into among the Corporation, the Custodian, the Manager and the Mortgage Services Provider dated as of June 28, 2013, as it may be amended from time to time.

"**FRFIs**" means federally regulated financial institutions;

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended, or successor statutes, and shall include regulations promulgated thereunder.

"**Insured Single Family Residential Mortgages**" means Mortgages on and secured by Single Family Residential Properties that are insured for principal and interest by one of the Mortgage Insurance Companies.

"**Investment Guidelines**" means the investment guidelines of the Corporation described under "*The Corporation – Investment Guidelines*" in this Prospectus.

"**Investment Objectives**" means the investment objectives of the Corporation described under "*The Corporation – Investment Objectives*" in this Prospectus.

"**Investment Restrictions**" means the investment restrictions of the Corporation, including without limitation those described under "*The Corporation – Investment Restrictions*" in this Prospectus.

"**Loan-to-Value**" means the ratio, expressed as a percentage, determined by A/B x 100 where:

A = the principal amount of the Mortgage, together with all other equal and prior ranking mortgages or tranches of mortgages on the Real Property, and

B = the appraised market value of the Real Property securing the Mortgage at the time of funding the

Mortgage or any more recent appraisal, whichever occurs later.

"**Management Agreement**" means the amended and restated management agreement dated as of January 4, 2017 between the Corporation and the Manager as it may be amended from time to time.

"**Manager**" means Brompton Funds Limited, in its capacity as manager of the Corporation, or if applicable, its successor.

"**MCAP**" means MCAP Financial Corporation (together with its affiliates and subsidiaries).

"**MIC**" means a "mortgage investment corporation" as defined under the Income Tax Act.

"**Mortgage**" means an interest in a mortgage (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), a hypothecation, a deed of trust, a charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the Real Property and, for greater certainty, includes the Portfolio Mortgages.

"**Mortgage Consultant**" means MCAP Financial Limited Partnership.

"**Mortgage Consulting Agreement**" means the amended and restated mortgage consulting agreement among the Mortgage Consultant, the Corporation and the Manager dated as of January 4, 2017 as it may be amended from time to time.

"**Mortgage Insurance Companies**" means Canadian Mortgage and Housing Corporation, Genworth MI Canada Inc. and Canada Guaranty Mortgage Insurance Company.

"**Mortgage Portfolio**" means the portfolio, comprised primarily of Single Family Residential Mortgages but also including Other Mortgages and cash and cash equivalents, owned by the Corporation from time to time.

"**Mortgage-Related Securities**" has the meaning given to it under "*Risk Factors — Risks Related to Mortgage-Related Securities*".

"**Mortgage Services Agreement**" means the amended and restated mortgage services agreement dated as of January 4, 2017 among the Mortgage Services Provider, the Corporation and the Manager pursuant to which the Mortgage Services Provider will source and service the Mortgage Portfolio, as it may be amended from time to time.

"**Mortgage Services Provider**" means MCAP Service Corporation.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure.*

"**NI 81-106**" means National Instrument 81-106 – *Investment Fund Continuous Disclosure*.

"**Non-Conforming Single Family Residential Mortgages**" means Mortgages on and secured by Single Family Residential Properties that are not Conforming Single Family Residential Mortgages and (i) have a maximum Loan-to-Value of 85%, and/or (ii) are Insured Single Family Residential Mortgages.

"**Offered Shares**" means the Common Shares in respect of which this Prospectus is being delivered.

"**Other Mortgages**" means (i) Commercial Mortgages and (ii) Residential Construction Mortgages.

"**Portfolio Mortgages**" means Mortgages included in the Mortgage Portfolio.

"**Prospectus Supplement**" means a prospectus supplement to be delivered to purchasers together with this Prospectus, and may include the aggregate offered amount, the number of Offered Shares offered and the issue price.

“**Real Property**” means land, or rights or interests in land, in Canada (including, without limitation, leaseholds, air rights and rights in condominiums, but excluding Mortgages), and any buildings, structures, improvements and fixtures located thereon.

“**Related Persons**”, with respect to a shareholder, means a person who is considered to be related to the shareholder for the purpose of determining the maximum percentage of shares of any class of the Corporation that may be owned, directly or indirectly, by the shareholder and persons related to the shareholder for purposes of paragraph 130.1(6)(d) of the Income Tax Act.

“**Residential Construction Mortgages**” means Mortgages on and secured by Real Property to fund the construction of Single Family Residential Properties.

“**Schedule A Bank**” means Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, The Toronto-Dominion Bank and Royal Bank of Canada.

“**Shareholder**” means a holder of a Common Share and “**Shareholders**” means more than one holder of a Common Share.

“**Single Family Residential Mortgages**” means (i) Mortgages that are either, (a) Non-Conforming Single Family Residential Mortgages or (b) Conforming Single Family Residential Mortgages; or (ii) Mortgage-Related Securities.

“**Single Family Residential Properties**” means owner occupied single family detached, semi-detached, freehold townhomes and condominium properties.

“**Total Assets**” means the value of the assets of the Corporation.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

CERTIFICATE OF THE CORPORATION

Dated: June 23, 2017

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

Eclipse Residential Mortgage Investment Corporation

(signed) Mark A. Caranci President and Chief Executive Officer	(signed) Craig T. Kikuchi Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann Director	(signed) Raymond R. Pether Director

CERTIFICATE OF MCAP FINANCIAL CORPORATION

(AS PROMOTER OF ECLIPSE RESIDENTIAL MORTGAGE INVESTMENT CORPORATION)

Dated: June 23, 2017

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(signed) Derek Norton
Chief Executive Officer of
MCAP Financial Corporation

(signed) Mark Aldridge
President & Chief Operating Officer
of MCAP Financial Corporation

On behalf of the Directors of
MCAP Financial Corporation

(signed) Derek Norton
Director

(signed) Mark Aldridge
Director

(signed) Don Ross
Director

CERTIFICATE OF BROMPTON FUNDS LIMITED

(AS PROMOTER OF ECLIPSE RESIDENTIAL MORTGAGE INVESTMENT CORPORATION)

Dated: June 23, 2017

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(signed) Mark A. Caranci Chief Executive Officer of Brompton Funds Limited	(signed) Craig T. Kikuchi Chief Financial Officer of Brompton Funds Limited

On behalf of the Directors of
Brompton Funds Limited

(signed) Christopher S. L. Hoffmann Director	(signed) Raymond R. Pether Director