2019 ANNUAL INFORMATION FORM

– March 23, 2020 –

ELEMENT FLEET MANAGEMENT CORP.

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FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form, other than statements of historical fact, are forward-looking statements within the meaning of applicable securities laws and may contain forward-looking information. Such statements are based upon Element Fleet Management Corp.'s ("**Element Fleet**" or the "**Corporation**") and its management's current internal expectations, estimates, projections, assumptions and beliefs. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Element Fleet. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "target", "project", "forecast", "may", "improve", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements and forward-looking information. Forward-looking statements are provided for the purposes of assisting the reader in understanding Element Fleet and its business, operations, risks, financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this Annual Information Form may contain forward-looking statements and information attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the expectations, predictions, forecasts, projections, conclusions or other forward-looking statements will not occur or prove accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Such forward-looking statements and information in this Annual Information Form speak only as of the date of this Annual Information Form. The forward-looking information and statements contained in this Annual Information Form reflect several material factors, expectations and assumptions of Element Fleet including, without limitation: that Element Fleet will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; acceptable negotiations with third parties; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax and regulatory regimes; certain cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to fund its capital and operating requirements as needed; the extent of its assets and liabilities; the Corporation's net interest margin; growth in lease receivables and service income; rate of cost inflation; applicable foreign exchange rates and applicable income tax rates; the Corporation's funding mix; the terms of any new instruments issued to refinance the 2015 Debentures and the 2019 Debentures (as defined herein); the reset rates for the Corporation's outstanding preferred shares; the proceeds from Non-Core (as defined herein) asset sales; the operating performance of 19th Capital Group LLC ("**19th Capital**"), including the terms upon which idle assets can be sold or leased, and timing of same; and in the case of the forward looking statements regarding financial outlook, that the Corporation will achieve the expected benefits, costs and timing of the Transformation Plan (as defined herein). Element Fleet believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

Forward-looking statements and information in this Annual Information Form include, but are not limited to, statements with respect to:

- Element Fleet's expectations regarding its revenues, expenses, expense structure, run-rate and operations, and regarding future cash flows, financial condition, operating performance, financial ratios, projected asset base, capital structure and expenditures;
- Element Fleet's ability to renew or refinance credit and securitization facilities;
- Element Fleet's Transformation Plan and the anticipated impact and benefits therefrom (including anticipated impact on credit ratings);
- Element Fleet's strategy to improve and optimize the client experience and client acquisition and retention;
- Element Fleet's anticipated cash needs, capital requirements and its needs for additional financing and the potential impact under existing credit and securitization facilities of the Transformation Plan in whole or in part;
- Element Fleet's plans for and timing of expansion of its services;

- Element Fleet’s future growth plans;
- Element Fleet’s expectations regarding the structure of its Chesapeake securitization programs;
- Element Fleet’s expectations regarding its origination volumes;
- Element Fleet’s anticipated delinquency rates and credit losses;
- Element Fleet’s ability to attract and retain personnel and changes to Element Fleet’s management;
- Element Fleet’s present intention to pay regular dividends on its common shares and preferred shares;
- Element Fleet’s expectations regarding the benefits of the Separation Transaction (as defined herein) and the tax-free nature of the Separation Transaction;
- Element Fleet’s Xcelerate™ solution and expected uses and benefits;
- Element Fleet’s Connected Data™ solution and expected uses and benefits;
- Element Fleet’s expectations regarding technological change;
- Element Fleet’s technology and data, and expected uses and benefits;
- Element Fleet’s competitive position and its expectations regarding competition;
- anticipated trends and challenges in Element Fleet’s business and the markets in which it operates;
- the evolution of Element Fleet’s business and the fleet management industry;
- Element Fleet’s growth prospects and the objectives, vision and strategies of Element Fleet;
- Element Fleet’s operations and ability to drive operational efficiencies;
- Element Fleet’s expectations regarding its assets, business strategy and demand for Element Fleet’s services;
- Element Fleet’s expectation regarding the availability of funds from operations, cash flow generation and capital allocation;
- Element Fleet’s strategy for its Non-Core portfolio;
- Element Fleet’s business outlook and other expectations regarding financing or operating performance metrics;
- the evolution of operations and the development of performance indicators, and other financial performance metrics;
- the extent, nature and impact of any write-down of various fleet management businesses or Non-Core businesses (including those related to 19th Capital);
- the future financial reporting of Element Fleet;
- Element Fleet’s competitive position and the anticipated trends and challenges in Element Fleet’s business and the markets in which it operates;
- Element Fleet’s borrowing base;
- the implementation of Element Fleet’s systems integrations and organizational revisions;
- the extent, nature and impact of any value driver to create, and the ability to generate, pre-tax run-rate operating income;
- Element Fleet’s ability to increase total shareholder return;
- Element Fleet’s ability to pre-fund redemption of its outstanding convertible debentures upon their maturity; and
- Element Fleet’s research and development investment plans and service offerings.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management’s perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. Although Element Fleet believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Element Fleet cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither Element Fleet nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements and information.

Some of the risks and other factors, some of which are beyond Element Fleet’s control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this Annual Information Form, include, but are not limited to, those set forth under “*Risk Factors*” in this Annual Information Form. Readers are cautioned that the factors described under “*Risk Factors*” is not exhaustive. **The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.** Other than as specifically required by applicable Canadian law, Element Fleet undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of Element Fleet's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Annual Information Form and Element Fleet's 2019 Management Discussion & Analysis ("**MD&A**"), filed with the securities regulatory authorities in Canada and available at www.sedar.com.

CORPORATE STRUCTURE

The Corporation was incorporated as "Element Financial Corporation" on May 11, 2007 under the *Business Corporations Act* (Ontario) (the "**OBCA**").

On August 23, 2011, the Corporation restated its Articles of Incorporation. On December 15, 2011, the Corporation filed Articles of Amalgamation under the OBCA, giving effect to the amalgamation of the Corporation and Mira II Acquisition Corp., a capital pool company listed on the TSX Venture Exchange. The entity continuing from the amalgamation was "Element Financial Corporation". On December 16, 2011, the common shares of the Corporation ("**Common Shares**") were listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "EFN".

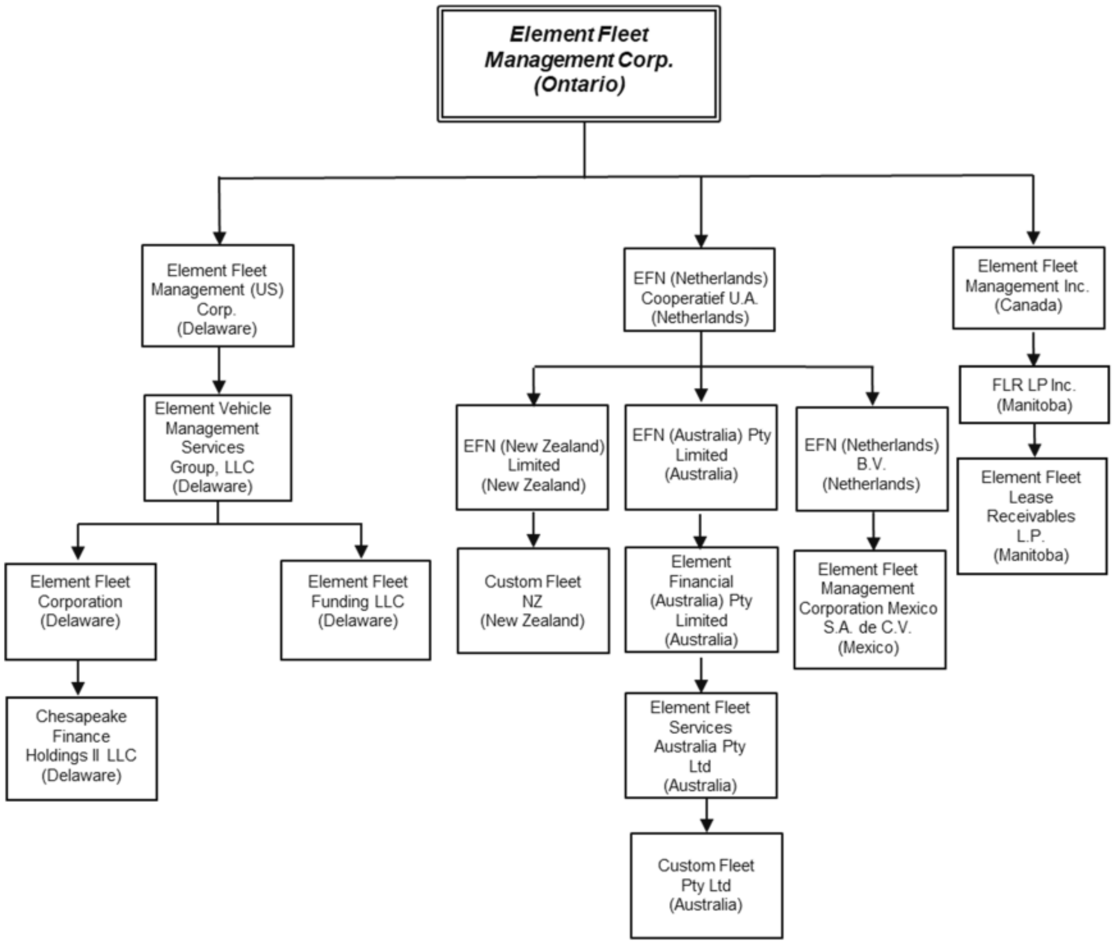
Element Fleet was issued a certificate and articles of amendment effective: (i) December 17, 2013, providing for the creation of its 6.60% Cumulative 5-Year Rate Reset Preferred Shares, Series A (the "**Series A Shares**") and Cumulative Floating Rate Preferred Shares, Series B (the "**Series B Shares**"); (ii) February 28, 2014, providing for the creation of its 6.50% Cumulative 5-Year Rate Reset Preferred Shares, Series C ("**Series C Shares**") and Cumulative Floating Rate Preferred Shares, Series D ("**Series D Shares**"); (iii) June 12, 2014, providing for the creation of its 6.40% Cumulative 5-Year Rate Reset Preferred Shares, Series E ("**Series E Shares**") and Cumulative Floating Rate Preferred Shares, Series F ("**Series F Shares**"); (iv) May 29, 2015, providing for the creation of its Series G Shares (as defined herein) and Series H Shares (as defined herein); and (v) May 5, 2017, providing for the creation of its Series I Shares (as defined herein) and Series J Shares (as defined herein and, collectively with the Series A Shares, Series B Shares, Series C Shares, Series D Shares, Series E Shares, Series F Shares, Series G Shares, Series H Shares and Series I Shares, the "**Preferred Shares**").

On February 16, 2016, the Board of Directors of Element Financial Corporation approved a plan to separate such corporation into two separate publicly-traded companies (the "**Separation Transaction**"): (i) "Element Fleet Management Corp." that would operate the then-existing Fleet Management Business and (ii) "ECN Capital Corp." that would operate the then-existing commercial and vendor finance, rail finance and aviation finance verticals. The Separation Transaction was implemented through a court approved plan of arrangement that was approved at a special meeting of the shareholders of such Corporation on September 20, 2016 (the "**Special Meeting**") and received final approval from the Ontario Superior Court of Justice on September 21, 2016. The Separation Transaction became effective on October 3, 2016 and the Corporation filed Articles of Amendment on October 3, 2016 providing for, among other things, the Corporation changing its name from "Element Financial Corporation" to "Element Fleet Management Corp.". On October 4, 2016, the Corporation restated its Articles of Incorporation.

The head and registered office of Element Fleet is located at 161 Bay Street, Suite 3600, Toronto, Ontario, M5J 2S1.

ORGANIZATIONAL STRUCTURE

The organization chart below indicates the inter-corporate relationships of the Corporation and its material subsidiaries (and including their jurisdiction of organization in parenthesis) as at January 1, 2020. All such subsidiaries are wholly-owned.



The assets and revenues of any unnamed subsidiary of Element Fleet did not exceed 10% of Element Fleet's assets or have revenues exceeding 10% of the total consolidated revenues attributable to Element Fleet's assets as at and for the year ended December 31, 2019. In the aggregate, such subsidiaries did not account for 20% of Element Fleet's assets or total consolidated revenues attributable to Element Fleet's assets as at and for the year ended December 31, 2019.

TRANSFORMATION PLAN

Element Fleet is a leading global fleet management company, providing best-in-class services and financing solutions for commercial vehicle fleets. The Corporation's fleet management business (the "**Fleet Management Business**") provides vehicle fleet leasing and fleet management solutions and related service programs to domestic and international companies, including fuel and maintenance service cards, remarketing, maintenance management and accident services. With approximately $17.4 billion in assets as of December 31, 2019, Element Fleet is North America's largest publicly-traded fleet management company. Element Fleet is a market leader in North America and Australia and New Zealand and is well diversified across clients, industries, geographies, revenue and funding sources. Element Fleet has a strong client base, approximately two-thirds of which are investment-grade rated. Element Fleet actively invests in people, processes and technology to remain at the forefront of the fleet management industry.

On May 14, 2018, Element Fleet announced the appointment of Jay Forbes as Chief Executive Officer, effective June 1, 2018. Mr. Forbes is a proven business leader who has brought a fresh strategic perspective to a variety of industry settings to create immediate and lasting value for investors, clients and employees. From 2015 to 2017, Mr. Forbes was President and Chief Executive Officer of Manitoba Telecom Services, where he designed and executed a client-centric strategy that created $1.1 billion in shareholder value. Similarly, Mr. Forbes made a significant impact during his tenure as President and Chief Executive Officer of Teranet Inc., a world-leading developer, operator and owner of electronic land registration systems, where he developed an information services growth strategy to yield billions in high-margin revenues.

Since his appointment at Element Fleet, Mr. Forbes has developed a strong leadership team designed to put the right people in the right roles to drive the best possible client experience, bring the executive team closer to the clients and front-line employees, enable faster decision-making, and represent Element Fleet's strategic priorities.

Mr. Forbes and the leadership team completed a comprehensive assessment of Element Fleet and its business, operations, structure and balance sheet. As a result of this assessment, on October 1, 2018, Element Fleet announced a three-prong strategy to rapidly reverse the significant erosion the Company was experiencing in several aspects of its business. Specifically, the strategy is comprised of a client-centric plan (the "**Transformation Plan**") designed to consistently deliver a superior client experience and meaningfully improve financial performance in the core fleet business; a plan to strengthen and de-risk Element Fleet's balance sheet; and a plan to wind-down 19th Capital, a poor-performing non-core line of business.

The Transformation Plan includes:

- a series of concrete actions to improve the client experience and action an estimated $150 million (recently increased to $180 million) in run-rate pre-tax operating income improvements to the business by the end of 2020;
- a commitment to make approximately $150 million (recently enlarged to $180 million to fund the additional run-rate profit improvements) in one-time investments to achieve those improvements; and
- establishing a clear accountability plan, including a Transformation Management Office in partnership with the Boston Consulting Group to bring focus, support and accountability for the duration of the Transformation Plan, as well as regular reporting to track the Corporation's performance.

All of these initiatives were undertaken with the intention of positioning Element Fleet to offer better service to its clients more consistently. The Transformation Plan builds on Element Fleet's foundational strengths – scale, market leadership, a top-tier client base, robust credit management, strong cash flow, and an investment-grade balance sheet – by putting the focus where it should be, on clients, and putting legacy issues behind the Corporation. Element Fleet expects this will result in a stronger, more efficient company that better serves its clients and is well-positioned for future growth and value creation.

Since the announcement of the new strategy on October 1, 2018, Element Fleet:

- significantly improved both the consistency and quality of its client experience as evidenced by its material increases in operational effectiveness, net promoter score and client retention;
- actioned $131 million in cumulative run-rate pre-tax operating income improvements as at December 31, 2019, well ahead of target;
- strengthened its investment-grade balance sheet by:
    - completing the 2018 Common Share Offering (see "*Description of the Business – Financing and Capital Markets Initiatives*");
    - implementing the DRIP and reducing the quarterly dividend payable on the Common Shares to help partially fund the $130 million in one-time investments made to date to fund the transformation;
    - refinancing certain asset-backed security assets, thereby creating approximately $160 million in additional borrowing base capacity;

- generating $185.3 million from the monetization of Non-Core assets, including $97.5 million sale of ECAF notes;

- establishing a non-recourse warehouse credit facility to fund originations from the Corporation's large, rapidly growing client;

- refinancing the $345 million principal amount of convertible debentures that matured on June 30, 2019 through the sale of certain non-core assets and the completion of the 2019 Convertible Debenture Offering on attractive terms (see "*Description of the Business – Financing and Capital Markets Initiatives*");

- developing a broadened approach to syndication to accelerate deleveraging (contributing to a decrease in the Corporation's adjusted tangible leverage ratio to 7.11 by the end of 2019), evolve the capital structure and manage client concentration limits while continuing to fund growth, including one large, rapidly-growing client, and creating another source of recurring profitable revenue; and

- securing an investment-grade BBB rating from Standard and Poor's.

- completed the acquisition of the interests in the 19th Capital joint venture that Element Fleet did not already own for nominal consideration (the "**19th Capital Acquisition**") and, in February 2020 determined to shift 19th Capital into accelerated run-off mode; and

- pivoted to growth through the development of an enhanced go-to-market strategy whereby Element Fleet expects to achieve enhanced revenue growth by (i) holding market share through improved client retention, (ii) optimizing its sales processes with respect to existing and new clients throughout North America, (iii) better managing client profitability, (iv) leveraging the Corporation's market leadership position in the fast-growing Mexico market, (v) using the Corporation's strengthened financial position to convert self-managed fleets to outsourced programs in targeted market segments, and (vi) the periodic addition of "mega fleets" such as our large, rapidly growing client.

The Corporation's credit ratings were affirmed following announcement of the Transformation Plan. On October 2, 2019, DBRS Limited ("**DBRS**") confirmed Element Fleet's issuer rating of "BBB (high)" and ratings on its short-term instruments and perpetual preferred shares of "R-2 (high)" and "Pfd-3 (high)", respectively. On September 30, 2019, Fitch affirmed Element Fleet's initial Long-Term Issuer Default Rating of "BBB+" and rating of "BBB+" on the Corporation's Senior Credit Facility (and upgraded to a Stable Rating Outlook). On October 3, 2019, Kroll Bond Rating Agency ("**KBRA**") affirmed Element Fleet's issuer rating of "A-" with a stable outlook. On October 31, 2019, Standard and Poor's ("**S&P**") initiated coverage of the Corporation with an investment-grade "BBB" rating and stable outlook. See "*Ratings*" for additional details.

DESCRIPTION OF THE BUSINESS

Element Fleet is a leading global fleet management company, providing best-in-class services and financing solutions for commercial vehicle fleets. With approximately $17.4 billion in assets as of December 31, 2019, Element Fleet is North America's largest publicly-traded fleet management company. Element Fleet actively invests in people, processes and technology to remain at the forefront of the fleet management industry.

Element Fleet is a market leader in North America and Australia and New Zealand and is well diversified across clients, industries, geographies, revenue and funding sources. Element Fleet has a strong client base, approximately two-thirds of which are investment-grade rated. Element Fleet's mission is to ensure that its clients' fleets and their drivers are safer, smarter and more productive. Commercial vehicle fleets are mission-critical assets that enable the Corporation's clients to conduct their daily business, and typically represent a significant part of clients' overall capital spend. Through a suite of services that spans the total fleet lifecycle, from acquisition and financing to program management and remarketing, Element Fleet helps its clients optimize the productivity and performance of their fleet assets, while lowering their total cost of ownership.

Element Fleet has ready access to cost-efficient capital, with both securitization and syndication programs, and the Corporation maintains multiple committed alternatives to fund the business, if required.

On October 1, 2018, Element Fleet announced the completion of a comprehensive assessment of its business, which included client and stakeholder interviews, extensive industry benchmarking, and in-depth reviews of its operations, capital structure and balance sheet. The outcome of this process was the Transformation Plan, a detailed plan to transform the Fleet Management Business, founded on renewing the Corporation's focus on clients and ensuring that its clients' needs are at the center of all key decision-making. Element Fleet is well down the path of this transformational reset, effecting hundreds of changes to its organization in executing its plan to consistently deliver superior client service, generate meaningfully improved profitability and solidify Element Fleet's financial position by the end of 2020.

Core Fleet Business

On July 24, 2017, Element Fleet announced the adoption of segmented financial reporting for core fleet management assets ("**Core Fleet**") and non-core assets ("**Non-Core**") to help investors and analysts more fully understand and better value its business.

Element Fleet provides vehicle fleet leasing and fleet management solutions and related service programs to international and domestic companies in a wide variety of industries. It offers a broad range of services across many asset types, including cars and light duty vehicles, material handling equipment and medium duty trucks. Element Fleet's scalable platform provides innovative end-to-end services and technology to businesses. Element Fleet's clients have significant fleet needs beyond the base leasing of vehicles and equipment that are more efficiently and effectively managed by Element Fleet, including fuel, maintenance, accidents, rental car needs, titling, tax, licensing and driver support activities.

The strategy that arose as the result of the comprehensive assessment of mid-2018 is designed to deliver a consistent, superior client experience, meaningfully improve financial performance, strengthen and de-risk Element Fleet's balance sheet, and position the business for growth.

Element Fleet's value proposition is a unique combination of exceptional service, technology-enabled insights, economies of scale and cost-efficient financing. This value proposition translates into increased fleet productivity, mitigated risk, reduced administrative burden and ultimately a reduced total cost of ownership for its clients. The Corporation's technological platforms are designed to help simplify the complexity of fleet management, promote productivity and capture pertinent data that supports better decision-making.

Element Fleet has a strong business model enabling the Corporation to deliver consistent results in all economic conditions. Fleet assets are essential to our clients' revenue productivity, ensuring continuity of both demand and payment. In addition, the nature of the asset and relationship with clients translate into high switching costs and thus low turnover.

Element Fleet also has strong credit protections. Approximately two-thirds of its client are investment-grade and in the event of deteriorating credit conditions, clients are usually able to restructure rather than liquidate. In a restructuring, fleet assets are usually affirmed, ensuring continuity of business for Element Fleet. As a result, the Corporation typically experiences low- to mid-single digit basis points of credit losses annually as a percentage of finance receivables.

Element Fleet serves the fleet management market through a variety of service offerings, including:

- *Acquisition* – providing acquisition experts and consultants that assist in determining a strategic approach to fleet acquisition such as developing optimal replacement plans and vehicle remarketing strategies, evaluating models and manufacturers that best align with a business's fleet performance goals and delivering a streamlined process to simplify vehicle ordering;

- *Financing* – providing customized fleet financing and fleet leasing programs, such as operating leases, capital leases and sale/leaseback, to reduce depreciation costs, maximize cash flow and overall fleet profitability;

- *Title, Licensing and Registration* – ensuring that vehicles are titled, registered, and insured by handling the labor-intensive administrative responsibilities;

- *Telematics* – providing an end-to-end telematics service that: (i) helps increase driver productivity via fleet tracking; (ii) improves driver safety by identifying and tracking individuals who require guidance or remedial action; and (iii) reduces fleet operating costs by actively monitoring fleet fuelling expenses, reducing vehicle maintenance costs through diagnostic trouble code monitoring, and reducing mileage driven to improve lifecycle costs;

- *Risk and Safety* – providing a comprehensive approach to fleet risk management by integrating consultative expertise with driver training programs and other safety services and offering a customizable program to help identify risky drivers, provide targeted training for at-risk drivers and manage accidents;

- *Accident Management* – providing comprehensive accident services to reduce fleet risk and to repair vehicles quickly with minimal business interruption and minimal costs for cars, light duty vehicles and medium duty trucks;

- *Tolls, Violations and Compliance* – fulfilling the administrative responsibilities of processing tolls and violations and ensuring compliance with regulations;

- *Fuel Services* – providing fuel cards for drivers with access to thousands of fuel stations across the United States and Canada, while supplying fleet managers with built-in controls, security, fuel transaction data and cost savings;

- *Managed Maintenance* – providing a network of authorized facilities, call centres and proactive preventative maintenance notifications, as well as expert specialists who assess repair necessity;

- *Personal Usage and Expense Tracking* – providing support tools and web-based reporting that make it easier to track business and personal usage and streamline tax-related administrative processes to help organizations comply with tax regulations;

- *Rental Services* – providing management of the rental process for renting extra equipment or other assets, ranging from forklifts to storage trailers, and coordinating delivery and pickup; and

- *Remarketing* – providing experts to assist in selling used fleet vehicles by handling the entire sales process, from pickup, transport and reconditioning to target price establishment and transfer of ownership, helping to reduce fleet depreciation expense.

Element Fleet continues to focus on improving its service offerings and, for the year ended December 31, 2019, approximately 50% of its Core Fleet net revenue was derived from service and fee revenue, with the remaining revenue originating from financings and syndication activities. Element Fleet has a diversified, high quality, long-tenured base of commercial clients, with high levels of renewal and satisfaction yielding long-term relationships, which management believes will lead to recurring revenue streams from clients.

While management believes the successful completion of its Transformation Plan (and the estimated $180 million of annual run-rate pre-tax profit improvement it encompasses) represents Element Fleet’s most significant opportunity for short-term growth, management also expects that the Corporation will pursue additional avenues to generate organic revenue growth.

In the second and third quarters of 2019, Element Fleet sized and mapped the North American market for fleet management services. This cross-functional effort spanning most of the organization included over 50 in-depth interviews with clients, potential clients and industry experts.

The Corporation’s research and analysis - and the resulting insights into segmentation, penetration, pricing and industry dynamics - have validated both the relevance and sustainability of Element Fleet's value proposition. The work has also informed the Corporation’s enhanced go-to-market strategy, which it has begun to implement in 2020. This pivot to growth is grounded in Element Fleet's evolving capabilities as a result of transformation, as well as its investment-grade balance sheet, which management plans to continue to strengthen in 2020.

Based on the market insights gleaned from the Corporation's research, its client mix and its geographic positioning, management believes Element Fleet can consistently generate annual revenue growth of 4-6% in 2021 and beyond by (i) holding market share through best-in-class client retention; (ii) improving salesforce effectiveness; (iii) better managing client profitability; (iv) converting self-managed fleets in targeted market segments into Element Fleet clients using its strengthened financial position and a compelling value proposition; and (v) leveraging Element Fleet's market leadership positions in Mexico, Australia and New Zealand. Element Fleet will also pursue so-called "mega fleet" opportunities, the success of which would drive enhanced revenue growth.

With an abundance of opportunity for organic growth in each of its five country markets, Element does not have plans to grow through acquisition.

Element Fleet's ability to offer global solutions in over 50 countries through the Element Fleet-Arval Global Alliance ensures seamless service for global clients and provides additional room for growth.

Non-Core Business

While the Separation Transaction has resulted in Element Fleet being one of the world's leading fleet management companies, certain assets remained with Element Fleet after the Separation Transaction that are not considered "pure fleet" assets and/or the typical earning assets of a "pure" fleet management company. Some were retained in order to provide fleet services, while others remained with Element Fleet for various commercial and legal structuring reasons or requirements. In addition, certain assets were acquired following the Separation Transaction.

Element Fleet's Non-Core assets include: (1) its ownership of 19th Capital; (2) an investment in a portfolio of Class 8 tractors and trailers in the United States; and (3) certain other immaterial assets not used in the operation of the Core Fleet business.

On October 19, 2018, a subsidiary of Element Fleet completed the 19th Capital Acquisition, which involved the purchase of the interests in 19th Capital that Element Fleet did not already own for cash consideration of $5.22 million. Element Fleet's initial investment in 19th Capital occurred on December 30, 2016, when Element Fleet's subsidiary Element Transportation LLC entered into a joint venture agreement with Celadon Group, Inc. pursuant to which Element Transportation LLC contributed certain truck leasing portfolios to 19th Capital in exchange for debt and a 49.99% interest in 19th Capital. 19th Capital is involved in the leasing of highway tractors and trucks in the U.S. to owner-operators and small commercial fleets.

Element Fleet incurred an after-tax charge of $360 million against the 19th Capital business in the third quarter of 2018 and immediately launched an orderly run-off of 19^{th} Capital's assets. With a significant downturn in market conditions in the US for used Class 8 trucks, and following an unsuccessful sale of the business late 2019, Element has decided that its only available option is to shift 19th Capital into accelerated run-off mode and record an additional $194 million after-tax charge against the 19^{th} Capital business in the fourth quarter of 2019. The Corporation believes that the run-off of 19^{th} Capital assets will free up management time and resources to focus on the greater value the Corporation can create from its market-leading Fleet Management Business and that addressing 19th Capital in this manner has reduced uncertainty and de-risked Element Fleet's operations and balance sheet.

Post this write-down, for the year ended December 31, 2019, Element Fleet had approximately $140.6 million of Non-Core assets, down from $538.0 million on December 31, 2018.

COMPETITION

Element Fleet's markets are competitive and characterized by various competitive factors that vary by region. Competitive factors include breadth of service features, price, equipment, maintenance, service and geographic coverage. In North America, Australia and New Zealand, Element Fleet's competitors in the Fleet Management Business are mainly comprised of other well-established fleet management companies that offer a similar suite of services.

Element Fleet believes it is well positioned to compete with its competitors by means of having an experienced management team , ready-access to cost-efficient capital, scale that translates into meaningful purchasing power and a breadth of operational insights few can match, as well as the Element Fleet-Arval Global Alliance.

Although the Fleet Management Business is likely to remain competitive, the fleet management industry is mature. High capital requirements, well-established client and supplier relationships and incumbent scale advantages create high barriers to entry.

Element Fleet's focus on value-added service offerings and its continued investment in client-focused solutions helps foster strong, long-term client relationships. Element Fleet seeks to differentiate itself from competitors by consistently delivering superior client experience and leveraging the largest portfolio in North America to:

- reduce clients' total cost of ownership by using scale across the entire fleet life cycle from acquisition to marketing; and

- deliver superior benchmarking abilities and thus deeper insights into clients' fleet operations by collecting and analyzing the most fleet vehicle data available.

FINANCING AND CAPITAL MARKETS INITIATIVES

An important liquidity objective for Element Fleet is its ability to maintain diversified funding sources to support its operations. Element Fleet's general sources of available funding for its financing services and other activities are: (i) cash flow from operating activities; (ii) the borrowing facilities; (iii) syndication; and (iv) equity. Various factors influence funding decisions, including the size, duration and character of the underlying fleet assets, and any limitations imposed by the funding sources, including in some cases obligor and asset-based concentration limits. Element Fleet's fleet assets generally have relatively short durations, small asset sizes and are suited to revolving funding structures and securitization programs. Element Fleet also ensures match funding on both a duration and interest rate basis for its funding arrangements.

Material Funding Arrangements

Element Fleet has established the following material funding arrangements:

- U.S. Fleet Receivables Securitization Arrangement. Chesapeake Funding II LLC, an indirect wholly-owned special-purpose subsidiary of Element Fleet, operates a securitization program to fund U.S. fleet assets. Under this program, Chesapeake Funding II LLC issues variable-funding notes and term notes, backed by beneficial interests in specified vehicles, leases and related rights. Element Fleet Corporation, an indirect wholly-owned subsidiary of Element Fleet, originates vehicle leases in the United States through two titling trusts, Gelco Fleet Trust or D.L. Peterson Trust. Element Fleet Corporation acts as the servicer of such lease assets and Element Fleet guarantees the performance by Element Fleet Corporation of its related obligations. As of December 31, 2019, Chesapeake Funding II LLC had two series of issued and outstanding variable-funding notes, having an aggregate commitment amount of US$3.0 billion, and eight series of term notes, having an aggregate principal amount of US$4.4 billion. Each series of term notes is comprised of multiple classes, with the senior term notes of each class currently rated Aaa (sf) by Moody's, AAA (sf) by Fitch, AAA (sf) by DBRS and/or AAA (sf) by KBRA as of the date hereof. Each series of variable-funding notes is comprised of a single class. The two variable-funding notes have a funding commitment until April 1, 2021 and September 30, 2021, respectively, which funding commitment may be renewed by the bank syndicate. If not renewed, the variable-funding notes would amortize and pay out over the term of the underlying lease assets. As at December 31, 2019, Element Fleet had available and unutilized funding capacity of $2.3 billion under existing commitments.

- Canadian Fleet Receivables Securitization Arrangement. Element Fleet Lease Receivables L.P. ("**EFLR LP**"), an indirect wholly-owned special-purpose limited partnership subsidiary of Element Fleet, operates a securitization program to fund the origination of Canadian fleet assets by Element Fleet Management Inc. ("**EFMI**"), a direct wholly-owned Canadian subsidiary of Element Fleet. The partners of EFLR LP are each indirect wholly-owned subsidiaries of EFMI. EFLR LP acquires fleet assets originated by EFMI, which continues to act as the servicer of such assets. Element Fleet guarantees the performance of EFMI's related obligations. EFLR LP finances its acquisition of fleet assets by issuing variable-funding notes to a syndicate of Canadian banks and asset-backed commercial paper conduits. As of December 31, 2019, EFLR LP had one series of issued and outstanding variable-funding notes, comprised of two classes having aggregate commitment amounts of $1.55 billion (the "**Class A notes**") and $72.4 million (the "Class B notes"), respectively. The Class A notes currently have a rating of AAA (sf) from DBRS and the Class B notes currently have a rating of A (sf) from DBRS. EFLR LP's variable-funding notes have a funding commitment until November 30, 2021, which funding commitment may be further renewed by agreement with the variable-funding investor syndicate. If not renewed, the variable-funding notes would amortize and pay out over the term of the underlying lease assets. As at December 31, 2019, Element Fleet had available and unutilized funding capacity of $391.1 million under existing commitments to purchase additional variable-funding notes pursuant to the Canadian fleet receivables securitization program.

- Australian Fleet Receivables Securitization Arrangement. Element Custom Fleet Trust 2018-1 ("**ECFT**"), an indirect wholly-owned special-purpose trust, operates a securitization program to fund the origination of Australian fleet assets by Custom Fleet Pty Ltd. and Custom Service Leasing Pty Ltd., both indirect wholly-owned subsidiaries of Element Fleet. Custom Service Leasing Pty Ltd. acts as servicer of the fleet assets under the program and Element Fleet guarantees the performance by Custom Fleet Pty Ltd. and Custom Service Leasing Pty Ltd. of their respective obligations under the program. ECFT has issued two series of asset-backed notes and loans, each series being comprised of four classes. As of December 31, 2019, the third-party funding of these issued notes and loans amounted to outstanding balances of AUD $989.5 million. The notes have a funding commitment maturity date of May 18, 2020. As at December 31, 2019, Element Fleet had available and unutilized funding capacity of $60.7 million under existing commitments to purchase additional notes and loans issued pursuant to the Australian fleet receivables securitization program.

- Senior Credit Facility. On December 11, 2019, Element Fleet and Element Fleet Management (US) Corp., a subsidiary of Element Fleet (the "**US Borrower**"), as borrowers, entered into the Fifth Amended and Restated Credit Agreement with a group of lenders, led by the Bank of Montreal as administrative agent (the "**Senior Credit Facility**"). The Senior Credit Facility is a revolving facility in the amount of US$2.25 billion and has a maturity date of November 2, 2022. The obligations of the borrowers under the Senior Credit Facility are senior unsecured obligations and are guaranteed by certain of Element Fleet's material subsidiaries. Under the Senior Credit Facility, the Company may select various floating rate borrowing options, such as rates based on LIBOR or a specified base rate, plus an applicable margin determined in accordance with a debt ratings-based pricing grid. The Senior Credit Facility includes negative and affirmative covenants, events of default and other customary terms, including financial covenants (including a maximum total leverage ratio, a minimum interest coverage ratio and minimum unencumbered asset coverage ratio). As at December 31, 2019, Element Fleet had access to approximately $1.7 billion of available committed capacity under the Senior Credit Facility.

- Export Development Canada Senior Unsecured Credit Facility. On September 30, 2019, Element Fleet and the US Borrower, as borrowers, entered into a credit agreement with Export Development Canada ("**EDC**") which, among other things, consists of a revolving facility for the first year (which revolving period may be extended for successive one year periods by agreement with EDC), followed by a non-revolving term-out period for the remaining term of the agreement, which has a current final maturity date of September 30, 2024 (as amended and restated, the "**EDC Credit Facility**"). For the duration of the term-out period the loan repayment schedule will be based on an amortization of assets. On December 11, 2019, all security granted by the borrowers and their subsidiaries acting as guarantors under the EDC Credit Facility was released. On February 21, 2020, the EDC Credit Facility was amended and restated to make certain conforming changes to the December 11, 2019 amended and restated Senior Credit Facility. The EDC Credit Facility is in the amount of $350 million. The obligations of the borrowers under the EDC Credit Facility remain guaranteed by certain of Element Fleet's material subsidiaries. Under the EDC Credit Facility, the Company may select various floating rate borrowing options, such as rates based on LIBOR or a specified base rate, plus an applicable margin determined in accordance with a debt ratings-based pricing grid. The EDC Credit Facility includes other customary terms and financial covenants substantially consistent with the Senior Credit Facility. Availability under the EDC Credit Facility is for the purpose of financing assets of Element Fleet's New Zealand subsidiaries. As at December 31, 2019, Element Fleet had access to approximately $89 million of available committed capacity under the EDC Credit Facility.

- Other Asset-Backed Receivables Financing Agreements. Two of Element Fleet's other indirect wholly-owned special purpose subsidiaries have entered into asset-backed receivables financing agreements with certain lenders, which together provide for aggregate financing facilities of US$1.4 billion (collectively, the "**Receivables Agreements**"). Pursuant to the terms of the Receivables Agreements, interests in certain vehicles, leases and related assets are transferred from certain indirect wholly-owned subsidiaries of Element Fleet to special-purpose entities that are the respective borrowers under the Receivables Agreements. Element

Fleet subsidiaries commit to act as servicers of the fleet lease assets and Element Fleet guarantees the performance by such subsidiaries of their related obligations. The Receivables Agreements have a funding commitment until June 19, 2020 and September 27, 2022. Under the Receivables Agreements, recourse available to lenders is generally limited to the assets of the respective special-purpose entity. As at December 31, 2019, Element Fleet had available and unutilized funding capacity of $0.45 billion under the existing commitments provided for under the Receivables Arrangements.

Capital Markets Initiatives

Since January 1, 2017, Element Fleet has taken the following capital markets initiatives:

- Convertible Debenture Offering. On April 5, 2019, Element Fleet completed a bought deal offering of $150 million aggregate principal amount of convertible unsecured subordinated debentures (the "**2019 Debentures**") due June 30, 2024 (the "**2019 Convertible Debenture Offering**"). Subsequently, on April 10, 2019, Element Fleet issued an additional $22.5 million aggregate principal amount of 2019 Debentures pursuant to the exercise in full of the underwriters' over-allotment option. Including the over-allotment option, the Corporation issued a total of $172.5 million aggregate principal amount of 2019 Debentures pursuant to the 2019 Convertible Debenture Offering. See "*Description of Share Capital – Debentures – 2019 Debentures*" for additional details.

- Common Share Offering. On October 11, 2018, in connection with the Transformation Plan, Element Fleet completed a bought deal offering of 45,500,000 Common Shares at a price of $6.60 per Common Share, for aggregate gross proceeds of $300,300,000 (the "**2018 Common Share Offering**"). Subsequently, on November 9, 2018, the underwriters exercised in full their over-allotment option to purchase an additional 6,825,000 Common Shares at a price of $6.60 per share, for additional aggregate gross proceeds of $45,045,000. Including the over-allotment option, the Corporation issued a total of 52,325,000 Common Shares pursuant to the 2018 Common Share Offering, for aggregate gross proceeds of $345,345,000.

- Normal Course Issuer Bid. On June 8, 2017, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**NCIB**"). The NCIB allowed Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from June 12, 2017 to June 11, 2018, up to 38,582,483 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. Under the NCIB, 9,014,600 Common Shares were repurchased for cancellation for an aggregate amount of approximately $78.9 million at a volume weighted average price of $8.75 per Common Share.

- Bought Deal Offering. On May 5, 2017, Element Fleet completed a bought deal offering of 6,000,000 5.75% Cumulative 5-Year Minimum Rate Reset Preferred Shares, Series I of the Corporation (the "**Series I Shares**"), at a price of $25.00 per Series I Share, for aggregate gross proceeds of approximately $150.0 million. The Series I Shares are convertible, in certain circumstances, on a one-for-one basis into Cumulative Floating Rate Preferred Shares, Series J of the Corporation (the "**Series J Shares**").

Syndication Arrangements

From time to time, Element Fleet and its U.S. subsidiaries may determine to sell beneficial interests in specified vehicles, leases and related rights directly to financial institutions and other institutional investors. Such beneficial interests in fleet lease assets take the form of special units of beneficial interest in one or more of the titling trusts through which Element Fleet and its U.S. subsidiaries originate vehicle leases in the U.S. Element Fleet's U.S. subsidiaries act as the servicer of such fleet lease assets and Element Fleet guarantees the performance by such U.S. subsidiaries of their related obligations. Such sales transfer all of the credit risk associated with the lessee without recourse to the seller. As of December 31, 2019, the aggregate book value of fleet lease assets sold to third party institutional buyers under these sale arrangements amounted to $2.9 billion. The buyers do not provide advance commitments to make purchases and the acquired assets are not the subject of ratings from credit rating agencies.

GOVERNANCE

Board of Directors

As of March 23, 2020, the Board of Directors (the "**Board**") has nine members, comprised of David Denison (Chair of the Board), Jay Forbes, Keith Graham, Paul D. Damp (Chair of the Audit Committee), Rubin McDougal (Chair of the Credit & Risk Committee), Joan Lamm-Tennant (Chair of the Compensation & Corporate Governance Committee), Andrew Clarke, Alexander Greene and Andrea Rosen. Eight of the Corporation's directors are independent, with Jay Forbes being the only non-independent director

Officers

As of March 23, 2020, the Corporation's executive officers consist of Jay Forbes (President and Chief Executive Officer), Vito Culmone (Executive Vice President and Chief Financial Officer), Jim Halliday (Executive Vice President and Chief Operating Officer), Jacqui McGillivray (Executive Vice President and Chief People Officer), Vineet Gupta (Executive Vice President and Chief Technology Officer), David Madrigal (Executive Vice President and Chief Commercial Officer), Jon Parker (Executive Vice President, Enterprise), Chris Gittens (Executive Vice President, Strategic Partnerships), Israel Kaufman (Executive Vice President and Treasurer) and David Colman (Executive Vice President, General Counsel and Corporate Secretary).

EMPLOYEES

Element Fleet has over 2,500 employees globally. None of Element Fleet's employees are represented by a collective bargaining agreement and Element Fleet has never experienced any work stoppages. Element Fleet has employment, non-solicitation and non-competition agreements with each of its senior executives and originators. Element Fleet considers its relations with its employees to be strong and views its employees as an important competitive advantage. Historically, Element Fleet has been successful in retaining its key employees, including members of its senior management team. Element Fleet's senior management team has an in-depth knowledge of equipment finance, and of the independent financial services industry in general.

DIVIDENDS

COMMON SHARE DIVIDENDS

On November 10, 2015, Element Fleet declared a quarterly dividend of $0.025 per outstanding Common Share. Element Fleet paid a quarterly dividend of $0.025 per outstanding Common Share from November 10, 2015 until March 9, 2017. From March 9, 2017 to September 30, 2018, Element Fleet paid a quarterly dividend of $0.075 per outstanding Common Share. In connection with the Transformation Plan, on October 1, 2018 Element Fleet announced a reduction in the quarterly dividend rate from $0.075 to $0.045 and paid a dividend of $0.045 per Common Share on January 15, 2020 to shareholders of record as at the close of business on December 31, 2019. Element Fleet has paid a dividend of $0.045 per Common Share in each subsequent quarter and most recently a dividend of $0.045 per Common Share was declared on February 25, 2020 and is payable on April 15, 2020 to shareholders of record on the close of business on March 31, 2020.

In connection with the Transformation Plan, Element Fleet adopted a DRIP which is administered by Computershare Trust Company of Canada and became effective beginning with the fourth quarter dividend of 2018. The DRIP provides eligible registered and beneficial shareholders an opportunity to reinvest their eligible cash dividends payable on Common Shares for additional Common Shares at a discount of 2% to the prevailing market price of the Common Shares on the TSX, which discount may be changed or eliminated by the Board from time to time.

Element Fleet's Common Share dividend policy is currently to pay quarterly dividends and will be reviewed from time to time by the Board in the context of Element Fleet's earnings, financial condition and other relevant factors. See "*Risk Factors*".

PREFERRED SHARE DIVIDENDS

Element Fleet's current policy is to pay dividends to the holders of preferred shares on a quarterly basis.

Series A Shares. Under the terms of the Series A Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being December 17, 2013) up to but excluding December 31, 2018, dividends were paid quarterly at an annual rate of $1.65 per share. On March 4, 2014, the Corporation declared an initial dividend on the Series A Shares in the amount of $0.4701 per Series A Share payable on March 31, 2014 to holders of record on March 17, 2014. In each of 2015, 2016, 2017 and 2018, Element Fleet paid aggregate cash dividends of $1.65 per Series A Share. In 2019, Element Fleet paid aggregate cash dividends of $1.73 per Series A Share. The annual dividend rate applicable to the Series A Shares for the period from and including December 31, 2018 up to, but excluding, December 31, 2023, is $1.73325 per share. A quarterly dividend of $0.4333125 per Series A Share was declared on February 25, 2020 and is payable on March 31, 2020 to shareholders of record on the close of business on March 13, 2020.

Series C Shares. Under the terms of the Series C Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being March 7, 2014) up to but excluding June 30, 2019, dividends were paid quarterly at an annual rate of $1.625 per share. On June 12, 2014, the Corporation declared an initial dividend on the Series C Shares in the amount of $0.51199 per Series C Share payable on June 30, 2014 to holders of record on June 17, 2014. In each of 2015, 2016, 2017 and 2018 Element Fleet paid aggregate cash dividends of $1.625 per Series C Share. In 2019, Element Fleet paid aggregate cash dividends of $1.59 per Series C Share. The annual dividend rate applicable to the Series C Shares for the period from and including June 30, 2019 up to, but excluding, June 30, 2024, is $1.5525 per share. A quarterly dividend of $0.38813 per outstanding Series C Share was declared on February 25, 2020 and is payable on March 31, 2020 to shareholders of record on the close of business on March 13, 2020.

Series E Shares. Under the terms of the Series E Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being June 18, 2014) up to but excluding September 30, 2019, dividends were paid quarterly at an annual rate of $1.60 per share. On September 19, 2014, the Corporation declared an initial dividend on the Series E Shares in the amount of $0.45589 per Series E Share payable on September 30, 2014 to holders of record on September 17, 2014. In each of 2015, 2016, 2017 and 2018 Element Fleet paid aggregate cash dividends of $1.60 per Series E Share. In 2019, Element Fleet paid aggregate cash dividends of $1.57 per Series E Share. The annual dividend rate applicable to the Series E Shares for the period from and including September 30, 2019 up to, but excluding, September 30, 2024, is $1.47575 per share. A quarterly dividend of $0.3689375 per outstanding Series E Share was declared on February 25, 2020 and is payable on March 31, 2020 to shareholders of record on the close of business on March 13, 2020.

Series G Shares. Under the terms of the Series G Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board from the date of issuance (being May 29, 2015) up to but excluding September 30, 2020 payable quarterly on the last business day of March, June, September and December in each year at an annual rate of $1.625 per share. On September 8, 2015, the Corporation declared an initial dividend on the Series G Shares in the amount of $0.552 per Series G Share payable on September 30, 2015 to holders of record on September 17, 2015. In each of 2016, 2017, 2018 and 2019 Element Fleet paid aggregate cash dividends of $1.625 per Series G Share. A quarterly dividend of $0.40625 per outstanding Series G Share was declared on February 25, 2020 and is payable on March 31, 2020 to shareholders of record on the close of business on March 13, 2020.

Series I Shares. Under the terms of the Series I Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board from the date of issuance (being May 5, 2017) up to but excluding June 30, 2022 payable quarterly on the last business day of March, June, September and December in each year at an annual rate of $1.4375 per share. On August 10, 2017, the Corporation declared an initial dividend on the Series I Shares in the amount of $0.58288 per Series I Share payable on October 2, 2017 to holders of record on September 15, 2017. In 2018 and 2019 Element Fleet paid aggregate cash dividends of $1.4375 per Series I Share. A quarterly dividend of $0.359375 per outstanding Series I Share was declared on February 25, 2020 and is payable on March 31, 2020 to shareholders of record on the close of business on March 13, 2020.

DESCRIPTION OF SHARE CAPITAL

GENERAL

The authorized capital of Element Fleet consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at March 19, 2020, there were 437,682,397 Common Shares issued and outstanding, 4,600,000 Series A Shares issued and outstanding, nil Series B Shares issued and outstanding, 5,126,400 Series C Shares issued and outstanding, nil Series D Shares issued and outstanding, 5,321,900 Series E Shares issued and outstanding, nil Series F Shares issued and outstanding, 6,900,000 Series G Shares issued and outstanding, nil Series H Shares issued and outstanding, 6,000,000 Series I Shares issued and outstanding and nil Series J Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the preferred shares.

COMMON SHARES

Each Common Share entitles the holder to (i) one vote at all meetings of shareholders (except meetings at which only holders of a specified class of shares are entitled to vote), (ii) to receive, subject to the holders of another class of shares, any dividend declared by Element Fleet, and (iii) to receive, subject to the rights of the holders of another class of shares, the remaining property of Element Fleet on the liquidation, dissolution or winding up of Element Fleet, whether voluntary or involuntary.

PREFERRED SHARES

The preferred shares of Element Fleet may at any time and from time to time be issued in one or more series. The directors of Element Fleet may fix, before the issuance thereof, the number of preferred shares of each series, the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, and any rights on the liquidation, dissolution or winding-up of Element Fleet, any sinking fund or other provisions, the whole to be subject to the issuance of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of the series.

The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of Element Fleet, whether voluntary or involuntary, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the preferred shares of any series is not paid in full, the preferred shares of such series shall participate rateably with the preferred shares of every other series in respect of all such dividends and amounts.

Series A Shares and Series B Shares

The holders of Series A Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding December 31, 2018, the annual dividend rate on the Series A Shares was $1.65 per share. The dividend rate reset on December 31, 2018 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.71 per cent. The annual dividend rate on the Series A Shares for the fixed rate period from and including December 31, 2018 to but excluding December 31, 2023 is 6.933% per annum. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series A Shares shall be entitled to receive $25.00 per Series A Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series A Shares.

The Series A Shares are redeemable by Element Fleet in whole or in part, at its option, on December 31, 2018 and on December 31 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series A Shares as described in the preceding sentence, the holders of Series A Shares have the right to convert their shares into Series B Shares, subject to certain conditions, on December 31, 2018 and on December 31 of every fifth year thereafter. No Series A Shares were redeemed by Element Fleet nor were any Series A Shares converted into Series B Shares on December 31, 2018. The holders of Series B Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.71 per cent, and will have the right to convert their Series B Shares into Series A Shares, subject to certain conditions, on December 31, 2023 and on December 31 every five years thereafter. The Series B Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after December 31, 2018, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on December 31, 2023 and on December 31 every five years thereafter (each a "Series B Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series B Redemption Date after December 31, 2018, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series C Shares and Series D Shares

The holders of Series C Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding June 30, 2019, the annual dividend rate on the Series C Shares was $1.625 per share. The dividend rate reset on June 30, 2019 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.81 per cent. The annual dividend rate on the Series C Shares for the fixed rate period from and including June 30, 2019 to but excluding June 30, 2023 is $1.55250 per share. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series C Shares shall be entitled to receive $25.00 per Series C Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series C Shares.

The Series C Shares are redeemable by Element Fleet in whole or in part, at its option, on June 30, 2019 and on June 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series C Shares as described in the preceding sentence, the holders of Series C Shares have the right to convert their shares into Series D Shares, subject to certain conditions, on June 30, 2019 and on June 30 of every fifth year thereafter. The holders of Series D Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.81 per cent, and will have the right to convert their Series D Shares into Series C Shares, subject to certain conditions, on June 30, 2024 and on June 30 every five years thereafter. The Series D Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after June 30, 2019, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on June 30, 2024 and on June 30 every five years thereafter (each a "Series D Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series D Redemption Date after June 30, 2019, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series E Shares and Series F Shares

The holders of Series E Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding September 30, 2019, the annual dividend rate on the Series E Shares was $1.60 per share. The dividend rate reset on September 30, 2019 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.72 per cent. The annual dividend rate on the Series E Shares for the fixed rate period from and including September 30, 2019 to but excluding September 30, 2023 is $1.47575 per share. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series E Shares shall be entitled to receive $25.00 per Series E Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series E Shares.

The Series E Shares are redeemable by Element Fleet in whole or in part, at its option, on September 30, 2019 and on September 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet’s right to redeem the Series E Shares as described in the preceding sentence, the holders of Series E Shares have the right to convert their shares into Series F Shares, subject to certain conditions, on September 30, 2019 and on September 30 of every fifth year thereafter. The holders of Series F Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.72 per cent, and will have the right to convert their Series F Shares into Series E Shares, subject to certain conditions, on September 30, 2024 and on September 30 every five years thereafter. The Series F Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after September 30, 2019, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on September 30, 2024 and on September 30 every five years thereafter (each a “Series F Redemption Date”), or (ii) $25.50 in the case of redemptions on any date which is not a Series F Redemption Date after September 30, 2019, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series G Shares and Series H Shares

The holders of Series G Shares are entitled to receive fixed, cumulative, preferential cash dividends at an annual rate of $1.625 per share, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, for the initial fixed rate period to but excluding September 30, 2020. The dividend rate will reset on September 30, 2020 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 5.34 per cent. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series G Shares shall be entitled to receive $25.00 per Series G Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series G Shares.

The Series G Shares are redeemable by Element Fleet in whole or in part, at its option, on September 30, 2020 and on September 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet’s right to redeem the Series G Shares as described in the preceding sentence, the holders of Series G Shares have the right to convert their shares into Series H Shares, subject to certain conditions, on September 30, 2020 and on September 30 of every fifth year thereafter. The holders of Series H Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 5.34 per cent, and will have the right to convert their Series H Shares into Series G Shares, subject to certain conditions, on September 30, 2025 and on September 30 every five years thereafter. The Series H Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after September 30, 2020, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on September 30, 2025 and on September 30 every five years thereafter (each a “Series H Redemption Date”), or (ii) $25.50 in the case of redemptions on any date which is not a Series H Redemption Date after September 30, 2020, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series I Shares and Series J Shares

The holders of Series I Shares are entitled to receive fixed, cumulative, preferential cash dividends at an annual rate of $1.4375 per share, payable quarterly on the last calendar day of March, June, September and December in each year, if, as and when declared by the Board, for the initial fixed rate period to but excluding June 30, 2022. The dividend rate will reset on June 30, 2022 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.64 per cent, provided that, in any event, such rate shall not be less than 5.75% per annum. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series I Shares shall be entitled to receive $25.00 per Series I Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series I Shares.

The Series I Shares are redeemable by Element Fleet in whole or in part, at its option, on June 30, 2022 and on June 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series I Shares as described in the preceding sentence, the holders of Series I Shares have the right to convert their shares into Series J Shares, subject to certain conditions, on June 30, 2022 and on June 30 of every fifth year thereafter. The holders of Series J Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last calendar day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then three month Government of Canada treasury bill rate plus 4.64 per cent, and will have the right to convert their Series J Shares into Series I Shares, subject to certain conditions, on June 30, 2027 and on June 30 every five years thereafter. The Series J Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after June 30, 2022, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on June 30, 2027 and on June 30 every five years thereafter (each a "Series J Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series J Redemption Date after June 30, 2022, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

DEBENTURES

2015 Debentures

On May 29, 2015, Element Fleet issued $575 million aggregate principal amount of unsecured subordinated debentures (the "**2015 Debentures**") pursuant to an indenture with the Debenture Trustee. The 2015 Debentures bear interest at a rate of 4.25% per annum payable semi-annually on the last day of June and December in each year, commencing on December 31, 2015. The 2015 Debentures have a final maturity date of June 30, 2020. Following required adjustments, including in connection with the payment of dividends on the common shares of Element Fleet, the 2015 Debentures are convertible at any time prior to maturity, at the option of the holder, at a conversion price as of the date hereof of $17.19004 per Common Share, representing a conversion ratio of approximately 58.17322 Common Shares per $1,000 principal amount of the 2015 Debentures. In the fourth quarter of 2019, $7,800,000 principal amount of the 2015 Debentures was converted into 447,947 Common Shares. The 2015 Debentures are unsecured obligations of Element Fleet, subordinated in right of payment to the prior payment in full of all indebtedness of Element Fleet, other than indebtedness which, by the terms of the contract or instrument creating or evidencing the indebtedness, or pursuant to which the indebtedness is outstanding, is expressed to be *pari passu* with, or subordinate in right of payment to, the 2015 Debentures.

Until June 30, 2020, the 2015 Debentures may be redeemed by Element Fleet, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days preceding the date on which the notice of redemption is given is not less than 125% of the then applicable conversion price.

Subject to required regulatory approvals and provided that there is not a current event of default (as defined in the indenture governing the 2015 Debentures), Element Fleet may, at its option, on not more than 60 days' and not less than 40 days' prior notice, elect to satisfy its obligations to repay, in whole or in part, the principal amount of the 2015 Debentures which are to be redeemed or which have matured by issuing and delivering freely-tradeable Common Shares obtained by dividing the principal amount of the 2015 Debentures to be redeemed or that have matured, as the case may be, by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days ending the fifth trading day preceding the date of redemption or maturity, as applicable.

2019 Debentures

On April 5, 2019, Element Fleet issued $150 million aggregate principal amount of unsecured subordinated debentures, and on April 10, 2019, Element Fleet issued an additional $22.5 million aggregate principal amount of 2019 Debentures pursuant to the exercise in full of the underwriters' over-allotment option, each pursuant to an indenture with Computershare Trust Company of Canada, as debenture trustee. The 2019 Debentures bear interest at a rate of 4.25% per annum payable semi-annually on the last day of June and December in each year, commencing on December 31, 2019. The 2019 Debentures have a final maturity date of June 30, 2024. The 2019 Debentures are convertible at any time prior to maturity, at the option of the holder, at a conversion price as of the date hereof of $12.05 per Common Share, representing a conversion ratio of approximately 82.9876 Common Shares per $1,000 principal amount of the 2019 Debentures, subject to adjustment from time-to-time pursuant to the terms of the indenture governing the 2019 Debentures. The 2019 Debentures Due are unsecured obligations of Element Fleet, subordinated in right of payment to the prior payment in full of all indebtedness of Element Fleet, other than indebtedness which, by the terms of the contract or instrument creating or evidencing the indebtedness, or pursuant to which the indebtedness is outstanding, is expressed to be *pari passu* with, or subordinate in right of payment to, the 2019 Debentures.

The 2019 Debentures will not be redeemable prior to June 30, 2022, except in certain limited circumstances following a change of control (as defined in the indenture governing the 2019 Debentures). On or after June 30, 2022 and until June 30, 2023, the 2019 Debentures may be redeemed by Element Fleet, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days ending the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the then applicable conversion price.

Subject to required regulatory approvals and provided that there is not a current event of default (as defined in the indenture governing the 2019 Debentures), Element Fleet may, at its option, on not more than 60 days' and not less than 40 days' prior notice, elect to satisfy its obligations to repay, in whole or in part, the principal amount of the 2019 Debentures which are to be redeemed or which have matured by issuing and delivering freely-tradeable Common Shares obtained by dividing the principal amount of the 2019 Debentures to be redeemed or that have matured, as the case may be, by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days ending the fifth trading day preceding the date of redemption or maturity, as applicable.

RATINGS

The following credit rating information is being provided as it relates generally to the Corporation's financing costs, liquidity and operations. More specifically, credit ratings impact the Corporation's ability to obtain short-term and long-term financing and can affect the cost of such financing.

DBRS Rating

On October 2, 2019, DBRS confirmed Element Fleet's issuer rating of "BBB (high)", short-term instruments rating of "R-2 (high)" and rating of "Pfd-3 (high)" on Element Fleet's Preferred Shares. The trend on all ratings remains stable.

DBRS has different rating scales for corporate ratings, short-term debt and preferred shares. DBRS' rating approach is based on a combination of quantitative and qualitative considerations. The following descriptions have been sourced from information made publicly available by DBRS.

DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, which is reflected in an "issuer rating". Issuer ratings address the overall credit strength of the issuer, and the scale ranges from AAA (highest credit quality) to D (very highly speculative) categories. BBB (high) is the fourth highest of ten DBRS categories. Unlike ratings on individual securities or classes of securities, issuer ratings are based on the entity itself and do not include consideration for security or ranking. An issuer rating of BBB (high) means that the issuer has adequate credit quality, that the issuer's capacity for the payment of financial obligations is considered acceptable, and that the issuer may be vulnerable to future events. With the exception of the AAA and D categories, DBRS also uses "high" or "low" designations to indicate the relative standing of an issuer within a particular rating category, while the absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner and ranges from R-1 (highest credit quality) to D (default). The R-1 and R-2 rating categories are further denoted by the subcategories "high", "middle" and "low". R-2 (high) is the fourth highest of ten DBRS categories. An obligation rated R-2 (high) represents the upper end of adequate credit quality and indicates the capacity for the payment of short-term financial obligations as they fall due is acceptable but may be vulnerable to future events.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. The scale ranges from Pfd-1 (superior credit quality) to D (default) and each rating category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. Pfd-3 (high) is the third highest of six DBRS categories. Preferred shares rated Pfd-3 (high) are of adequate credit quality, and while protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 (high) ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category.

Rating trends provide guidance in respect of DBRS’ opinion regarding outlook for the rating in question. A “stable” trend indicates that a rating is not likely to change.

Fitch Rating

On September 30, 2019, Fitch affirmed Element Fleet’s initial Long-Term Issuer Default Rating of “BBB+” and a rating of “BBB+” on the Corporation’s Senior Credit Facility (and upgraded to a Stable Rating Outlook).

Fitch’s credit ratings are on a long-term credit rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of rating. A “BBB” rating is the fourth highest of Fitch’s eleven rating categories and indicates “good credit quality”. The modifiers ‘+’ or ‘-’ may be appended to a rating to denote relative status within categories.

Fitch assigns both issuer and issue ratings to non-bank financial institutions and their obligations. Issuer default ratings for non-bank financial institutions, as for issuers in other sectors, express Fitch’s opinion on an entity’s relative vulnerability to default on its financial obligations. In accordance with Fitch’s rating definitions, the default risk addressed by the issuer default rating is generally that of the financial obligations whose non-payment would “best reflect the uncured failure of that entity. Ratings of non-bank financial institutions’ senior, subordinated/hybrid and other securities issues incorporate an assessment both of the likelihood of default (or “non- performance” risk) on the specific obligation and of potential recoveries for creditors in case of default/non-performance.

Fitch also applies rating outlooks. Rating outlooks indicate the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached the level, or been sustained, so as to cause a rating action, but which may do so if such trends continue.

S&P Rating

On October 31, 2019, S&P initiated coverage of the Corporation with an investment-grade “BBB” long-term issuer rating and stable outlook.

S&P’s credit ratings are on a long-term issue credit rating scale that ranges from AAA to SD and D, which represents the range from highest to lowest quality of rating. A “BBB” rating is the fourth highest of S&P’s ten rating categories and indicates adequate protection parameters, however adverse economic conditions or changing circumstances are more likely to weaken the obligor’s capacity to meet its financial commitments.

An S&P Global Ratings issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

S&P also applies rating outlooks. Ratings outlooks assess the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions.

KBRA Rating

On October 3, 2019, KBRA affirmed Element Fleet’s issuer rating of “A-” with a stable outlook following announcement of the Transformation Plan.

KBRA's credit ratings are on a long-term credit rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of rating. A "A-" rating is the third highest of KBRA's ten rating categories. A rating of "A-" signifies that KBRA has determined the issuer to be of high quality with a small risk of loss due to credit-related events. Issuers and obligations in this category are expected to weather difficult times with low credit losses. KBRA may append "+" or "-" modifiers to ratings in the AA through CCC range to indicate, respectively, lower and upper risk levels within the broader category. KBRA may also assign rating outlooks, which take on the following four states: positive, negative, stable and developing.

KBRA's credit ratings are intended to reflect both the probability of default and severity of loss in the event of default, with greater emphasis on probability of default at higher rating categories. For obligations, the determination of expected loss severity is, among other things, a function of the seniority of the claim. Generally speaking, issuer-level ratings assume a loss severity consistent with a senior unsecured claim.

General

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Credit ratings may not reflect the potential impact of all risks on the value of securities. The Corporation cannot know for certain that a rating will remain in effect for any given period of time or that a rating agency will not revise or withdraw it entirely in the future.

The Corporation paid customary fees to the rating agencies noted above in connection with the above-mentioned ratings.

MARKET FOR SECURITIES

The following tables report the intraday high and low prices and trading volumes for each class of issued and outstanding securities of Element Fleet for the periods specified.

COMMON SHARES

The Common Shares are currently listed on the TSX under the trading symbol "EFN". The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSX on a monthly basis for 2019.

Month	High ($)	Low ($)	Volume
December	11.54	10.91	26,216,046
November	11.97	11.18	21,591,863
October	11.34	10.25	13,579,241
September	10.86	10.47	11,458,091
August	10.94	9.95	18,262,397
July	10.665	9.32	14,050,136
June	10.13	9.33	17,566,762
May	10.32	8.09	30,587,450
April	8.76	7.99	16,280,736
March	8.67	7.27	26,085,353
February	7.72	6.85	14,362,105
January	7.77	6.68	16,196,471

Source: TMX Group

SERIES A SHARES

The Series A Shares are currently listed on the TSX under the trading symbol "EFN.PR.A". The following table sets forth the reported intraday high and low prices and the trading volume for the Series A Shares on the TSX on a monthly basis for 2019.

Month	High ($)	Low ($)	Volume
December	24.05	22.92	276,728
November	24.55	21.60	365,505
October	21.90	21.20	125,669
September	21.77	21.02	94,571
August	21.70	19.85	55,844
July	21.90	21.52	95,831
June	22.26	21.63	46,870
May	22.50	21.41	101,500
April	22.35	21.65	64,496
March	22.47	21.50	112,573
February	21.59	19.85	109,853
January	21.20	19.30	95,123

Source: TMX Group

SERIES C SHARES

The Series C Shares are currently listed on the TSX under the trading symbol "EFN.PR.C". The following table sets forth the reported intraday high and low prices and the trading volume for the Series C Shares on the TSX on a monthly basis for 2019.

Month	High ($)	Low ($)	Volume
December	23.07	21.41	44,105
November	23.85	21.15	292,927
October	21.42	20.80	92,038
September	21.14	19.70	326,958
August	21.25	18.99	68,847
July	21.25	20.44	29,768
June	21.34	20.00	25,316
May	22.00	20.07	64,437
April	21.90	20.45	88,622
March	21.88	20.96	49,127
February	21.47	19.75	88,138
January	20.80	19.00	32,681

Source: TMX Group

SERIES E SHARES

The Series E Shares are currently listed on the TSX under the trading symbol "EFN.PR.E". The following table sets forth the reported intraday high and low prices and the trading volume for the Series E Shares on the TSX on a monthly basis for 2019.

Month	High ($)	Low ($)	Volume
December	22.63	21.44	41,297
November	23.21	20.64	90,972
October	20.60	19.78	115,908
September	20.33	18.97	140,230
August	19.65	18.55	84,827
July	20.00	19.28	23,128
June	20.56	19.23	26,468
May	21.52	19.76	157,570
April	20.89	20.03	41,346
March	21.35	20.25	39,826
February	20.52	18.90	84,052
January	19.79	18.45	93,918

Source: TMX Group

SERIES G SHARES

The Series G Shares are currently listed on the TSX under the trading symbol "EFN.PR.G". The following table sets forth the reported intraday high and low prices and the trading volume for the Series G Shares on the TSX on a monthly basis for 2019.

Month	High ($)	Low ($)	Volume
December	24.41	23.75	71,492
November	24.55	22.75	387,441
October	22.75	21.89	33,941
September	22.55	20.95	119,759
August	21.40	19.67	217,846
July	21.80	21.03	84,725
June	22.28	20.92	56,342
May	22.71	21.60	147,878
April	22.40	21.70	92,971
March	22.60	21.60	127,123
February	21.91	20.96	88,598
January	22.00	20.50	58,022

Source: TMX Group

SERIES I SHARES

The Series I Shares are currently listed on the TSX under the trading symbol “EFN.PR.I”. The following table sets forth the reported intraday high and low prices and the trading volume for the Series I Shares on the TSX on a monthly basis for 2019.

Month	**High ($)**	**Low ($)**	**Volume**
December	24.41	23.47	107,566
November	24.40	22.80	106,187
October	22.98	22.20	113,005
September	22.51	20.22	121,632
August	21.29	20.30	64,095
July	21.43	19.82	71,939
June	20.50	19.38	87,416
May	21.13	20.00	180,462
April	20.34	19.81	167,232
March	20.25	18.99	215,860
February	19.34	18.72	75,244
January	19.45	17.75	79,806

Source: TMX Group

2015 DEBENTURES

The 2015 Debentures are currently listed on the TSX under the trading symbol “EFN.DB.A”. The following table sets forth the reported intraday high and low prices and the trading volume for the 2015 Debentures on the TSX on a monthly basis for 2019.

Month	**High ($)**	**Low ($)**	**Volume**
December	100.74	100.33	10,530
November	100.99	100.40	43,830
October	100.99	100.05	105,150
September	100.85	100.05	134,750
August	100.84	100.01	153,610
July	100.85	100.00	48,208
June	101.00	99.50	113,450
May	101.00	99.40	161,080
April	100.00	98.60	179,450
March	100.00	97.25	208,980
February	98.00	96.75	45,960
January	98.00	96.00	183,780

Source: TMX Group

2019 DEBENTURES

The 2019 Debentures are currently listed on the TSX under the trading symbol "EFN.DB.B". The following table sets forth the reported intraday high and low prices and the trading volume for the 2019 Debentures on the TSX on a monthly basis for 2019. The 2019 Debentures began trading on the TSX on April 5, 2019.

Month	High ($)	Low ($)	Volume
December	116.50	114.00	36,100
November	118.48	115.45	22,050
October	115.25	110.92	29,990
September	113.00	111.68	14,130
August	113.49	110.50	26,390
July	111.50	107.25	35,990
June	109.00	106.50	81,460
May	108.00	100.30	210,170
April 5-30	101.75	100.00	550,990

Source: TMX Group

DIRECTORS AND OFFICERS

DIRECTORS

The following table sets forth the full name, province or state and country of residence and principal occupations for each director of the Corporation as of the date hereof. Each director is elected at the annual meeting of shareholders or appointed pursuant to the provisions of the Corporation's by-laws and applicable laws to serve until the next annual meeting or until a successor is elected or appointed, subject to earlier resignation by the director. The current Board consists of David Denison, Jay Forbes, Keith Graham, Paul D. Damp, Joan Lamm-Tennant, Rubin McDougal, Andrew Clarke, Alexander Greene and Andrea Rosen.

Name and Province/State and Country of Residence	Director since	Principal Occupation
David Denison(1) Toronto, Ontario, Canada	2018	Chairman of Element Fleet's Board since January 1, 2019; Director of Royal Bank of Canada since 2012; Director of BCE Inc. since 2012; Director of Hydro One Limited from 2015 to 2018; Director of Allison Transmission Holdings, Inc. from 2013 to 2017; President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012.
Jay Forbes Toronto, Ontario Canada	2018	President and Chief Executive Officer of Element Fleet since June 1, 2018; President and Chief Executive Officer of Manitoba Telecom Services from 2015 to 2017; President and Chief Executive Officer of Teranet Inc., a world-leading developer, operator and owner of electronic land registration systems, from 2009 to 2013.
Keith Graham(1)(4) Chatham, Ontario, Canada	2018	Founder and President of Rondeau Capital Inc., a private investment and advisory company, since 2009. Over 25 years of experience as a Portfolio Manager and Senior Executive with firms such as AGF Funds Inc., a diversified global asset management firm, Trimark Investments, a privately-owned investment management firm, and Ontario Teachers' Pension Plan, one of the world's largest single-profession pension plans and private equity investors.
Joan Lamm-Tennant(2) New York, New York, USA	2014	Chief Executive Officer of Blue Marble Microinsurance, a microinsurance venture incubator formed by a consortium of insurance entities in January, 2016; former Global Chief Economist and Risk Strategist at Guy Carpenter & Company, LLC, the reinsurance and risk advisory operating company of Marsh & McLennan Companies from 2007 to 2016.
Paul D. Damp(6) Toronto, Ontario, Canada	2016	President, Finn River Management Corp., a private investment firm; previously non-executive Chairman and director of DH Corporation from 2001 to 2017; Chairman, Director and Chief Executive Officer of Accugraph Corporation from 1996 to 1998; prior to 1994, he was President and Chief Operating Officer of SHL Systemhouse Inc., and prior to 1990, a partner at KPMG LLP.
Rubin McDougal(5) Alpine, Utah, USA	2018	CFO of Great Wolf Resorts from 2018 and recently appointed director of Boart Longyear, a leading provider of drilling services and drilling equipment. Private consultant from 2016;

Name and Province/State and Country of Residence	Director since	Principal Occupation
		Director of Novitex Enterprise Solutions, a managed services provider from 2014 to 2017; Chief Financial Officer of CEVA Logistics, a global supply chain services provider based in Amsterdam, from 2009 to 2016; Chief Financial Officer of CNH Global NV, a manufacturer and financial services provider in the agricultural and construction equipment industries, from 2006 to 2009.
Andrew Clarke(3)(4) Minneapolis, Minnesota, USA	2018	Formerly, Chief Financial Officer of C.H. Robinson, Inc., a NASDAQ-listed corporation and one of the world's largest third-party logistics providers, from 2015 to 2019; Chief Executive Officer of Panther Expedited Services, Inc., a premium logistics provider that focuses on the automotive, life sciences, governmental and manufacturing segments, from 2007 to 2013.
Alexander Greene(3)(4) Armonk, New York, USA	2018	Director of USA Truck, Inc. since 2014; Director of Ambac Financial Group, Inc. since 2015; and recent appointee to the board of GP Natural Resource Partners LLC. Chairman of the Board of Modular Space Corporation prior to its sale to Williams Scotsman in 2018. Managing Partner and head of U.S. Private Equity at Brookfield Asset Management from 2005 - 2014. Previously, Managing Director and co-head of Carlyle Strategic Partners, a private equity fund, and a Managing Director at investment banking firms Wasserstein Perella & Co. and Whitman Heffernan Rhein & Co.
Andrea Rosen(1)(3) Toronto, Ontario, Canada	2019	Director of Ceridian HCM Holdings Inc., Manulife Financial Corporation and Emera Inc; Director of Alberta Investment Management Corporation from 2008 to 2017; Director of Hiscox Ltd. from 2006 to 2015.

(1) Member of Compensation and Corporate Governance Committee.

(2) Chair of Compensation and Corporate Governance Committee.

(3) Member of Credit and Risk Committee.

(4) Member of Audit Committee.

(5) Chair of Credit and Risk Committee.

(6) Chair of Audit Committee.

OFFICERS

The following table sets forth the full name, province or state and country of residence and principal occupations for each current executive officer of the Corporation:

Name and Province/State and Country of Residence	Principal Occupation
Jay Forbes Toronto, Ontario, Canada	President and Chief Executive Officer of Element Fleet since June 1, 2018; President and Chief Executive Officer of Manitoba Telecom Services from 2015 to 2017; President and Chief Executive Officer of Teranet Inc., a world-leading developer, operator and owner of electronic land registration systems, from 2009 to 2013.
Vito Culmone Calgary, Alberta, Canada	Executive Vice President and Chief Financial Officer of Element Fleet; previously Chief Financial Officer of Shaw Communications from 2015 to 2018, Chief Financial Officer of WestJet Airlines from 2007 to 2015.
Jim Halliday Glenwood, Maryland, U.S.	Executive Vice President and Chief Operating Officer of Element Fleet; previously President and Chief Executive Officer of International Fleet at Element Fleet; prior to the Separation Transaction, President and CEO of the Corporation's International and Fleet Management Business since July 2014; formerly President and CEO of PHH Arval from December 2013 to July 2014 and President of PHH Canada from 2006 to December 2013.
Jacqui McGillivray Calgary, Alberta, Canada	Executive Vice President and Chief People Officer of Element Fleet; previously Executive Vice President, Safety & Organization Effectiveness at Cenovus Energy from 2012 to 2017; Head of Global HR at Talisman Energy from 2010 to 2012 and Vice President, HR, Brand & Marketing, Global Wealth Management from 2006-2010.
Vineet Gupta Toronto, Ontario, Canada	Executive Vice President and Chief Technology Officer of Element Fleet; previously Chief Information Officer, Luxury Brand and Group Deputy Chief Information Officer at AccorHotels from 2016 to 2018

Name and Province/State and Country of Residence	Principal Occupation
	and Executive Vice President and Chief Information Officer at Fairmont Raffles Hotel International from 2012 to 2016.
Jon Parker Hopkins, Minnesota, U.S.	Executive Vice President, Enterprise of Element Fleet; previously Chief Commercial Officer for Element Fleet Management North America from 2010 to 2018; Managing Director at GE Capital from 2005 to 2010.
Chris Gittens Mono, Ontario, Canada	Executive Vice President, Strategic Partnerships of Element Fleet; previously Executive Vice President, Mid-market from 2018 to 2019 for Element Fleet, President of Canada for Element Fleet from 2017 to 2018 and Chief Commercial Officer of Canada for Element Fleet from 2013 to 2017. Prior to entering the fleet industry, he held successful leadership roles in equipment financing and commercial lending at GE Capital and TD Commercial.
David Madrigal Mexico City, Mexico	Executive Vice President and Chief Commercial Officer of Element Fleet. Mr. Madrigal has been in fleet management and commercial finance for nearly 20 years and has led Element Fleet's Mexican business since 2015. His experience spans sales, risk, marketing, operations, project management and business development.
Israel Kaufman Woodmere, New York, U.S.	Executive Vice President and Treasurer of Element Fleet; previously Senior Vice President, Capital Markets, Cross River Bank from 2018 to 2019; Executive Vice President and Treasurer, CIT Group Inc. from 2013 to 2016; Treasurer, Goldman Sachs Bank USA from 2008 to 2013
David Colman Toronto, Ontario, Canada	Executive Vice President, General Counsel and Corporate Secretary of Element Fleet; previously an Associate in the Securities Group at Blake, Cassels & Graydon LLP, a Canadian law firm, from 2012 to 2017.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Element Fleet, no director or executive officer of Element Fleet has been, as of the date hereof or within the last 10 years: (a) a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of such an order; (b) a director or executive officer of a company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except that:

- Rubin McDougal was Chief Financial Officer of CEVA Logistics in 2013 when the company made a voluntary debt for equity exchange offer with an indicated contingency of an involuntary exchange by means of a filing under Chapter 11 of the United States Bankruptcy Code; and

- Alexander Greene was (i) Chair of the board of directors at Modular Space Holdings Inc. in December 2016 when it underwent a financial restructuring under Chapter 11 of the United States Bankruptcy Code, from which it emerged in March 2017; and (ii) a Manager at Pioneer Holding Company, LLC ("Holdings") when Trident Holding Company, LLC and its related entities, including Holdings, filed a petition for relief under Chapter 11 of the United Stated Bankruptcy Code in February 2019.

No director or executive officer of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder making an investment decision.

VOTING SECURITIES

As at March 19, 2020, the directors and officers of Element Fleet as a group owned, or controlled or directed, directly or indirectly, 1,011,539 Common Shares, representing 0.23% of the issued and outstanding Common Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Element Fleet, except as otherwise disclosed elsewhere in this Annual Information Form, no director or executive officer of Element Fleet, no person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding securities of Element Fleet and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is expected to materially affect Element Fleet or its subsidiaries.

LEGAL AND REGULATORY PROCEEDINGS

In the ordinary course of business, Element Fleet and certain of its subsidiaries are party to legal proceedings. Element Fleet believes that each such proceeding constitutes a routine legal matter incidental to the business conducted by Element Fleet or its subsidiaries. Although Element Fleet cannot determine the ultimate outcome of any outstanding claims, based on its current knowledge, Element Fleet does not expect that the ultimate disposition of any of these proceedings will have a material adverse effect on its consolidated earnings, cash flow or financial position.

During the financial year ended December 31, 2019: (i) there have been no penalties or sanctions imposed against Element Fleet by a court relating to securities legislation or by a securities regulatory authority; (ii) there have been no other penalties or sanctions imposed by a court or regulatory body against Element Fleet that would likely be considered important to a reasonable investor in making an investment decision; and (iii) Element Fleet has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE

The Common Shares and Preferred Shares are transferable at the principal offices of Element Fleet's transfer agent, registrar and dividend disbursing agent, Computershare Trust Company of Canada in Toronto, Ontario.

Computershare Trust Company of Canada, at its principal office in Toronto, Ontario, is the Debenture Trustee for the Debentures.

INTEREST OF EXPERTS

Ernst & Young LLP is Element Fleet's external auditor. Ernst & Young LLP has advised that it is independent with respect to Element Fleet within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit Committee is responsible for overseeing the accounting and financial reporting practices of the Corporation, the audits of the Corporation's financial statements, establishing and overseeing of any internal audit function and exercising the responsibilities and duties set out in the mandate of the Audit Committee. The members of the Audit Committee are Paul D. Damp (Chair), Keith Graham, Alexander Greene and Andrew Clarke. Each member of the Audit Committee is independent (as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**")) and none receives, directly or indirectly, any compensation from Element Fleet other than for service as a member of the Board and its committees. All members of the Audit Committee are financially literate (as defined under NI 52-110). The full text of the mandate of the Audit Committee is attached as Appendix A to this Annual Information Form.

COMPOSITION OF THE AUDIT COMMITTEE

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Paul D. Damp

Mr. Damp was appointed to Element Fleet's Board in October 2016 following completion of the Separation Transaction and serves as chair of the Audit Committee. Mr. Damp is currently President of Finn River Management Corp. He was previously the non-executive Chairman and a director of DH Corporation from 2001 to 2017, and Chairman, director and Chief Executive Officer of Accugraph Corporation from 1996 to 1998. Prior to 1994, he was President and Chief Operating Officer of SHL Systemhouse Inc., and prior to 1990, a partner at KPMG LLP. Mr. Damp graduated from the University of Toronto with a bachelor of commerce degree and is a Chartered Professional Accountant.

Keith Graham

Mr. Graham was appointed to Element Fleet's Board in May 2018. He is the Founder and President of Rondeau Capital Inc., a private investment and advisory company. He has over 25 years of experience as a Portfolio Manager and Senior Executive with firms such as AGF Funds Inc. and Ontario Teachers' Pension Plan. Mr. Graham holds the Chartered Financial Analyst designation and earned a Master of Business Administration from the Ivey School of Business at the University of Western Ontario.

Alexander Greene

Mr. Greene was appointed to Element Fleet's Board in June 2018. He has been a director of Ambac Financial Group, Inc. since April 2015, and a director of USA Truck Inc. since May 2014 and was recently appointed to the board of directors of Natural Resource Partners LP. Mr. Greene also served as Chairman of the Board of Directors of Modular Space Corporation prior to its sale in 2018. From 2005 to 2014, Mr. Greene served as a Managing Partner and Head of US Private Equity at Brookfield Asset Management Inc. ("Brookfield"), a global alternative asset manager. Prior to joining Brookfield, Mr. Greene was a Managing Director and Co-Head of Carlyle Strategic Partners where he served as an investment banker to large and mid-cap businesses, focusing on leveraged finance and recapitalization transactions. Mr. Greene is President of the Armonk Independent Fire Company and holds a Bachelor's degree in Finance from The George Washington University.

Andrew Clarke

From 2015 to 2019, Mr. Clarke was the Chief Financial Officer of C.H. Robinson, Inc. of Minneapolis, Minnesota, a NASDAQ-listed corporation and one of the world's largest third party logistics providers. From 2007 to 2013, Mr. Clarke was the Chief Executive Officer of Panther Expedited Services, Inc. of Seville, Ohio, a premium logistics provider that focuses on the automotive, life sciences, governmental and manufacturing segments. From 2001 to 2006, Mr. Clarke served in various executive roles, including as Senior Vice President and Chief Financial Officer, at Forward Air Corporation, a NASDAQ-listed, diversified transportation services corporation. Mr. Clarke has been a director of several public companies, including Forward Air Corporation, Blount International Inc., where he served as Chairperson of the Audit Committee and a member of the Corporate Governance and Compensation Committee, and Pacer International, Inc., where he served as Chairman of the Audit Committee and member of the Compensation and Nominating & Corporate Governance Committees. Mr. Clarke holds a Bachelor of Science in Business Administration from Washington University and a Master of Business Administration from the University of Chicago Booth School of Business.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted requirements regarding pre-approval of non-audit services as part of its Audit Committee Mandate. The Audit Committee Mandate requires that the Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service to Element Fleet (together with all non-audit service fees) that it deems advisable in accordance with applicable requirements and Board approved policies and procedures. The Audit Committee must consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee; however, the decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

AUDIT FEES

Ernst & Young LLP has served as the Corporation's auditing firm since August 11, 2010. Fees payable by Element Fleet for the fiscal years ended December 31, 2019 and December 31, 2018 to Ernst & Young LLP and its affiliates were $5,832,000 and $6,355,000, respectively, as follows:

	2019	**2018**
Audit Fees	$3,716,000	$3,388,000
Audit-Related Fees	$591,000	$762,000
Tax Fees	$1,525,000	$2,205,000
Other Fees	-	-
TOTAL	$5,832,000	$6,355,000

The nature of each category of fees is described below.

Audit Fees

Audit fees were paid for professional services rendered by the auditor in connection with the audit of Element Fleet's annual financial statements for the year ended December 31, 2019 and the financial statements of certain subsidiaries for the year ended December 31, 2019. In addition, audit fees were paid for services provided in connection with the review of Element Fleet's interim financial statements, translation services, comfort letters, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit Related Fees

Audit-related fees were paid for services that are reasonably related to the performance of the audit or review of Element Fleet's financial statements and are not reported under the audit fee items above. Audit-related fees in 2019 and 2018 related primarily to agreed-upon procedures and attest services associated with certain secured borrowing arrangements.

Tax Fees

Tax fees were paid for tax compliance, including assistance with the completion of tax schedules and calculations, as well as research and advisory work on various corporate tax matters.

Other Fees

There were no other fees in 2019 or 2018 relating to services that are not included in the above categories.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business, the only material contracts Element Fleet entered into within the most recently completed financial year, or prior to the most recently completed financial year and still in effect, are as follows:

- the trust indenture dated May 29, 2015 between Element Fleet and the Debenture Trustee in connection with the offering of extendible convertible unsecured subordinated debentures (see "*Description of Share Capital – 2015 Debentures*"); and
- the trust indenture dated April 5, 2019 between Element Fleet and the Debenture Trustee in connection with the offering of convertible unsecured subordinated debentures (see "*Description of Share Capital – 2019 Debentures*").

Copies of such material contracts are available under Element Fleet's profile on SEDAR at www.sedar.com.

RISK FACTORS

An investment in the securities of Element Fleet involves significant risks. Investors should carefully consider the risks described below before deciding to purchase Element Fleet's securities. If any of the following, or other risks, occurs, Element Fleet's business, financial condition, results of operations, prospects and cash flows could be materially adversely impacted. In addition, a discussion of risks affecting Element Fleet and its businesses appears under the headings "*Risk Management*" and "*Critical Accounting Policies and Estimates*" in the 2019 MD&A, which discussions are incorporated by reference herein.

If Element Fleet is Unable to Retain its Clients or Otherwise Effectively Respond to Competitive Pressures, Element Fleet's Business, Financial Condition and/or Results of Operations May be Adversely Impacted

Client attrition results from a variety of different factors, including financial difficulties experienced by the client, the integration of different client systems and platforms, the acquisition or ceasing of operations of the client, competition and other socio-economic factors. Any factors that adversely affect the ability of Element Fleet's services to compete with those available from competitors, such as availability of competitors' services and offering more advanced service architecture, superior functionality or performance or lower prices, or factors that reduce demand for Element Fleet's services, such as intensifying price competition, could lead to increased rates of client attrition. In particular, integration challenges associated with prior acquisitions may result in client attrition and lead to a temporarily higher cost structure and a revenue growth trajectory below Element Fleet's long-term potential. In addition, Element Fleet's markets are competitive and characterized by various competitive factors that vary by region, including breadth of service features, price, equipment, maintenance, service and geographic coverage. In North America, Australia and New Zealand, Element Fleet's competitors in the Fleet Management Business are mostly other established fleet management companies that offer a similar comprehensive suite of services. If Element Fleet is unable to retain its clients or otherwise effectively respond to these competitive pressures, Element Fleet's business, financial condition and/or results of operations may be adversely impacted.

Element Fleet traditionally offers its services to various categories of the fleet industry. Some of Element Fleet's competitors may successfully garner significant shares in particular categories of the overall industry. To the extent that Element Fleet's competitors are regarded as leaders in specific categories, they may have an advantage over Element Fleet as it attempts to further penetrate these categories.

Element Fleet Derives a Significant Portion of its Revenue from Program Fees and Charges Paid by its Clients. Any Decrease in Element Fleet's Receipt of Such Fees and Charges, or Limitations on Element Fleet's Service Fees and Charges, Could Materially and Adversely Affect Element Fleet's Business, Financial Condition and/or Results of Operations.

Element Fleet's service programs include a variety of service fees and charges associated with transactions, cards, reports, optional services and late payments. Element Fleet derives a significant amount of its consolidated revenues from these service fees and charges. If the users of Element Fleet's cards or other services decrease their transaction activity, or the extent to which they use optional services, Element Fleet's revenue could be materially adversely affected. In addition, several market factors can affect the amount of Element Fleet's service fees and charges, including the market for similar charges for competitive card services and the availability of alternative payment methods. Furthermore, regulators may scrutinize the electronic payments industry's pricing, charges and other practices related to Element Fleet's business. Any legislative or regulatory restrictions on Element Fleet's ability to price its services could materially and adversely affect Element Fleet's revenue. Any decrease in Element Fleet's revenue derived from these service fees and charges could materially and adversely affect Element Fleet's business, financial condition and/or results of operations.

Risk Relating to the Transformation Plan

Element Fleet believes that implementation of the Transformation Plan will provide benefits to the Corporation, including operating income improvements, improvements in Element Fleet's earnings profile and realization of residual book value in 19th Capital. However, such expectations are based on certain estimates and assumptions, which may subsequently be determined to be incorrect or inaccurate, and the realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation. Accordingly, there is a risk that Element Fleet may not be able to achieve the level of benefits that it expects to realize from the Transformation Plan, may not be able to realize these benefits within the expected time frames or may incur further impairment charges in relation to its interests in 19th Capital. Failure to realize the anticipated benefits of the Transformation Plan could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations. In addition, the steps to be taken by Element Fleet pursuant to the Transformation Plan, and the results of such steps, could adversely affect current operations or the current valuations or accounting of Element Fleet's operations and businesses, which could be detrimental to Element Fleet's business, financial condition and/or results of operations.

The Non-Core Portfolio Faces Counter-Party Operational Risk and Increased Concentration Risk

The Non-Core portfolio includes outsourced servicers that do not form part of the Core Fleet portfolio, which could negatively impact Element Fleet's operational control. Although Element Fleet monitors the actions and financial condition of these counter-parties, future changes could impact the timing and amounts of cash flows from the Non-Core portfolio.

The Non-Core portfolio also involves increased concentration risk, as Non-Core investments are concentrated in individual entities such as 19th Capital. While those entities have diversified obligors, the exposure is less diversified than typical Core Fleet portfolio individual exposures. A decline in the performance of a Non-Core portfolio investment could lead to direct losses incurred by the Corporation. The Corporation also borrows against certain of its Non-Core portfolio investments. A decline in the performance of a Non-Core portfolio investment could therefore reduce the Corporation's borrowing capacity or increase its cost of funds, which could be detrimental to Element Fleet's business, financial condition and/or results of operations.

Decreased Demand for Fuel and Other Vehicle Services Could Harm Element Fleet's Business, Financial Condition and/or Results of Operations

Demand for fuel and other vehicle services may be reduced by factors that are beyond Element Fleet's control, such as the implementation of fuel efficiency standards and the development by vehicle manufacturers and adoption by Element Fleet's clients of vehicles with greater fuel efficiency or alternative fuel sources. To the extent that Element Fleet's clients require less fuel, that decline in purchase volume could reduce Element Fleet's revenues, limiting Element Fleet's profitability and preventing Element Fleet from taking on other initiatives.

Concentration of Leases and Loans within the Fleet Leasing Industry or within a Particular Region May Negatively Impact Element Fleet's Business, Financial Condition and/or Results of Operations

Element Fleet specializes in vehicle fleet management. As a result, Element Fleet has a significant concentration of risk exposure related to this industry segment. If this industry segment experiences adverse economic or business conditions, Element Fleet's delinquencies, default rate and charge-offs may increase, which may negatively impact its business, financial condition and/or results of operations. Furthermore, Element Fleet may have significant exposures to unique regions and industries, such as Alberta and its oil sands industry, which, if negatively impacted by macroeconomic trends, could negatively impact Element Fleet's business, financial condition and/or results of operations.

Lack of Funding May Limit Element Fleet's Ability to Originate Leases

Element Fleet is dependent upon its ability to secure funding for its loans and leases to clients and to fund its existing obligations. While Element Fleet currently has sufficient funding, there can be no assurance that additional financing will be obtained on terms acceptable to Element Fleet or at all. In the past, Element Fleet has obtained the cash required for its operations through cash flows from its operating activities, the issuance of equity interests to institutional, accredited and other investors, by borrowing money through the Senior Credit Facility or other funding facilities, and the syndication and securitization of certain of its leases and loans. Element Fleet may not be able to continue to access these or other sources of funds.

At December 31, 2019, Element Fleet had sufficient liquidity available to fund future originations, and Element Fleet believes that it will be able to continue to increase its funding facilities as Element Fleet and its origination volumes continue to grow.

Concentration of Debt Financing Sources May Increase Element Fleet's Funding Risks

Element Fleet has obtained funding from a number of financial institutions. Element Fleet's reliance on such financial institutions for a significant amount of its funding exposes Element Fleet to funding risks. If these financial institutions decided to terminate, or not extend these borrowing arrangements, Element Fleet's business, financial condition and/or results of operations could be materially adversely affected.

The Company manages this risk by dealing with a broad group of large chartered Canadian banks and global banks, and local banks in countries which its foreign subsidiaries operate.

Global Financial Markets and General Economic Conditions May Adversely Affect Element Fleet's Business, Financial Condition, and/or Results of Operations

Events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to Element Fleet or to its industry may materially adversely affect Element Fleet over the course of time. For example, general volatility in the equity markets could hurt Element Fleet's ability to raise capital and significantly impact Element Fleet's access to funding and liquidity. Element Fleet may also be negatively impacted by volatility in the equity markets as a result of a number of catastrophic events that are beyond Element Fleet's control, including infectious diseases, pandemics or similar health threats, such as the evolving COVID-19 outbreak or fear of the foregoing.

Moreover, a reduction in credit, combined with reduced economic activity, may materially adversely affect businesses and industries that collectively constitute a significant portion of Element Fleet's client base and may make it more difficult for Element Fleet to maintain new business origination and the credit quality of new business at the levels currently forecast. As a result, these clients may need to reduce their purchases and reliance on Element Fleet's services or Element Fleet may experience greater difficulty in receiving payment for its services. Delinquencies, non-accruals and credit losses generally increase during economic slowdowns or recessions. Therefore, to the extent that economic and business conditions are unfavourable, Element Fleet's non-performing assets may become elevated and the value of Element Fleet's portfolio is likely to decrease.

Adverse economic conditions also may decrease the estimated value of the collateral securing some of Element Fleet's loans and leases. Further or prolonged economic slowdowns or recessions, including those caused by catastrophic events, could lead to financial losses in Element Fleet's portfolio and a decrease in Element Fleet's net finance income, net income and book value. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Element Fleet has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal and regulatory changes in jurisdictions in which Element Fleet operates. These factors could negatively affect Element Fleet's future results of operations in those markets.

Catastrophic Events, Natural Disasters, Severe Weather and Disease

Element Fleet's business may be negatively impacted to varying degrees by a number of events which are beyond its control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other natural or manmade catastrophes.

While Element Fleet engages in emergency preparedness, including business continuity planning, to mitigate risks, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe that Element Fleet's operations and ability to carry on business will not be disrupted. The occurrence of such events may not release Element Fleet from performing its obligations to third parties. A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the evolving COVID-19 outbreak, or fear of any of the foregoing, could adversely impact Element Fleet by causing operating or supply chain delays and disruptions, labor shortages, expansion project delays, facility shutdowns and other business disruptions, each of which could have a negative impact on its ability to conduct its business and increase its costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination, could have a material negative impact on Element Fleet's financial condition, operating results and cash flows. The broader impact that the COVID-19 outbreak may have on investors, businesses, the economy and the financial markets is currently unknown as it continues to rapidly evolve and, as a result, COVID-19 may negatively impact the Corporation's financial and operating results.

Inability to Attract and Retain Employees May Limit Element Fleet's Ability to Grow its Business

If Element Fleet is not able to attract and retain top employees, its ability to compete may be harmed. Element Fleet's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel. In order to grow Element Fleet's business, it must attract and retain qualified personnel, especially origination and credit personnel with relationships with referral sources and an understanding of the equipment financing businesses and the industries in which Element Fleet's borrowers operate. In addition, in Element Fleet's effort to attract and retain critical personnel, Element Fleet may experience increased compensation costs that are not offset by either improved productivity or higher prices for Element Fleet's services.

Many of the financial institutions that Element Fleet competes with for experienced personnel may be able to offer more attractive terms of employment. If any of Element Fleet's key origination personnel leave, Element Fleet's new equipment finance origination volume from their business contacts may decline or cease. In addition, Element Fleet invests significant time and expense in training its employees, which increases their value to competitors who may seek to recruit them and increases the costs of replacing them. These factors may have a material adverse effect on Element Fleet's ability to grow its business.

Loss of Key Personnel May Significantly Harm Element Fleet's Business

Element Fleet's executive and other senior officers, including those referred to under "*Directors and Officers*", play a significant role in its success. The conduct of Element Fleet's business, the execution of Element Fleet's growth strategy and Element Fleet's future performance and development depend, to a significant extent, on the abilities, experience and efforts of its management team. The Corporation's ability to retain its management team or attract suitable replacements, should key members of the management team leave, is dependent on the competitive nature of the employment market. The loss of services from key members of the management team or a limitation in their availability could adversely impact the Corporation's prospects, financial condition and cash flow.

Further, Element Fleet does not maintain "key person" life insurance policies on any of its employees. The unexpected loss of services of or one or more executive or senior officer could also adversely affect Element Fleet. Element Fleet provides a competitive compensation package, which includes profit sharing and medical benefits as it continuously seeks to align the interest of employees and shareholders.

A Competitive Business Environment May Limit the Growth of Element Fleet's Business

The Corporation's Fleet Management Business is competitive and characterized by competitive factors that vary based upon service offering and geographic region. Element Fleet competes with a wide variety of competitors that include independent lease finance companies, captive finance companies owned by manufacturers and distributers, banks, third party brokers and other large and mid-sized fleet management companies. Increased competition in the Corporation's markets could result in intensified pricing pressure, reduced profit margins, increased sales and marketing expenses and a failure to increase, or a loss of, market share. Element Fleet may not be able to maintain or improve its competitive position against current or future competitors. Future mergers or consolidations among competitors, or acquisitions of Element Fleet's competitors by large companies may present competitive challenges to Element Fleet's business. Resulting combined entities could be at a competitive advantage. Further, competitors may reduce the fees for their services, which could increase pricing pressure within the Corporation's markets which could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Funding Facilities May Limit Element Fleet's Operational Flexibility

Element Fleet's funding arrangements, including its various securitization facilities and the Senior Credit Facility, contain financial and non-financial covenants, such as requirements that Element Fleet comply with one or more of tangible net worth, interest coverage, consolidated debt to shareholders equity ratio, loan loss ratios and change of control provisions. Complying with such covenants may at times necessitate that Element Fleet forego other favourable business opportunities, such as acquisitions. Moreover, Element Fleet's failure to comply with any of these covenants would likely constitute a default under such facilities and could give rise to an acceleration of some, if not all, of Element Fleet's then outstanding indebtedness, which would have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

As of December 31, 2019, Element Fleet had $11.9 billion in secured and unsecured borrowings and $740 million face value aggregate principal amount of Debentures outstanding, and Element Fleet expects this amount to grow as it increases originations. From time to time, Element Fleet may owe amounts under the Senior Credit Facility and may otherwise increase its debt to fund the growth of Element Fleet's business. While Element Fleet match funds its borrowings under its secured funding facilities, if the matched income earning assets securing the leases or loans underperform, Element Fleet may to some extent have to utilize cash flow or capital resources to fund its debt service payments. If Element Fleet's cash flow and capital resources are insufficient to service amounts owed under its secured funding facilities, the Senior Credit Facility or any future indebtedness, as applicable, Element Fleet may be forced to reduce or delay capital expenditures, dispose of assets, issue equity or incur additional debt to obtain necessary funds, or restructure its debt, any or all of which could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations. In addition, Element Fleet cannot guarantee that it would be able to take any of these actions on terms acceptable to Element Fleet, or at all, that these actions would enable Element Fleet to continue to satisfy its capital requirements or that these actions would be permitted under the terms of Element Fleet's various debt agreements.

Data Privacy and Information Technology Security Breaches May Negatively Impact Element Fleet

Element Fleet collects and processes confidential information in the course of providing its services. Any inability on Element Fleet's part to protect the security of its platforms or the privacy of confidential information could have a material adverse effect on Element Fleet's profitability by exposing Element Fleet to additional liability, increasing Element Fleet's expenses relating to resolution of these breaches, and deterring users from using Element Fleet's services.

Element Fleet has administrative, technical, and physical security measures in place to protect the privacy of this confidential information, as well as policies and procedures to contractually require third parties to whom Element Fleet transfers data to implement and maintain appropriate security measures. However, Element Fleet cannot ensure that its current security measures will effectively counter security risks, prevent future slowdowns or disruptions, protect against cyber-attacks or address the security and privacy concerns of existing and potential users. If Element Fleet's security measures or those of the previously mentioned third parties are inadequate or are breached as a result of cyber-attacks, computer viruses, unauthorized access, employee error, malfeasance, system error, trickery, natural disasters, terrorism, war and telecommunication and electrical failures or otherwise, and, as a result, someone obtains unauthorized access to sensitive information, including personally identifiable information or protected health information, on Element Fleet's systems or its partners' systems, Element Fleet's reputation and business could be damaged. The deletion or modification of records could cause interruptions in Element Fleet's services and operations. Any system failures, slowdowns or disruptions will likely result in unanticipated disruptions in service to Element Fleet's users, decreased levels of user satisfaction and significant negative effects on Element Fleet's reputation. If the sensitive information is lost or improperly disclosed or threatened to be disclosed, Element Fleet could incur significant liability and be subject to regulatory scrutiny and penalties, including costs associated with remediation. Additionally, if Element Fleet's own confidential business information were improperly disclosed, Element Fleet's business could be materially and adversely affected. To address these matters, Element Fleet continues to evolve security safeguards.

Element Fleet's business depends on the efficient and uninterrupted operation of computer and communications systems and networks, hardware and software systems and other information technology. If systems were to fail or Element Fleet was unable to successfully expand the capacity of these systems or was unable to integrate new technologies into its existing systems, its operations and financial results could suffer.

Element Fleet relies on third-party encryption and authentication technology to provide secure transmission of confidential information over the Internet. Advances in technological capabilities, new discoveries in the field of cryptography, or other events or developments, could result in a compromise or breach of the technology Element Fleet uses to protect sensitive data. In addition, because techniques used to obtain unauthorized access or to sabotage systems change frequently and may not be recognized until launched against a target, Element Fleet may be unable to anticipate these techniques or to implement adequate preventative measures. If any such compromise of Element Fleet's security, or the security of Element Fleet's clients, were to occur, it could result in misappropriation of confidential information, proprietary information or interruptions in operations, and have an adverse impact on Element Fleet's reputation or the reputation of Element Fleet's clients. If Element Fleet is unable to detect and prevent unauthorized use of sensitive or confidential data, its business, financial condition and/or results of operations could be materially and adversely affected.

Potential Acquisitions and Investments

Element Fleet may seek to acquire or invest in businesses that expand or complement its current business. Such acquisitions or investments may involve significant commitments of financial or other resources of Element Fleet. There can be no assurance that any such acquisitions or investments will generate additional earnings or other returns for Element Fleet, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Element Fleet's administrative and operational resources and its ability to manage growth.

Technological Change may Challenge Element Fleet's Business Prospects or Require Significant Investment

Element Fleet's business depends on the efficient and uninterrupted operation of information technology infrastructure. If systems were to fail or Element Fleet was unable to successfully expand the capacity of these systems or was unable to integrate new technologies into its existing infrastructure, its operations and financial results could suffer. Any changes to technologies associated with Element Fleet's business or analytics systems and platforms, or to technologies used by Element Fleet's competitors, clients, suppliers or other third parties, may make it more difficult for Element Fleet to maintain or increase revenues and earnings and could adversely impact Element Fleet's business and prospects.

The services Element Fleet delivers are designed to process large, complex data sets and provide reports and other information on that data on a timely basis. Any failure to deliver an effective, secure service or any performance issue that arises with a new service could result in significant processing or reporting errors or other losses. Element Fleet may rely on third parties to develop or co-develop solutions, or to incorporate Element Fleet's solutions into broader platforms. Element Fleet may not be able to enter into such relationships on attractive terms, or at all, and these relationships may not be successful.

Element Fleet expects that new services and technologies applicable to the fleet management business in which it operates will continue to emerge and evolve. These new services and technologies may be superior to, impair, or render obsolete the services Element Fleet currently offers, or the technologies Element Fleet currently uses to provide them. Further, if Element Fleet offers new services in the future, there is no guarantee that it will be successful in integrating the new services into its operations, which could materially and adversely affect Element Fleet's operating results and financial condition. Various investors, competitors or other third parties have invested or may invest significant amounts of capital in technologies that may impact the operation of the fleet management business and the services offered by Element Fleet. Element Fleet may be required to make significant investments in technology, in acquisitions, or in its business structure to continue to adapt to technological change. While Element Fleet has invested resources in technologies that benefit its clients and believes that its technological platform is one of its competitive advantages, there can be no guarantee that Element Fleet will continue to be able to adapt to technological change, and Element Fleet may have to invest additional capital to adapt in the future. Further, Element Fleet may enter into new lines of business in the future. There is no guarantee that Element Fleet will be successful in integrating these new lines of business into its operations, which could materially and adversely affect Element Fleet's operating results and financial condition.

Illiquidity Risk that Element Fleet Will Not Generate Sufficient Cash

Illiquidity risk is the risk that Element Fleet will not generate sufficient cash or cash equivalents in a timely and cost-effective manner to satisfy its financial obligations as they come due. Growth in Element Fleet's lease portfolio will require ongoing availability of financing and funding lines sufficient to accommodate projected growth objectives.

Element Fleet has Grown Rapidly, Which May Cause Challenges

Element Fleet has increased its assets from approximately $47.1 million as at March 31, 2011 to approximately $17.4 billion as at December 31, 2019. As a result, Element Fleet may face challenges in (i) implementing new or updated information and financial systems and procedures; and (ii) training, managing and appropriately sizing its work force and other components of its business on a timely and cost-effective basis. There can be no assurance that Element Fleet will be able to manage its expanding operations effectively or that it will be able to continue to grow, and any failure to do so could adversely affect its ability to generate revenue and control its expenses.

Inability to Achieve Expected Savings from Acquisitions

As Element Fleet seeks to integrate previous acquisitions, Element Fleet may be required to incur integration costs. Element Fleet may not be able to achieve the level of benefits that it expects to realize from its integration activities, or it may not be able to realize these benefits within the expected time frames. Changes in the amount, timing and character of charges related to integrations and the failure to complete or a substantial delay in completing any integration plan could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Credit Risks May Lead to Unexpected Losses

Element Fleet's net investment in finance assets for its own account and to be held for future term funding exposes Element Fleet to credit risk. Credit risk is the risk that Element Fleet will incur an unexpected loss because its clients and counterparties fail to discharge their contractual obligations. Credit risk arises principally through Element Fleet's finance receivables that are a result of transactions within the equipment finance industry and, as such, contain an element of credit risk in the event that obligors are unable to meet the terms of their agreements. Element Fleet is exposed to credit risk as it arises from events and circumstances outside of Element Fleet's control relating to adverse economic conditions, business failure or fraud. The types of fraud to which Element Fleet is exposed generally fall into one of three primary categories: (i) vendor/dealer fraud; (ii) client fraud; and (iii) employee fraud. Excessive credit losses could adversely affect Element Fleet's ability to generate and fund new financings.

The Non-Core portfolios are generally assessed for credit risk by third parties. Despite following accepted credit risk assessment processes similar to those in the Core Fleet portfolio, the credit profile of underlying borrowers is not as consistently high as in the Core Fleet portfolio, and the underlying collateral, consisting mainly of highway tractors and trailers, aircraft and railcars, is subject to market forces that may affect eventual collectability.

In order to manage credit risk, Element Fleet operates using a clearly identified set of policies and procedures throughout its business processes. This includes a detailed analysis of the value of collateral security, the applicant's financial condition and the ability to service the debt or lease obligations at inception and throughout the term of the lease or loan. Element Fleet also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on direct financing leases and loans.

Credit Ratings and Credit Risk may Change

The credit ratings assigned to Element Fleet are not a recommendation to buy, hold or sell securities of Element Fleet. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. There can be no assurance that the credit ratings assigned to Element Fleet will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed and discontinued by an applicable credit ratings agency at any time. Real or anticipated changes in credit ratings may affect the market value of securities of Element Fleet. In addition, real or anticipated changes in credit ratings may affect Element Fleet's ability to obtain short-term and long-term financing and the cost at which Element Fleet can access the capital markets. See "*Ratings*" for additional information.

Element Fleet's Provision for Credit Losses May Prove Inadequate

Element Fleet's business depends on the creditworthiness of its clients and their ability to fulfill their obligations to Element Fleet. Element Fleet maintains a provision for credit losses that reflects management's judgment of losses inherent in the portfolio. Element Fleet periodically reviews its provision for adequacy considering economic conditions and trends, collateral values, and credit quality indicators, including past charge-off experience and levels of past due loans, past due loan migration trends, and non-performing assets.

Element Fleet has and will continue to provide for credit losses based on industry specific historical losses considering the categories, segmentation and distribution of the assets being financed and its client base. However, Element Fleet's provision for credit losses may prove inadequate and Element Fleet cannot assure that it will be adequate over time to cover credit losses in Element Fleet's portfolio because of adverse changes in the economy or events adversely affecting specific clients, industries or markets. Element Fleet's credit reserves may not keep pace with changes in the creditworthiness of Element Fleet's clients or in collateral values. If the credit quality of Element Fleet's client base declines, if the risk profile of a market, industry, or group of clients changes significantly, or if the markets for equipment or other collateral deteriorates significantly, any or all of which would adversely affect the adequacy of Element Fleet's reserves for credit losses, it could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

The Collateral Securing a Loan or a Lease May Not Be Sufficient

While most of Element Fleet's loans and leases are secured by a lien on specified collateral of the client, there is no assurance that Element Fleet has obtained or properly perfected its liens, or that the value of the collateral securing any particular loan will protect Element Fleet from suffering a partial or complete loss if the loan or lease becomes non-performing and Element Fleet moves to foreclose on the collateral. In such event, Element Fleet could suffer loan or lease losses which could have a material adverse effect on its business, financial condition and/or results of operations. Certain of Element Fleet's Non-Core assets are also secured by collateral and there similarly can be no assurance that Element Fleet has properly perfected its interests in this collateral, or that the value of the collateral securing such loans will protect Element Fleet from suffering a partial or complete loss if the loan becomes non-performing and Element Fleet moves to foreclose on the collateral.

When underwriting collateral, Element Fleet makes an estimate of the value of the collateral under a distressed disposition. The estimated realization value of equipment during the life of the lease is an important element in the leasing business. A decrease in the market value of leased equipment at a rate greater than the rate Element Fleet projected, whether due to rapid technological or economic obsolescence, unusual wear and tear on the equipment, excessive use of the equipment, recession or other adverse economic conditions, or other factors, would adversely affect the current realization values of such equipment.

Further, certain equipment realization values are dependent on the manufacturers' or vendors' warranties, reputation, and other factors, including market liquidity. The degree of realization risk varies by transaction type.

Changes in Interest Rates May Adversely Affect Element Fleet's Financial Results

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In order to mitigate interest rate risk, Element Fleet structures its funding arrangements to maintain a fixed interest rate spread between the interest paid on both the term funding facilities and the revolving facilities and the interest received on the underlying finance receivables. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis. In some instances, matching the interest rate basis requires that Element Fleet enter into interest rate swaps in order to align the interest rate variability and to limit interest rate risk exposure.

Element Fleet does experience short-term interest rate risk on these finance receivables during the period between fixing the contractual rate under the finance contracts with its clients and the locking of the interest rate under its funding facilities. During this time, an upward movement in Government of Canada or U.S. bond rates can negatively impact the spread on the transaction. In order to mitigate this risk, Element Fleet carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. In order to further mitigate risk, Element Fleet undertakes regular securitizations under its funding arrangements to ensure its finance contracts are appropriately match-funded by its funding arrangements, which reduces the warehouse period and the likelihood that a significant movement in bond rates will negatively impact the spreads on such transactions. Element Fleet also maintains adequate balance sheet liquidity to allow it flexibility in developing a strategy of holding versus securitizing such finance assets.

After considering the fixed interest rate spread on the funding programs and high exposure to fixed rate finance receivables described above, Element Fleet's interest rate risk is limited to cash and restricted cash, floating rate finance receivables which are neither hedged nor part of a match-funded funding arrangement, and its Senior Credit Facility. A change in interest rates may therefore adversely affect Element Fleet's financial results. Based on its exposure as at December 31, 2019, Element Fleet estimates that a 50-basis point increase would decrease net income before taxes by approximately $2.2 million, and that a 50-basis point decrease in interest rates would increase net income before taxes by approximately $2.7 million.

Element Fleet's Results May Fluctuate

Element Fleet's quarterly and annual operating results may fluctuate in the future. These fluctuations could cause Element Fleet's stock price to decline. In some future quarters or years, Element Fleet's financial or operating results may not meet the expectations of securities analysts and investors which could result in a decline in the price of the Common Shares. Investors should not rely on Element Fleet's results of operations in any prior reporting period to be indicative of its performance in future reporting periods. Many other different factors could cause Element Fleet's results of operations to fluctuate quarterly and annually, including:

- the success of Element Fleet's origination activities;
- market acceptance of Element Fleet's services, including Xcelerate™ and Connected Data™;
- the increasing penetration of services to its Fleet Management Business clients;
- credit losses and default rates;
- Element Fleet's ability to enter into financing arrangements;
- decreases in demand for fleet leasing and fleet management solutions and related service programs;
- competition;
- costs of compliance with regulatory requirements;
- the timing and effect of any future acquisitions;
- personnel changes;
- changes in accounting rules;
- changes in prevailing interest rates and foreign exchange rates;
- general changes to the Canadian, U.S., Mexican, Australian, New Zealand and global economies; and
- political conditions or events.

Element Fleet bases its current and future operating expense levels and its investment plans on estimates of future net finance income, origination activity and rate of growth. Any shortfalls in Element Fleet's net finance income and management, origination activity or in its expected growth rates could result in decreases in its share price.

Dependence on Strategic Relationships

Element Fleet has strategic relationships in place with a number of organizations including Arval, original equipment manufacturers (OEMs), major oil companies, and fuel, tire and maintenance service providers. While Element Fleet regularly monitors these relationships, there can be no guarantee that Element Fleet will be able to maintain them in the future. These relationships are important for Element Fleet's long-term business operations, and its results of operations could be lower in the event that certain of these relationships cease to exist. The termination of certain of these relationships could impact Element Fleet's competitive advantage, and its operating results could be adversely affected.

Element Fleet May Be Unable to Protect, or May be Required to Incur Significant Cost and Attention to Protect, its Intellectual Property Rights and Confidential Information and May Be Required to Defend against Intellectual Property Infringement Claims of Third Parties

To protect its proprietary technology, which includes Xcelerate™ and Connected Data™, Element Fleet relies on copyright, trade secret, patent and other intellectual property law and confidentiality agreements with employees and third parties, all of which offer only limited protection. Despite such precautions, it may be possible for third parties to obtain and use - without Element Fleet's consent - confidential information or infringe on its intellectual property rights, and Element Fleet's ability to police such misappropriation or infringement is uncertain. In addition, confidentiality agreements with employees, vendors, clients and other third parties may not effectively prevent disclosure or use of proprietary technology or confidential information and may not provide an adequate remedy in the event of such unauthorized use or disclosure. Protecting against the unauthorized use of Element Fleet's intellectual property and confidential information is expensive, difficult and not always possible.

Third parties could in the future claim that the technologies and processes underlying Element Fleet's services infringe their intellectual property. Element Fleet may, in the future, receive notices alleging that we have misappropriated or infringed a third party's intellectual property rights. Any claims of infringement or misappropriation by a third party, even those without merit, could cause us to incur substantial defense costs and could distract management from Element Fleet's business, and there can be no assurance that we it be able to prevail against such claims.

Element Fleet Faces Tax Risks in Multiple Jurisdictions

Element Fleet is a Canadian corporation which operates in multiple jurisdictions. As a result, it is subject to the tax laws and regulations of Canadian federal, provincial and local governments and of the governments of foreign jurisdictions in which Element Fleet operates, as well as to any income tax treaties between Canada and any such jurisdictions, and to the risk that those tax laws, regulations and treaties may change in the future. Any such changes could adversely affect the taxes payable, including withholding taxes, and the effective tax rate in the jurisdictions in which Element Fleet operates.

The determination of Element Fleet's provision for income taxes in Canada and elsewhere, including current and deferred tax assets and liabilities on Element Fleet's financial statements, requires estimates, interpretation and significant judgment. Various internal and external factors may have favorable or unfavorable effects on future provisions for income taxes and Element Fleet's effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, and changes in overall levels of income before taxes. Furthermore, new accounting pronouncements or new interpretation of existing accounting pronouncements can have a material impact on Element Fleet's effective income tax rate.

On December 22, 2017, the U.S. government enacted new tax legislation effective January 1, 2018. The legislation includes, among other changes, a reduction in the U.S. federal corporate income tax rate, limitations on interest deductibility and a new tax on base erosion payments. Regulations under this legislation have not been finalized. Depending on the final regulations that are enacted, this legislation may have long-term negative impacts on Element Fleet's financial condition.

Element Fleet could be impacted by certain tax treatments for various revenue streams in different tax jurisdictions. If a tax authority has a different interpretation from Element Fleet's, it could potentially impose additional taxes, penalties or fines. This would potentially reduce the amounts of revenue ultimately received by Element Fleet.

Element Fleet, from time to time, has executed or may execute reorganization transactions impacting its tax structure. If a tax authority has a different interpretation from Element Fleet's, it could potentially impose additional taxes, penalties or fines on Element Fleet.

Element Fleet Could be Exposed to Substantial Tax Liabilities if the Tax-Deferred Spinoff Requirements are Not Met

The tax treatment of the Separation Transaction is dependent on, among other things, the Separation Transaction complying with all of the requirements of the public company "butterfly reorganization" rules in section

55 of the *Income Tax Act* (Canada). Although the Separation Transaction is structured with the intent that it comply with these rules, there are certain requirements of these rules that depend on events occurring after the Separation Transaction is completed or that may not be within the control of Element Fleet or that are subject to differing interpretations regarding legal and factual matters (including valuation). If these requirements are not met, Element Fleet would recognize a taxable gain in respect of the Separation Transaction. If incurred, tax liabilities could be substantial and could have a material adverse effect on the financial position of Element Fleet. No tax ruling has been requested or received from the authorities in Canada in respect of tax consequences of the Separation Transaction. If such requirements are not met due to an act of ECN Capital in breach of its representations and covenants made in connection with the Separation Transaction, then ECN Capital will in certain circumstances be required to indemnify Element Fleet under the arrangement agreement dated July 25, 2016 among Element Fleet, ECN Capital, 2510204 Ontario Inc. and INFOR Acquisition Corp. (the "Arrangement Agreement"). If ECN Capital has to indemnify Element Fleet for any substantial obligations, it may not be able to satisfy those obligations, and this may materially adversely affect Element Fleet's financial position.

Element Fleet Has Indemnification Obligations to ECN Capital as a Result of the Separation Transaction that Could be Significant

If certain of the requirements of the "butterfly reorganization" rules in section 55 of the *Income Tax Act* (Canada), discussed above, are not met due to an act of Element Fleet, Element Fleet may in certain circumstances be required to indemnify ECN Capital under the Arrangement Agreement. These indemnification obligations could be significant. If Element Fleet has to indemnify ECN Capital for any substantial obligations, this may materially adversely affect Element Fleet's financial position.

Element Fleet May be Treated as a Passive Foreign Investment Company ("PFIC") for U.S. Federal Income Tax Purposes, in Which Case U.S. Holders (as defined below) Would be Subject to a Special, Generally Adverse Tax Regime

Element Fleet has not made a determination as to whether Element Fleet may be a PFIC for any taxable year.

For purposes of this risk, a "U.S. Holder", is a beneficial owner of Common Shares that are, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (A) such trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (B) a court within the United States can exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

The U.S. federal income tax consequences to U.S. Holders of owning and disposing of Common Shares may be affected if Element Fleet were treated as a PFIC.

The PFIC rules, including the rules governing any elections that may potentially be made by a U.S. Holder, are extremely complex. Each U.S. Holder should consult its own tax advisor regarding the potential PFIC status of Element Fleet and how the PFIC rules (including elections that may be available thereunder) would affect the U.S. federal income tax consequences of the ownership and disposition of Common Shares.

The Decision to Pay Dividends on Common Shares and the Amount of Such Dividends are Subject to the Discretion of Element Fleet's Board Based on Numerous Factors and May Vary from Time to Time

Although Element Fleet currently pays quarterly cash dividends on its Common Shares (see "*Dividends*"), these cash dividends may be reduced or suspended. The amount of cash available to Element Fleet to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: Element Fleet's operational and financial performance; fluctuations in market prices; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth in this Annual Information Form.

The decision whether or not to pay dividends and the amount of any such dividends are subject to the discretion of the Board, which regularly evaluates proposed dividend payments and the solvency test requirements of the OBCA. In addition, the level of dividends per Common Share will be affected by the number of outstanding Common Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success. For example, as announced on October 1, 2018, in connection with the Transformation Plan the Corporation's Common Share dividend was reduced from $0.075 to $0.045. See "*Dividends – Common Share Dividends*". The market value of Common Shares may deteriorate if Element Fleet is unable to meet dividend expectations in the future, and that deterioration may be material.

Foreign Currency Risk Creates Exposure that May Negatively Impact Element Fleet

Foreign currency risk is the risk of exposure to foreign currency movements on Element Fleet's lending and/or net investment in foreign subsidiaries, whereby there is a risk the exchange rates (in particular the U.S. dollar/Canadian dollar rate) will be materially different when a loan or finance receivable is remeasured for accounting purposes, matures or when a foreign subsidiary is divested. Element Fleet mitigates and manages this risk on Element Fleet's lending portfolio by entering into foreign exchange forward contracts to reduce or hedge its exposure to foreign currency risk. Element Fleet currently partially hedges its net investment in foreign subsidiaries. Element Fleet is also exposed to foreign currency risk related to net income generated from foreign currency denominated assets and operations. This risk represents the impact of fluctuations to the average Canadian and respective foreign currency exchange rate used to translate Element Fleet's foreign currency denominated net income into Canadian dollar equivalent during each period. Element Fleet may mitigate and manage this type of foreign currency risk by entering into foreign currency forward contracts to reduce or hedge this exposure to foreign currency risk.

Volatility of Common Share Price

Market prices for fleet management and other financing corporations, including those of Element Fleet, have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning Element Fleet or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting Element Fleet, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the U.S., the European Union, Canada or other regions may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the TSX.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to Element Fleet's specific performance, such as reports by industry analysts, investor perceptions, market rumours or speculation, or negative announcements by Element Fleet's clients, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, market speculation of negative news relating to Element Fleet could trigger a sell-off in the Common Shares. Any sales of substantial numbers of the Common Shares in the public market or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. In addition, to the extent that other large companies within Element Fleet's industry experience declines in their stock price, the share price of the Common Shares may decline as well. Moreover, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of Element Fleet's management and other resources.

Market Value of Common Shares and Other Securities

Element Fleet cannot predict at what price the Common Shares, Preferred Shares, Debentures or other securities issued by Element Fleet will trade in the future. The Common Shares, Preferred Shares, Debentures and other securities of Element Fleet will not necessarily trade at values determined solely by reference to the underlying value of Element Fleet's assets. One of the factors that may influence the market price of such securities is the annual yield on such securities. An increase in market interest rates may lead purchasers of securities of Element Fleet s to demand a higher annual yield and this could adversely affect the market price of such securities. In addition, the market price for securities of Element Fleet may be affected by announcements of new developments, changes in Element Fleets' operating results, failure to meet analysts' expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for securities and numerous other factors beyond the control of Element Fleet.

Element Fleet's Business Could be Negatively Impacted as a Result of Shareholder Activism

In recent years, shareholder activists have become involved in numerous public companies. Shareholder activists frequently propose to involve themselves in the governance, strategic direction, and operations of the company. For example, on May 14, 2018 the Corporation entered into Nomination Agreements with some of its significant shareholders. See "*Governance*". Element Fleet may continue to be or may become subject to further shareholder activity and demands in the future. Such demands may disrupt Element Fleet's business and divert the attention of Element Fleet's management and employees, and any perceived uncertainties as to the Corporation's future direction resulting from such a situation could result in the loss of potential business opportunities, be exploited by competitors, cause concern to current or potential clients, and make it more difficult to attract and retain qualified personnel and business partners, all of which could adversely affect Element Fleet's business. In addition, actions of activist shareholders may cause significant fluctuations in the market price for Common Shares based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of Element Fleet's business.

Dilution from Further Equity Financing and Declining Share Price

If Element Fleet raises additional financing through the issuance of equity securities (including securities convertible into or exchangeable for equity securities), such issuance may substantially dilute the interests of shareholders of Element Fleet and reduce the value of their investment. The market price of the Common Shares could decline as a result of issuances of new shares or sales by existing shareholders of common shares in the market or the perception that such sales could occur. Sales by shareholders might also make it more difficult for Element Fleet itself to sell equity securities at a time and price that it deems appropriate.

Issue of Preferred Shares by Element Fleet

Element Fleet's Board has the authority to issue undesignated preferred shares in one or more series and, before issue, to fix the designation of, and the rights and restrictions attached to, the preferred shares of each series, without consent from holders of Common Shares. Preferred shares could be issued with voting, dividend, liquidation, dissolution, winding-up and other rights superior to those of the holders of Common Shares. Element Fleet has previously issued five series of preferred shares (the Series A Shares, Series C Shares, Series E Shares, Series G Shares and Series I Shares), see "*Description of Share Capital – Preferred Shares*".

Securities Industry Analyst Research Reports

The trading market for the Common Shares is influenced by the research and reports that industry or securities analysts publish about Element Fleet or any of its partners. If covered, a decision by an analyst to cease coverage of Element Fleet or fail to regularly publish reports on Element Fleet, could cause Element Fleet to lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline. Moreover, if an analyst who covers Element Fleet or any of its partners downgrades Element Fleet's securities, or if operating results do not meet analysts' expectations, the market price of Element Fleet's securities could decline.

Compliance with Laws and Regulations Affecting Public Companies

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") and the other applicable Canadian securities laws and regulation and related rules and policies, may cause Element Fleet to incur increased costs as it evaluates the implications of new rules and implements any new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits.

Any new laws and regulations may make it more expensive for Element Fleet to provide indemnities to Element Fleet's officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers. Accordingly, Element Fleet may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for Element Fleet to attract and retain qualified persons to serve on its Board or as executive officers. Element Fleet may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause general and administrative costs to increase beyond what

Element Fleet currently has planned. Element Fleet is continuously evaluating and monitoring developments with respect to these laws, rules and regulations and it cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

Element Fleet is required annually to review and report on the effectiveness of its internal control over financial reporting in accordance with NI 52-109. The results of this review are reported in Element Fleet's 2019 MD&A. Element Fleet's Chief Executive Officer and Chief Financial Officer are required to report on the effectiveness of Element Fleet's internal control over financial reporting.

Management's review is designed to provide reasonable assurance, not absolute assurance, that all material weaknesses existing within Element Fleet's internal controls are identified. Material weaknesses represent deficiencies existing in Element Fleet's internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of Element Fleet. In addition, management cannot provide assurance that the remedial actions being taken by Element Fleet to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years.

Further, NI 52-109 requires that Element Fleet establish and maintain disclosure controls and procedures. Element Fleet's disclosure controls and procedures are designed to reasonably ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is processed on a timely basis to enable appropriate decisions to be made regarding public disclosure. Element Fleet believes that any disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are and will be met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

If Element Fleet fails to maintain effective (i) internal controls over its financial reporting or (ii) disclosure controls and procedures, there is the possibility of errors or omissions occurring or misrepresentations in Element Fleet's disclosures which could have a material adverse effect on Element Fleet's business, its financial statements and the value of the Common Shares.

Public Company Requirements May Strain Resources

As a public company, Element Fleet is subject to the reporting requirements of the *Securities Act* (Ontario) (the "Act"), as amended, the regulations and rules thereto, including the national and multilateral instruments adopted as rules, decisions, rulings and orders promulgated under the Act and the published policy statements issued by the Ontario Securities Commission and the listing requirements of the TSX. The ever-increasing obligations of operating as a public company will require significant expenditures and will place additional demands on management as Element Fleet complies with the reporting requirements of a public company. Element Fleet may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge.

In addition, actions that may be taken by any significant shareholders, if any, may divert the time and attention of Element Fleet's Board and management from its business operations. Campaigns by significant investors to effect changes at publicly-traded companies have increased in recent years. If a proxy contest were to be pursued by any of Element Fleet's shareholders, it could result in substantial expense to Element Fleet and consume significant attention of management and the Board. In addition, there can be no assurance that any shareholder will not pursue actions to effect changes in the management and strategic direction of Element Fleet, including through the solicitation of proxies from Element Fleet's shareholders.

Element Fleet is Not Subject to the Same Extensive Supervision and Regulation as Certain Other Financial Services Companies

Element Fleet competes with financial institutions that are subject to extensive and complex federal, state and provincial regulatory requirements that do not apply to Element Fleet. For example, federally regulated financial institutions that are engaged in fleet financing may be subject to amplified supervisory activities (such as those of Canada's Office of the Superintendent of Financial Institutions), regulatory requirements relating to capital adequacy and market liquidity risk, and more rigorous financial reporting standards. Element Fleet operates in an unregulated environment with regard to capital requirements and its risk management policies and procedures may not be fully effective to identify, monitor and manage the risks that may jeopardize Element Fleet's ability to continue to satisfy its capital requirements. To the extent that Element Fleet must comply with financial reporting standards that are less extensive than those applicable to a competitor, it may be more difficult for an investor to completely and accurately assess Element Fleet's financial condition.

Litigation May Negatively Impact Element Fleet's Business, Financial Condition and/or Results of Operations

From time to time in the ordinary course of its business, Element Fleet may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause Element Fleet to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a Material Adverse Effect on Element Fleet's business, financial condition and/or results of operations.

ADDITIONAL INFORMATION

Additional information relating to Element Fleet may be found on SEDAR at www.sedar.com. Information including directors' and officers' remuneration and indebtedness, principal holders of Element Fleet's securities and securities authorized for issuance under Element Fleet's stock option plan is, where applicable, contained in its latest Management Proxy Circular. Additional financial information is provided in the financial statements as at and for the year ended December 31, 2019 and the accompanying Management's Discussion and Analysis dated February 25, 2020, which have been filed on SEDAR.

APPENDIX A

ELEMENT FLEET MANAGEMENT CORP.

AUDIT COMMITTEE MANDATE

As of February 25, 2020

1. Introduction

The Audit Committee (the "**Committee**" or the "**Audit Committee**") of Element Fleet Management Corp. ("**Element**" or the "**Corporation**") is a committee of the Board of Directors (the "**Board**"). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation's financial statements and exercise the responsibilities and duties set out in this Audit Committee Mandate (this "**Mandate**").

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended and/or replaced from time to time.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chair of the Board or Lead Director, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, including internal auditor, if one has been appointed, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor, if one has been appointed, and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management and Outside Advisors

In discharging the forgoing duties and responsibilities, the Audit Committee shall have unrestricted access to management and employees of the Corporation and to the relevant books, records and systems of the Corporation as considered appropriate. The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities. The Corporation shall provide appropriate funding, as determined by the Board, for the services of these advisors.

Quorum

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. A quorum shall be not less than two Members from time to time attending in person or by telephone or other electronic means or by a resolution signed by all Members entitled to vote on that resolution at a meeting of the Committee. Matters decided by the Committee shall be decided by majority vote, each Member is entitled to one vote in Committee proceedings.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**").

Financial Reports

(a) **General**

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) **Review of Annual Financial Reports**

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("**MD&A**"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) **Review of Interim Financial Reports**

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) **Review Considerations**

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the auditors to discuss the financial statements and MD&A;

(ii) review the disclosure in the financial statements;

(iii) review the audit report or review report prepared by the auditors;

(iv) discuss with management, the auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian generally accepted accounting principles applicable to publicly accountable enterprises;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review the factors identified by management as factors that may affect future financial results;

(x) review results of the Corporation's audit committee whistleblower hotline program; and

(xi) review any other matters related to the financial statements that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) **Approval of Other Financial Disclosures**

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated

Auditors

(a) **General**

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) **Nomination and Compensation**

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) **Resolution of Disagreements**

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) **Discussions with Auditors**

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) **Audit Plan**

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) **Quarterly Review Report**

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) **Independence of Auditors**

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) **Evaluation and Rotation of Lead Partner**

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) **Requirement for Pre-Approval of Non-Audit Services**

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Corporation (together with all non-audit service fees) that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee shall consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) **Approval of Hiring Policies**

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(k) **Financial Executives**

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) **General**

The Audit Committee shall review the Corporation's system of internal controls.

(b) **Establishment, Review and Approval**

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management, the auditors and, if applicable, the internal auditor:

(i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

(ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;

(iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;

(iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting;

(v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls; and

(vi) the evaluation of internal controls by the internal auditor (or persons performing the internal audit function, if applicable).

(c) **Internal Audit Function**

Recommend and supervise the establishment and operation of an internal audit function.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Secretary and other management members on legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Mandate as the Audit Committee deems appropriate.

Internal Audit Function

The Committee shall require an internal auditor to perform such supplemental reviews or audits as the Committee may deem desirable. The Committee shall determine the appropriate internal audit function for the Corporation and oversee its processes, reports, budget and staffing, as well as the terms of compensation for any individuals engaged in such function, if any.

The internal auditor shall report directly and regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered, including any restrictions on the scope of activities or access to required information and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall meet privately with the internal auditor as frequently as the Committee feels appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern.

The Committee shall review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor, review the appointment and replacement of the internal auditor and review the significant reports to management prepared by the internal auditor and management's responses. As part of this process, the Committee shall review the governing charter of the internal audit function on an annual basis.

5. Disclosure Committee

The Corporation shall adopt a Disclosure Committee Policy and establish a Disclosure Committee pursuant to such policy. The Disclosure Committee shall be subject to supervision and oversight by the Chair of the Audit Committee. The Audit Committee shall review and assess, on an annual basis, the Disclosure Committee Policy and the Corporation's disclosure controls and procedures.

6. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

7. Mandate Review

The Committee shall review and update this Mandate annually and present it to the Board for approval.