

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.**

*This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated November 15, 2019 to which it relates, as amended or supplemented (the "**Prospectus**"), and each document incorporated, or deemed to be incorporated, by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws. These securities are being sold only outside the United States to non-U.S. persons (as those terms are defined under Regulation S under the 1933 Act) and may not be offered, sold or delivered in the United States or to U.S. persons. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

**Information has been incorporated by reference into the Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated therein by reference may be obtained on request without charge from Keyera Corp., Investor Relations at 200, 144-4<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, T2P 3N4 (telephone 1-888-699-4853) and are also available electronically at [www.sedar.com](http://www.sedar.com).

## **Prospectus Supplement to a Short Form Base Shelf Prospectus Dated November 15, 2019**

New Issue

March 8, 2021



**KEYERA CORP.**

**\$350,000,000**

### **5.95% Fixed-to-Fixed Rate Subordinated Notes, Series 2021-A due March 10, 2081 Preference Shares, Series 2021-A Issuable Upon Automatic Conversion**

Keyera Corp. (the "**Corporation**" or "**Keyera**") is hereby qualifying the distribution (the "**Offering**") of \$350,000,000 aggregate principal amount of 5.95% Fixed-to-Fixed Rate Subordinated Notes, Series 2021-A due March 10, 2081 (the "**Notes**") and shares of a newly-issued series of First Preferred Shares, designated as Preference Shares, Series 2021-A (the "**Conversion Preference Shares**"). The Notes will mature on March 10, 2081 (the "**Maturity Date**"). The Corporation will pay interest on the Notes in equal semi-annual installments on March 10 and September 10 of each year (each such semi-annual interest payment date an "**Interest Payment Date**"), payable in arrears, with the first payment on September 10, 2021. From the date of issue to, but excluding March 10, 2031, the Notes will bear interest at a fixed rate of 5.95% per year, with the first payment being \$29.75 per \$1,000 principal amount of Notes. Starting on March 10, 2031, and on every fifth anniversary thereafter during which the Notes are outstanding (each such date, an "**Interest Reset Date**"), the interest rate on the Notes will be reset at a fixed rate per annum equal to the 5-Year Government of Canada Yield (as hereinafter defined) on the Business Day (as hereinafter defined) prior to such Interest Reset Date, plus (i) for the period from, and including, March 10, 2031 to, but not including, March 10, 2051, 4.655%; and (ii) for the period from, and including, March 10, 2051 to, but not including, the Maturity Date, 5.405%, in each case, to be reset on the Interest Reset Date. So long as no event of default has occurred and is continuing, the Corporation may elect, in its sole option, on any date other than an Interest Payment Date, to defer the interest payable on the Notes on one or more occasions for up to five consecutive years (a "**Deferral Period**"). Deferred interest will accrue, compounding

on each subsequent Interest Payment Date, until paid. No Deferral Period may extend beyond the Maturity Date and, for greater certainty, all accrued and unpaid interest shall be due and payable at maturity.

The Notes, including accrued and unpaid interest thereon, will be converted automatically (an "**Automatic Conversion**"), without the consent of the holders thereof (the "**Noteholders**"), into Conversion Preference Shares upon the occurrence of an Automatic Conversion Event (as hereinafter defined). As the events that give rise to an Automatic Conversion are bankruptcy and related events, it is in the Corporation's interest to ensure that an Automatic Conversion does not occur, although the events that could give rise to an Automatic Conversion may be beyond the Corporation's control.

The Corporation may, at its option, redeem the Notes, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount thereof: (a) from December 10, 2030 to March 10, 2031; and (b) thereafter, on any Interest Payment Date or any Interest Reset Date, in each case together with accrued and unpaid (including deferred, as applicable) interest to, but excluding, the date fixed for redemption. Within 90 days following the occurrence of a Tax Event (as hereinafter defined), the Corporation may, at its option, redeem all (but not less than all) of the Notes at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid (including deferred, as applicable) interest to, but excluding, the date fixed for redemption. Within 90 days following the occurrence of a Rating Event (as hereinafter defined), the Corporation may, at its option, redeem all (but not less than all) of the Notes at a redemption price equal to 102% of the principal amount thereof, together with accrued and unpaid (including deferred, as applicable) interest to, but excluding, the date fixed for redemption. See "*Description of the Notes*".

The terms of the Offering were determined by negotiations between us and CIBC World Markets Inc., RBC Dominion Securities Inc. (together, the "**Joint Bookrunners**") and TD Securities Inc. (together with the Joint Bookrunners, the "**Joint Lead Underwriters**"), on their own behalf and on behalf of BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., MUFG Securities (Canada), Ltd., ATB Capital Markets Inc. and Peters & Co. Limited (collectively with the Joint Lead Underwriters, the "**Underwriters**"). The Underwriters, as principals, conditionally offer the Notes, subject to prior sale, if, as and when issued, sold and delivered by us to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on our behalf by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Dentons Canada LLP.

<b>Price: \$1,000 per \$1,000 Principal Amount</b>			
	<b>Price to the Public</b>	<b>Underwriters' Fee<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
<b>Per Note</b>	100%	0.75%	99.25%
<b>Total</b>	\$350,000,000	\$2,625,000	\$347,375,000

**Notes:**

- (1) Upon closing of the Offering, the Corporation will pay the Underwriters a cash commission equal to 0.75% of the aggregate principal amount of the Notes. See "*Plan of Distribution*".
- (2) Before deducting expenses of the Offering estimated to be \$700,000, which will be paid from the general funds of the Corporation and/or the proceeds of the Offering or a combination thereof.

**An investment in the Notes or Conversion Preference Shares involves certain risks that should be considered by a prospective purchaser. There is currently no market through which the Notes or Conversion Preference Shares may be sold and purchasers may not be able to resell the Notes or Conversion Preference Shares issued under this Prospectus Supplement. This may affect the pricing of the Notes or Conversion Preference Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes or Conversion Preference Shares, and the extent of issuer regulation. See "*Risk Factors*".**

Each of CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., MUFG Securities (Canada), Ltd. and ATB Capital Markets Inc. is, directly or indirectly, a subsidiary or an affiliate of a lender which has extended or has committed to extend credit facilities to Keyera and to which Keyera is currently indebted. Accordingly, pursuant to applicable securities legislation, the Corporation may be considered a "connected issuer" of such Underwriters. A portion of the net proceeds from this Offering may be used to reduce the indebtedness of Keyera to such lenders. See "*Relationship Between the Corporation and Certain Underwriters*" and "*Use of Proceeds*".

Subscriptions for the Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about March 10, 2021 (the "**Offering Closing Date**"), or such other date as may be agreed upon by the Underwriters and us, but not later than March 24, 2021.

Book-entry only certificates (in physical or electronic form) representing the Notes will be issued in registered form to CDS Clearing and Depository Services Inc. (the "**Depository**") or its nominee and will be deposited with the Depository on the Offering Closing Date. A purchaser of Notes will receive only a customer confirmation from a registered dealer which is a Depository participant and from or through which the Notes are purchased. See "*Description of the Notes – The Depository – Global Notes*".

In connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Notes initially at the offering price specified above. After reasonable effort has been made to sell all of the Notes at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Notes remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "*Plan of Distribution*".**

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders. All dollar amounts set forth in the Prospectus and in the documents incorporated by reference therein are in Canadian dollars unless otherwise indicated.

The Corporation's registered and head office is located at 200, 144 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3N4.

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## **IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Notes or the Conversion Preference Shares.

**Prospective investors should rely only on the information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein. The Corporation has not, and the Underwriters have not, authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. The Corporation and the Underwriters are offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information the Corporation has previously filed with the securities regulatory authorities in each of the provinces of Canada that is incorporated in the Prospectus by reference, is accurate as of their respective dates only. Keyera's business, financial condition, results of operations and prospects may have changed since those dates. An investor should read this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein and consult the investor's own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Notes or Conversion Preference Shares.**

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, references to "Keyera" means Keyera Corp. and its subsidiaries and other entities owned or controlled, directly or indirectly, by Keyera Corp. (or any one of them). In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada.

Unless otherwise indicated, all financial information included in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein is determined using International Financial Reporting Standards (also referred to as Canadian generally accepted accounting principles or "GAAP").

### **FORWARD-LOOKING INFORMATION**

Certain statements contained in the Prospectus, this Prospectus Supplement and the documents incorporated by reference therein constitute "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "**forward-looking information**").

In addition to the following cautionary statement and the cautionary statement contained under "*Note Regarding Forward-Looking Statements*" in the Prospectus, with respect to forward-looking information contained in the documents incorporated by reference into the Prospectus, prospective purchasers should refer to "*Forward-Looking Information*" in the AIF (as defined herein) and "*Forward-Looking Statements*" in the Annual MD&A (as defined herein), as well as the advisories section of any documents incorporated by reference into the Prospectus that are filed after the date of this Prospectus Supplement and prior to the termination of the offering of the Notes.

Forward-looking information is typically identified by words such as "anticipate", "continue", "could", "estimate", "expect", "may", "will", "project", "should", "plan", "intend", "believe" and similar words or expressions, including the negatives or variations thereof. All statements other than statements of historical fact contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein are forward-looking information. In particular, this Prospectus Supplement contains forward-looking information pertaining to: the anticipated Offering Closing Date; the net proceeds from the Offering and the use of such proceeds; the Underwriters' plan of distribution; Keyera's intention to enter into the Second

Supplemental Indenture (as defined herein); and Keyera's intentions with respect to the redemption or purchase of Notes. In addition, the Prospectus incorporates by reference forward-looking information pertaining to Keyera's future plans, growth projects, business strategies and expected results from future operations.

All forward-looking information reflects Keyera's beliefs and assumptions, based on information available at the time the applicable forward-looking information is made and in light of Keyera's current expectations, including those beliefs and assumptions described under the heading "*Forward-Looking Information*" in the AIF and "*Forward-Looking Statements*" in the Annual MD&A. In some instances, this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein may also contain forward-looking information attributed to third party sources. Forward-looking information does not guarantee future performance. Management believes that its assumptions and expectations reflected in the forward-looking information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein are reasonable based on the information available on the date such information is provided and the process used to prepare the information. However, it cannot assure readers that these expectations will prove to be correct.

By its nature, all forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause actual results, events, levels of activity and achievements to differ materially from those anticipated in the forward-looking information. These risks, uncertainties and other factors include, without limitation, the risk factors described under "*Risk Factors*" in this Prospectus Supplement, the Prospectus, the AIF and the Annual MD&A, as well as the other risk factors described in any documents incorporated by reference into the Prospectus that are filed after the date hereof and prior to the termination of the offering of the Notes. These factors should not, however, be construed as exhaustive.

The forward-looking information contained herein or contained in, or incorporated by reference into, the Prospectus, are, in each case, made as of the date of this Prospectus Supplement or as of the date of the document in which they are contained, as applicable. Except as required by applicable law, the Corporation does not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise. All forward-looking information contained herein or contained in, or incorporated by reference into, the Prospectus are expressly qualified by this cautionary statement.

## NON-GAAP MEASURES

Certain financial measures referred to in this Prospectus Supplement, the Prospectus and in the documents incorporated by reference therein are not recognized by GAAP and are used to assist in assessing the Corporation's financial performance. Non-GAAP financial measures do not have standard meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. For information regarding the non-GAAP financial measures used by the Corporation, see "*Non-GAAP Financial Measures*" in the Corporation's Annual MD&A, which is incorporated by reference in the Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in the Prospectus from documents filed with securities commissions or similar authorities in Canada.** This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus as of the date hereof and solely for the purposes of the Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following documents are specifically incorporated by reference and form an integral part of the Prospectus Supplement and the Prospectus:

- (a) the audited consolidated financial statements of Keyera as at and for the years ended December 31, 2020 and 2019, together with the notes thereto and the independent auditor's report thereon;

- (b) the management's discussion and analysis of results of operations and financial condition of Keyera for the year ended December 31, 2020 (the "**Annual MD&A**");
- (c) the annual information form of Keyera dated February 10, 2021 for the year ended December 31, 2020 (the "**AIF**");
- (d) the management information circular dated March 26, 2020 relating to the annual meeting of holders ("**Shareholders**") of common shares of the Corporation held on May 12, 2020;
- (e) the template version of the preliminary term sheet dated March 8, 2021 (the "**Preliminary Term Sheet**"), prepared for potential investors in connection with the Offering; and
- (f) the template version of the final term sheet dated March 8, 2021 (the "**Final Term Sheet**") prepared for potential investors in connection with the Offering.

The Preliminary Term Sheet is not a part of this Prospectus Supplement to the extent that the contents of the Preliminary Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement. In addition, any statement contained in the Preliminary Term Sheet is modified or superseded to the extent that a statement contained in the Final Term Sheet modifies or supersedes such prior statement.

The Preliminary Term Sheet did not include a number of terms of this offering of Notes. The terms of the offering of Notes have been confirmed to reflect \$350,000,000 aggregate principal amount of Notes offered hereby, a price to the public of \$1,000 per \$1,000 principal amount of Notes and fixed interest rates per annum (a) from the date of issuance of the Notes to, but excluding, March 10, 2031 of 5.95%, and (b) from March 10, 2031, and from every subsequent Interest Reset Date during which the Notes are outstanding thereafter, equal to the 5-Year Government of Canada Yield on the Business Day prior to such Interest Reset Date, plus (i) for the period from, and including, March 10, 2031 to, but not including, March 10, 2051, 4.655%; and (ii) for the period from, and including, March 10, 2051 to, but not including, the Maturity Date, 5.405%, in each case, to be reset on the Interest Reset Date. Pursuant to applicable securities laws, the Corporation has prepared the Final Term Sheet to reflect the modifications described above, together with a blackline indicating the changes thereto from the Preliminary Term Sheet. A copy of the Final Term Sheet and associated blackline can be viewed under Keyera's profile on [www.sedar.com](http://www.sedar.com).

Any documents of the type described in Section 11.1(1) of Form 44-101F1 – *Short Form Prospectus*, if filed by the Corporation with securities regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for the purposes of this Offering. These documents will be available electronically on SEDAR at [www.sedar.com](http://www.sedar.com).

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

## MARKETING MATERIALS

"Template versions" of the "marketing materials", as such terms are defined under National Instrument 41-101 – *General Prospectus Requirements*, for this Offering are incorporated by reference into this Prospectus Supplement, but are not part of this Prospectus Supplement to the extent that their contents have been modified or superseded by a statement contained in this Prospectus Supplement. In addition, any template version of any other marketing materials filed with the securities commission or similar authority in each of the provinces of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the securities under this Prospectus Supplement is deemed to be incorporated by reference herein.

## USE OF PROCEEDS

The net proceeds of the Offering are estimated to be \$346,675,000, after deducting the Underwriters' fee of \$2,625,000 and the estimated expenses of the Offering of \$700,000. The Corporation expects to use the net proceeds of the Offering to refinance indebtedness under its revolving credit facility, to fund its capital projects, including its ownership interest in KAPS, and for other general corporate purposes. The Corporation's current indebtedness under its revolving credit facility has been incurred in the normal course of business to fund operations, previous acquisitions, capital and other expenditures made by the Corporation. See "*Relationship Between the Corporation and Certain Underwriters*" in this Prospectus Supplement as well as the AIF.

Should the Corporation not immediately require the net proceeds of the Offering in connection with the above-stated uses, it may invest such funds in short-term marketable debt securities. The Corporation's overall corporate strategy and major initiatives supporting its strategy are summarized in the Annual MD&A.

While the Corporation intends to use the net proceeds of the Offering as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management or the board of directors of the Corporation (the "**Board of Directors**") believes are in the Corporation's best interests.

## CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of Keyera on a consolidated basis from December 31, 2020 to the date of this Prospectus Supplement. As of December 31, 2020, after giving effect to the Offering, the long-term debt of the Corporation, excluding borrowings under the revolving credit facility, will increase by the amount of the net proceeds of the Offering.

## PRIOR SALES

There have been no issuances by the Corporation of Notes during the twelve-month period before the date of this Prospectus Supplement.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement dated March 8, 2021 between the Corporation and the Underwriters, the Corporation has agreed to sell an aggregate of \$350,000,000 principal amount of Notes to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from the Corporation, each as a principal, such Notes at a price of 100% of the principal amount payable in cash against delivery of the Notes on the Offering Closing Date. The Underwriting Agreement provides that the Corporation will pay the Underwriters a fee of 0.75% of the aggregate principal amount of the Notes, for an aggregate fee payable by the Corporation of \$2,625,000, in consideration of the Underwriters' services in connection with the Offering. The Underwriters' Fee is payable on the Offering Closing Date, along with the expenses of the Offering, which are estimated to be \$700,000, from the general funds of Keyera and/or the proceeds of the Offering or a combination thereof.



The Underwriters propose to offer the Notes initially at the public offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Notes offered by this Prospectus Supplement at the price specified herein, the offering price may be decreased and may be further changed from time to time to an amount not greater than the price specified on the cover page of this Prospectus Supplement. In the event the offering price of the Notes is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Notes is less than the gross proceeds paid by the Underwriters to the Corporation for the Notes. Any such reduction will not affect the proceeds received by the Corporation.

The Corporation has agreed that it will not, directly or indirectly, issue or agree to issue any fixed-to-fixed rate subordinated debt or any other securities with provisions or characteristics similar to the Notes (all such securities, "**Restricted Securities**"), prior to 60 days after the Offering Closing Date without the prior consent of the Joint Bookrunners, on behalf of the Underwriters, which consent shall not be unreasonably withheld. This agreement does not apply to issuances of (i) commercial paper or other debt securities with scheduled maturities of less than one year, (ii) any Senior Indebtedness (as hereinafter defined), or (iii) any Restricted Securities sold exclusively outside of Canada to investors resident outside of Canada.

The Notes have not been and will not be registered under the 1933 Act or any state securities laws. They are being sold only outside the United States to non-U.S. persons (as those terms are defined under Regulation S under the 1933 Act) and may not be reoffered, resold, pledged or otherwise transferred in the United States or to U.S. persons.

The Notes are new issues of securities with no established trading market. The Notes will not be listed on any securities exchange or on any automated dealer quotation system. The Corporation has been advised that the Underwriters may make a market in the Notes but are not obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop.

The obligations of the Underwriters under the Underwriting Agreement are several and neither joint, nor joint and several, and may be terminated at their discretion upon the occurrence of certain stated events prior to the Closing Time (as defined in the Underwriting Agreement). Such events include: (a) if any inquiry, action, suit, investigation or other proceeding whether formal or informal is commenced or any order is issued under or pursuant to any statute, or otherwise (except for any inquiry, investigation or other proceeding, or any order, based upon the activities or alleged activities of the Underwriters or any such dealer or broker, other than the Underwriters, with which the Underwriters have a contractual relationship in respect of the distribution of the Notes), or there is a change in law, regulation or policy or the interpretation or administration thereof, which, in the Underwriter's opinion, acting reasonably, operates to prevent or restrict the distribution or trading of the Notes; (b) if there shall occur or be discovered any change, occurrence or development as is contemplated in Section 11 of the Underwriting Agreement (other than a change, occurrence or development solely related to the Underwriters), which in the Underwriter's opinion could be reasonably expected to have a material adverse effect on the market price or value of the Notes; (c) if there should develop, occur or come into effect any occurrence of national or international consequence or any event, action, state or condition, or any government law or regulation or inquiry (in any of the foregoing cases, if such is as a result of the outbreak of the novel coronavirus disease (COVID-19), only to the extent that there are material adverse events related thereto that occur after the date of the Underwriting Agreement), which in the Underwriter's opinion, acting reasonably, materially adversely affects, or will materially adversely affect, the market price or value of the Notes; (d) if there will have been announced by the appropriate governmental authority, any change or any proposed change in the *Income Tax Act (Canada)* (the "**Tax Act**"), the regulations thereunder, current administrative decisions or any other applicable laws (including case law) or rules which, in any such case, in the Underwriter's opinion could be reasonably expected to have a material adverse effect on the market price, value or marketability of the Notes; or (e) if there shall be any adverse change in the assigned ratings on the Notes by S&P Global Ratings ("**S&P**") or DBRS Morningstar ("**DBRS**") or if either S&P or DBRS shall have publicly announced that it has placed its rating of the Notes under surveillance or review (other than any such action which may have positive implications of a possible upgrading and no implication of a possible downgrading) or if

Keyera shall have any knowledge of any intent on the part of either S&P or DBRS to do any of the foregoing or to take any similar action.

If an Underwriter fails to purchase the Notes which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Notes, provided that, if the aggregate number of Notes not purchased does not exceed 10% of the aggregate number of Notes agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Notes not taken up, on a pro rata basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Notes if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Corporation will indemnify each of the Underwriters and each of their respective affiliates, and each of their respective directors, officers, agents and employees against certain liabilities and expenses.

### **Price Stabilization, Short Positions and Passive Market-Making**

Pursuant to applicable securities legislation, the Underwriters may not, throughout the period of distribution under this Prospectus Supplement, bid for or purchase Notes. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Notes. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

### **CREDIT RATINGS**

As of the date of this Prospectus Supplement, DBRS confirmed the Corporation's public "Issuer Rating" of BBB with a stable trend and S&P confirmed the Corporation's "Long-Term Corporate Credit Rating" of BBB- with a stable outlook. A description of the rating agencies' credit ratings is included under the heading "*Capital Structure of the Corporation – Credit Ratings*" in the AIF.

The Notes have been assigned a provisional rating of BB (high) with a stable trend by DBRS and BB by S&P.

Ratings for debt instruments range from AAA to D from DBRS, which represents the range from highest to lowest quality of such securities rated. The BB rating category is the fifth highest of ten rating categories for long term debt used by DBRS and, in DBRS' view, denotes speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is considered uncertain and the issuer is vulnerable to future events. In addition, "(high)" and "(low)" designations indicate relative standing within a particular rating category. The absence of either "(high)" or "(low)" designation indicates the rating is in the middle of the category.

S&P's credit ratings for long-term debt instruments range from AAA to D, which represents the range from highest to lowest quality of such securities rated. The BB rating category is the fifth highest of ten rating categories for long term debt used by S&P. Issues of debt securities rated BB are judged by S&P to exhibit significant speculative characteristics, but it is the least vulnerable of the speculative issues. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. Long-term issuers rated BBB- are judged by S&P as having adequate capacity to meet financial commitments; however, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments. In addition, ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A plus (+) modifier indicates a stronger relative standing as compared to securities within the same rating category.

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Corporation will pay fees to each of DBRS and S&P for the credit ratings to be rendered on the Notes. Other than those payments made in respect of credit ratings, no additional payments have been made to either of DBRS and S&P for any other services provided to the Corporation during the past two years.

## EARNINGS COVERAGE

The following consolidated earnings coverage ratios of the Corporation have been prepared and included in this Prospectus Supplement in accordance with applicable securities laws and have been calculated for the twelve-month period ended December 31, 2020 based on financial information derived from the audited financial statements of the Corporation, giving effect to the distribution of \$350,000,000 principal amount of Notes offered pursuant to this Prospectus Supplement and the intended use of proceeds therefrom, as if such transactions had occurred and the proceeds were used on January 1, 2020. The earnings coverage ratios set out below do not purport to be indicative of earnings coverage ratios for any future periods.

### Twelve Months Ended December 31, 2020

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Earnings coverage on long-term debt

1.1x

The Corporation's aggregate borrowing costs, after giving effect to the issue of the Notes distributed under this Prospectus Supplement and the intended use of proceeds therefrom, amounted to approximately \$180 million for the twelve-month period ended December 31, 2020. The Corporation's consolidated profit or loss attributable to the Shareholders before borrowing costs and income taxes for the twelve-month period ended December 31, 2020 was approximately \$193 million, which is 1.1 times the aggregate borrowing costs for this period.

## RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

Each of CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., MUFG Securities (Canada), Ltd. and ATB Capital Markets Inc. is, directly or indirectly, a subsidiary or an affiliate of a lender which has extended or has committed to extend credit facilities to Keyera and to which Keyera is currently indebted (collectively, CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., MUFG Securities (Canada), Ltd. and ATB Capital Markets Inc. are referred to as the "**Lenders**"). Consequently, the Corporation may be considered to be a "connected issuer" of such Underwriters under applicable securities laws.

The credit facilities consist of a \$1.5 billion unsecured revolving facility maturing December 6, 2024, with the potential to increase that limit to \$1.85 billion subject to certain conditions, and two unsecured revolving demand facilities under which an aggregate of \$75 million can be borrowed (collectively, the "**Facilities**"). As at March 8, 2021, Keyera had approximately \$257 million in outstanding indebtedness owing to the Lenders under the Facilities, including outstanding letters of credit. Keyera is in material compliance with all material terms of the agreements governing the Facilities and none of the Lenders has waived any material breach by Keyera of those agreements since the Facilities were established. The financial position of Keyera has not changed substantially and adversely since the indebtedness under the Facilities was incurred. None of the Lenders were involved in the decision to undertake the Offering or were involved in the determination of the terms of the Offering, including structuring and pricing. Keyera intends

to use a portion of the net proceeds of the Offering to initially reduce the short term indebtedness of the Corporation, which Keyera may have with one or more Lenders. See "*Use of Proceeds*".

## DESCRIPTION OF THE NOTES

The following description of the Notes is a summary of their material attributes and characteristics which does not purport to be complete. For further particulars of the terms of the Notes, reference should be made to the Indenture (as defined herein). The Principal Indenture has been filed and, at the Offering Closing Date, the Second Supplemental Indenture will be filed on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### General

The Notes will be issued under a note indenture (the "**Principal Indenture**") dated as of June 21, 2018 between the Corporation, a number of subsidiaries of the Corporation and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by a first supplemental note indenture (the "**First Supplemental Indenture**") dated as of June 13, 2019 and as further supplemented by a second supplemental note indenture (the "**Second Supplemental Indenture**") establishing the terms of the Notes to be dated as of the Offering Closing Date (the Principal Indenture as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, the "**Indenture**"), as may be further supplemented and amended from time to time.

The Notes offered hereunder will be notes of a single series under the Indenture. The Indenture permits the issuance thereunder from time to time of additional Notes of this series, and of notes in one or more other series, without limitation as to aggregate principal amount. The Second Supplemental Indenture establishes the specific terms and covenants of the Notes and, as such, modifies the application of certain terms and covenants in the Principal Indenture to the Notes.

### The Depository

#### **Global Notes**

The Notes will be represented in the form of fully registered global Notes (each, a "**Global Note**") held by, or on behalf of, the Depository as custodian of the Global Notes (for its participants as defined herein) and registered in the name of the Depository or its nominee. Except as described below, no purchaser of a Note will be entitled to a certificate or other instrument from the Corporation or the Depository evidencing the purchaser's ownership of the Note. Instead, the Notes will be represented only in book entry form. Beneficial interests in the Global Notes, constituting ownership of the Notes, will be represented through book entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect participants of the Depository ("**participants**"). Each purchaser of a Note represented by a Global Note will receive a customer confirmation of purchase from the Underwriter or Underwriters from whom the Note is purchased in accordance with the practices and procedures of the selling Underwriter or Underwriters. The practices of the Underwriters may vary but generally customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book entry accounts for its participants having interests in Global Notes.

If the Depository notifies the Corporation that it is unwilling or unable to continue as depository in connection with the Global Notes, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation and the Trustee are unable to locate a qualified successor, or if an event of default has occurred and is continuing with respect to the Notes, or if the Corporation elects to terminate the book entry system, beneficial owners of Notes represented by Global Notes will receive Notes in definitive form ("**Definitive Notes**"). Beneficial owners of Notes represented by Global Notes may also receive Definitive Notes if the Trustee gives notice pursuant to the Indenture that an event of default has occurred and is continuing with respect to the Notes.

### ***Payment of Interest and Principal***

The Depository or its nominee, as the registered holder of a Global Note, will be considered the sole holder of such Note for the purposes of receiving payments of interest and principal on the Note and for all other purposes under the Indenture and the Note.

The Corporation understands that the Depository or its nominee, upon receipt of any payment of interest or principal in respect of a Global Note, will credit participants' accounts on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the Depository or its nominee. The Corporation also understands that payments of interest and principal by participants to the owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices. The responsibility and liability of the Corporation in respect of Notes represented by a Global Note is limited to making payment of any interest and principal due on such Global Note and, if applicable, delivery of the Conversion Preference Shares upon the occurrence of an Automatic Conversion Event to the Depository or its nominee in the manner described in the Global Note.

### ***Transfer of Notes***

Transfers of beneficial ownership of Notes represented by Global Notes will be effected through records maintained by the Depository or its nominee (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Beneficial owners who are not participants in the Depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Notes, may do so only through participants in the Depository's book-entry system.

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

During the 40-day distribution compliance period as defined in Regulation S, beneficial interests in the Global Note may be transferred only to non-U.S. persons (within the meaning of Regulation S under the 1933 Act).

### **Indenture Covenants**

#### ***General Covenants***

The Corporation has covenanted and agreed with the Trustee for the benefit of the Trustee and the Noteholders as follows:

- (a) the Corporation will duly and punctually pay, or cause to be paid, to each holder of every Note issued under the Indenture, the principal of such Note and the premium, if any, and interest accrued thereon on the dates and at the places, in the currencies, and in the manner provided for in the Indenture or as otherwise provided in such Notes;
- (b) the Corporation shall maintain its existence in good standing under the laws of the jurisdiction of its formation and register and qualify and remain registered and qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of the business transacted by it makes such registration or qualification necessary, except as otherwise permitted by Article 10 of the Principal Indenture and except to the extent that failure to be in good standing or to be so registered or qualified does not have a Material Adverse Effect (as defined in the Principal Indenture);
- (c) subject to the express provisions of the Indenture, the Corporation will carry on and conduct, or will cause to be carried on and conducted, its business and the business of its Subsidiaries (as defined in the Principal Indenture) in a proper and efficient manner and

will keep or cause to be kept proper books of account and make or cause to be made therein true and faithful entries of all its dealings and transactions in relation to its business and the business of its Subsidiaries, as the case may be, all in accordance with International Financial Reporting Standards, provided that nothing herein contained shall prevent the Corporation from ceasing to operate or from causing any Subsidiary to cease to operate any premises or property if in the opinion of the Board of Directors it shall be advisable and in the best interests of the Corporation or the Subsidiary concerned to do so.

### **Additional Covenants**

In addition to the Dividend Stopper Undertaking (as hereinafter defined), the Corporation will covenant for the benefit of the Noteholders, that for so long as the Conversion Preference Shares issuable upon the Automatic Conversion are issuable or outstanding, that it will not create or issue any preferred shares which, in the event of insolvency or winding-up of the Corporation, would rank in right of payment in priority to the Conversion Preference Shares but, for greater certainty, may issue preferred shares which, in the event of insolvency or winding up of the Corporation, would rank *pari passu* in right of payment in priority with the Conversion Preference Shares. The Corporation will also covenant not to reduce the number of common shares of the Corporation outstanding (through purchase, consolidation or otherwise) or issue other preferred shares or securities convertible or exchangeable into other preferred shares if, following such reduction or issuance, the Conversion Preference Shares issuable upon the Automatic Conversion could not be issued as a result of the restriction in the Corporation's articles with regards to the aggregate number of preferred shares which may be outstanding in relation to the number of common shares outstanding.

The Second Supplemental Indenture also contains certain other customary covenants by the Corporation with respect to the delivery of compliance certificates, provision of financial statements, payment of the Trustee's reasonable remuneration and the ability of the Trustee to perform covenants on substantially the same terms as the covenants contained in Sections 6.2, 6.3, 6.7 and 6.8 of the Principal Indenture.

### **Modifications**

The rights of the holders of Notes under the Indenture may be modified. For that purpose, among others, the Indenture contains provisions making binding upon all holders of Notes, resolutions passed at meetings of such Noteholders by the affirmative votes of not less than  $66\frac{2}{3}\%$  of the principal amount of such Notes present or represented by proxy at such meeting or instruments in writing signed by the holders of not less than  $66\frac{2}{3}\%$  of the principal amount of all such outstanding Notes. In certain cases, modification will require separate assent by the holders of the required percentages of notes of each series or tranche outstanding under the Indenture or otherwise. Reference is made to the Indenture for detailed provisions relating to voting and meetings of Noteholders.

### **Interest and Maturity**

The Corporation will pay interest on the Notes in equal semi-annual installments on March 10 and September 10 of each year, payable in arrears, with the first payment on September 10, 2021. From the date of issue to, but excluding March 10, 2031, the Notes will bear interest at a fixed rate of 5.95% per year, with the first payment being \$29.75 per \$1,000 principal amount of Notes. Starting on March 10, 2031, and on every Interest Reset Date thereafter during which the Notes are outstanding, the interest rate on the Notes will be reset at a fixed rate per annum equal to the 5-Year Government of Canada Yield on the Business Day prior to such Interest Reset Date, plus (i) for the period from, and including, March 10, 2031 to, but not including, March 10, 2051, 4.655%; and (ii) for the period from, and including, March 10, 2051 to, but not including, the Maturity Date, 5.405%, in each case, to be reset on the Interest Reset Date.

The Notes will mature on the Maturity Date.

Interest for each Interest Period (as hereinafter defined) will be calculated on the basis of equal semi-annual payments when calculating amounts due on any Interest Payment Date and the actual number of days elapsed during each such Interest Period and a 365-day year when calculating accruals during any partial Interest Period.

Interest payments will be made to the persons or entities in whose names the Notes are registered at the close of business on the Record Date relating to the relevant Interest Payment Date.

If an Interest Payment Date falls on a day that is not a Business Day, the Interest Payment Date will be postponed to the next Business Day, and no further interest will accrue in respect of such postponement. Also, if a redemption date or the Maturity Date of the Notes falls on a day that is not a Business Day, the payment of interest and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the redemption date or the Maturity Date, if applicable.

**"5-Year Government of Canada Yield"** on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the 5-Year Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers, selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

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

**"Interest Period"** means the period from and including the Closing Date to but excluding September 10, 2021 and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

### **Specified Denomination**

The Notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

### **Deferral Right**

So long as no event of default has occurred and is continuing, the Corporation may elect, in its sole option, at any date other than an Interest Payment Date (a **"Deferral Date"**), to defer the interest payable on the Notes on one or more occasions for up to five consecutive years (a **"Deferral Period"**). There is no limit on the number of Deferral Periods that may occur. Such deferral will not constitute an event of default or any other breach under the Indenture or the Notes. Deferred interest will accrue, compounding on each subsequent Interest Payment Date, until paid. A Deferral Period terminates on any Interest Payment Date where the Corporation pays all accrued and unpaid interest on such date. No Deferral Period may extend beyond the Maturity Date and, for greater certainty, all accrued and unpaid interest shall be due and payable at maturity. The Corporation will give the Noteholders written notice of its election to commence or continue a Deferral Period at least 10 and not more than 60 days before the next Interest Payment Date.

### **Dividend Stopper Undertaking**

Unless the Corporation has paid all accrued and payable interest on the Notes, subject to certain exceptions, the Corporation will not (the **"Dividend Stopper Undertaking"**):

- declare any dividend on the Dividend Restricted Shares (other than stock dividends on Dividend Restricted Shares) or pay any interest on any Parity Notes (prior to any Automatic Conversion);
- redeem, purchase or otherwise retire any Dividend Restricted Shares or Parity Notes; or
- make any payment to holders of any of the Dividend Restricted Shares or any of the Parity Notes in respect of dividends not declared or paid on such Dividend Restricted Shares or interest not paid on such Parity Notes, respectively.

**"Dividend Restricted Shares"** means, collectively, the Corporation's preferred shares (including the Conversion Preference Shares) and the Corporation's common shares.

**"Parity Notes"** means any class or series of the Corporation's indebtedness currently outstanding or hereafter created which ranks on a parity with the Notes as to distributions upon liquidation, dissolution or winding-up.

It is in the Corporation's interest to ensure that interest on the Notes is timely paid so as to avoid triggering the Dividend Stopper Undertaking.

### **Automatic Conversion**

The Notes, together with accrued and unpaid (including deferred, as applicable) interest thereon, will be converted automatically (the **"Automatic Conversion"**), without the consent of the Noteholders, into the Conversion Preference Shares, upon the occurrence of (i) the making by the Corporation of a general assignment for the benefit of its creditors or a proposal (or the filing of a notice of its intention to do so) under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), (ii) any proceeding instituted by the Corporation seeking to adjudicate it a bankrupt or insolvent or, where the Corporation is insolvent, seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or compromise of its debts under any law relating to bankruptcy or insolvency in Canada, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for the property and assets of the Corporation or any substantial part of its property and assets in circumstances where the Corporation is adjudged a bankrupt or insolvent, (iii) a receiver, interim receiver, trustee or other similar official is appointed over the property and assets of the Corporation or for any substantial part of its property and assets by a court of competent jurisdiction in circumstances where the Corporation is adjudged a bankrupt or insolvent under any law relating to bankruptcy or insolvency in Canada, or (iv) any proceeding is instituted against the Corporation seeking to adjudicate it a bankrupt or insolvent, or where the Corporation is insolvent, seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or compromise of its debts under any law relating to bankruptcy or insolvency in Canada, or seeking the entry of an order for the appointment of a receiver, interim receiver, trustee or other similar official for the property and assets of the Corporation or any substantial part of its property and assets in circumstances where the Corporation is adjudged a bankrupt or insolvent under any law relating to bankruptcy or insolvency in Canada, and either such proceeding has not been stayed or dismissed within 60 days of the institution of any such proceeding or the actions sought in such proceedings occur (including the entry of an order for relief against the Corporation or the appointment of a receiver, interim receiver, trustee, or other similar official for it or for any substantial part of its property and assets) (each, an **"Automatic Conversion Event"**).

The Conversion Preference Shares will carry the right to receive cumulative preferential cash dividends, if, as and when declared by the Board of Directors, subject to the *Business Corporations Act* (Alberta) (the **"ABCA"**), at the same rate as the interest rate that would have accrued on the Notes (had the Notes remained outstanding) as described under *"Description of the Notes – Interest and Maturity"* (the **"Perpetual Preference Share Rate"**), payable on each semi-annual dividend payment date, subject to any applicable withholding tax. See *"Description of the Conversion Preference Shares."*

The Automatic Conversion shall occur upon an Automatic Conversion Event (the **"Conversion Time"**). At the Conversion Time, the Notes shall be automatically converted, without the consent of the



Noteholders, into fully-paid Conversion Preference Shares. At such time, Notes shall be deemed to be immediately and automatically surrendered and cancelled without need for further action by Noteholders, who shall thereupon automatically cease to be holders thereof and all rights of any such holder as a debtholder of the Corporation shall automatically cease, provided, however, that certificated Notes, if any, shall be surrendered by the Noteholder to the Trustee for cancellation prior to the distribution of the Conversion Preference Shares issuable to such Noteholder thereunder pursuant to an Automatic Conversion. At the Conversion Time, the Noteholders will receive one Conversion Preference Share for each \$1,000 principal amount of Notes held immediately prior to the Conversion Time together with the number of Conversion Preference Shares (including fractional shares, if applicable) calculated by dividing the amount of accrued and unpaid (including deferred, as applicable) interest on the Notes, if any, from the immediately preceding Interest Payment Date on which interest was paid to, but excluding, the date of the Automatic Conversion Event, by \$1,000.

Upon an Automatic Conversion of the Notes, the Corporation reserves the right not to issue some or all, as applicable, of the Conversion Preference Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that: (i) the issuance or delivery by the Corporation of Conversion Preference Shares to such person upon an Automatic Conversion would require the Corporation to take any action to comply with securities or analogous laws of such jurisdiction, or (ii) the Corporation or its transfer agent would be obligated to make or remit any tax withholdings or deductions to a governmental authority in connection with the delivery of Conversion Preference Shares to such person upon an Automatic Conversion ("**Ineligible Persons**"). In such circumstances, the Corporation will hold all Conversion Preference Shares that would otherwise be delivered to Ineligible Persons, as agent for such Ineligible Persons, and will attempt to facilitate the sale of such Conversion Preference Shares through a registered dealer retained by the Corporation for the purpose of effecting the sale (to parties other than the Corporation, its affiliates or other Ineligible Persons) on behalf of such Ineligible Persons. Such sales, if any, may be made at any time and any price. The Corporation will not be subject to any liability for failing to sell Conversion Preference Shares on behalf of any such Ineligible Persons or at any particular price on any particular day. The net proceeds received by the Corporation from the sale of any such Conversion Preference Shares will be divided among the Ineligible Persons in proportion to the number of Conversion Preference Shares that would otherwise have been delivered to them, after deducting the costs of sale and applicable taxes, if any. The Corporation will make payment of the aggregate net proceeds to the Depository (if the Notes are then held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such Ineligible Persons in accordance with the procedures of the Depository or otherwise.

As a precondition to the delivery of any certificate or other evidence of issuance representing any Conversion Preference Shares or related rights following an Automatic Conversion, the Corporation may obtain from any Noteholder (and persons holding Notes represented by such Noteholder) a declaration, in form and substance satisfactory to the Corporation, confirming compliance with any applicable regulatory requirements to establish that such Noteholder is not, and does not represent, an Ineligible Person.

As the events that give rise to an Automatic Conversion are bankruptcy and related events, it is in the Corporation's interest to ensure that an Automatic Conversion does not occur, although the events that could give rise to an Automatic Conversion may be beyond the Corporation's control.

### **Issue of Conversion Preference Shares in Connection with Automatic Conversion**

All corporate actions necessary to authorize the Corporation to issue Conversion Preference Shares pursuant to the terms of the Notes will be completed prior to the closing of the offering of the Notes.

### **Redemption Right**

#### ***Optional Redemption***

The Corporation may, at its option, on giving not more than 60 nor less than 10 days' notice to the Noteholders, redeem the Notes, in whole at any time or in part from time to time, and upon such conditions as may be specified in the applicable notice of redemption, at a redemption price per \$1,000 principal

amount of Notes equal to 100% of the principal amount thereof: (a) from December 10, 2030 to March 10, 2031; and (b) thereafter, on any Interest Payment Date or any Interest Reset Date, in each case together with accrued and unpaid (including deferred, as applicable) interest to, but excluding, the date fixed for redemption. Notes that are redeemed shall be cancelled and shall not be reissued.

If less than all the Notes are to be redeemed pursuant to the Corporation's optional redemption right, the Notes to be redeemed shall be selected by the Trustee in accordance with the Indenture, provided that such selection shall be proportionate (to the nearest minimum authorized denomination for the Notes).

In the event that the Corporation redeems or purchases any of the Notes, the Corporation intends (without thereby assuming a legal obligation) to do so only to the extent the aggregate redemption or purchase price is equal to or less than the net proceeds, if any, received by the Corporation from new issuances during the period commencing on the 365<sup>th</sup> or 366<sup>th</sup> calendar day, depending upon the actual number of days in the applicable year, prior to the date of such redemption or purchase of securities which are assigned by S&P at the time of sale or issuance, an aggregate equity credit that is equal to or greater than the equity credit assigned to the Notes to be redeemed or purchased (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Notes).

### **Redemption on Tax Event or Rating Event**

Within 90 days following the occurrence of a Tax Event, the Corporation may, at its option, on giving not more than 60 days' nor less than 10 days' prior notice to the Noteholders, redeem all (but not less than all) of the Notes. The redemption price per \$1,000 principal amount of Notes will be equal to 100% of the principal amount thereof, together with accrued and unpaid (including deferred, as applicable) interest to but excluding the date fixed for redemption.

A "**Tax Event**" means the Corporation has received an opinion of independent counsel of a nationally recognized law firm in Canada or the U.S. experienced in such matters (who may be counsel to the Corporation) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or the U.S. or any political subdivision or taxing authority thereof or therein, affecting taxation, (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an "**Administrative Action**"), or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, Administrative Action, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or Administrative Action is announced on or after the date of issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or Administrative Action is effective and applicable) that the Corporation is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by the Corporation of interest on the Notes), as or as would be reflected in any tax return or form filed, to be filed, or that otherwise could have been filed, will not be respected by a taxing authority.

Within 90 days following the occurrence of a Rating Event, the Corporation may, at its option, on giving not more than 60 days' nor less than 10 days' prior notice to the Noteholders, redeem all (but not less than all) of the Notes. The redemption price per \$1,000 principal amount of Notes will be equal to 102% of the principal amount thereof, together with accrued and unpaid (including deferred, as applicable) interest to but excluding the date fixed for redemption.

A "**Rating Event**" means the amount of equity credit assigned to the Notes by DBRS or S&P has been reduced due to an amendment to, clarification of or change in, the Equity Credit Methodology.

"**Equity Credit Methodology**" means the methodology or criteria employed by S&P or DBRS for purposes of assigning equity credit to securities such as the Notes that was effective on the date of the original issuance of the Notes.

For greater clarity, if there is a Tax Event or Rating Event on or after December 10, 2030, the Corporation may optionally redeem the Notes in accordance with its optional redemption right described above versus its Tax Event or Rating Event redemption right, as applicable.

## **Subordination**

The Notes will be direct unsecured subordinated obligations of the Corporation. The payment of principal and interest on the Notes, to the extent provided in the Indenture, will be subordinated in right of payment to the prior payment in full of all present and future Senior Indebtedness, and will be effectively subordinated to all indebtedness and obligations of the Corporation's subsidiaries.

In the event (i) of any insolvency or bankruptcy proceedings or any receivership, liquidation, reorganization or other similar proceedings in respect of the Corporation or a substantial part of its property, or of any proceedings for liquidation, dissolution or other winding-up of the Corporation, or (ii) subject to the subordination provisions in the Indenture, that a default shall have occurred with respect to payments due on any Senior Indebtedness, or there shall have occurred an event of default (other than a default in payment) in respect of any Senior Indebtedness permitting the holder or holders thereof to accelerate the maturity thereof, or (iii) that the principal of and accrued interest on the Notes shall have been declared due and payable pursuant to the Indenture and such declaration shall not have been rescinded and annulled as provided therein, then the holders of Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon before the Noteholders are entitled to receive a payment on account of the principal or interest on the Notes, including, without limitation, any payments made pursuant to any redemption or purchase for cancellation.

"**Senior Indebtedness**" means obligations (other than Subordinated Indebtedness) of, or guaranteed or assumed by, the Corporation for borrowed money or evidenced by bonds, debentures or notes or obligations of the Corporation for or in respect of bankers' acceptances (including the face amount thereof), letters of credit and letters of guarantee (including all reimbursement obligations in respect of each of the foregoing) or other similar instruments, and amendments, renewals, extensions modifications and refundings of any such indebtedness or obligation including, without limitation, the medium term notes previously issued by the Corporation. As of March 8, 2021, the Corporation's Senior Indebtedness totaled approximately \$2.6 billion.

"**Subordinated Indebtedness**" means non-recourse obligations, the Notes or any other obligations specifically designated as being subordinate in right of payment to Senior Indebtedness.

## **Events of Default**

An event of default in respect of the Notes will occur only if the Corporation defaults on the payment of (i) principal or premium, if any, when due and payable, or (ii) interest when due and payable and such default continues for 30 days (subject to the Corporation's right, at its sole option, to defer interest payments, as described under "*Description of the Notes – Deferral Right*"). There will be no right of acceleration in the case of a default in the performance of any other covenant of the Corporation in the Indenture, although a legal action could be brought to enforce such covenant. For the avoidance of doubt, the events of default stated in this section shall be the only events of default applicable to the Notes.

If an event of default has occurred and is continuing, and the Notes have not already been automatically converted into Conversion Preference Shares, then the Corporation shall be deemed to be in default under the Indenture and the Notes and the Trustee may, in its discretion and shall upon the request of holders of not less than one-quarter of the principal amount of Notes then outstanding under the

Indenture, and being funded and indemnified to do so, demand payment of the principal or premium, if any, together with any accrued and unpaid interest up to (but excluding) such date, which shall immediately become due and payable in cash, and may institute legal proceedings for the collection of such aggregate amount in the event the Corporation fails to make payment thereof upon such demand.

### **Business Day**

If any day on which any dividend on the Conversion Preference Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day. For the purposes hereof, "**Business Day**" means a day other than a Saturday, Sunday or other day on which banking institutions in the Province of Alberta or the Province of Ontario are authorized or required by law to close.

### **Governing Law**

The Notes and the Indenture will be governed by the laws of the Province of Alberta.

### **DESCRIPTION OF THE CONVERSION PREFERENCE SHARES**

The Corporation is authorized to issue First Preferred Shares and Second Preferred Shares. As of the date hereof, there are no issued and outstanding First Preferred Shares or Second Preferred Shares. The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the First Preferred Shares of the Corporation as a class and to be attached to the Conversion Preference Shares. The Corporation will furnish on request a copy of the text of the provisions attaching to the First Preferred Shares as a class and the Conversion Preference Shares, as a series, and such provisions will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Certain Provisions of the First Preferred Shares as a Class**

Subject to certain limitations, the Board of Directors may, from time to time, issue First Preferred Shares in one or more series without par value and may, before such issuance, fix the designation, rights, privileges, restrictions and conditions attaching to each such series, including but not limited to: the amount (if any) specified as being payable preferentially to such series on the distribution of the assets of the Corporation in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (as well as the extent of any further participation in such a distribution of assets); voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. In accordance with the Corporation's articles, First Preferred Shares are entitled to preference over common shares (and any other shares ranking junior to the First Preferred Shares) with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation (whether voluntary or involuntary).

First Preferred Shares may not be issued if:

- the aggregate number of First Preferred Shares and Second Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of common shares then outstanding;
- the maximum aggregate number of common shares into which all of the First Preferred Shares and Second Preferred Shares then outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of common shares then outstanding; or
- the aggregate number of votes which the holders of all of the First Preferred Shares and the holders of all the Second Preferred Shares then outstanding would be entitled to cast

(regardless of any conditions) at any meeting of shareholders (other than a meeting at which only holders of one or more of the classes or series of First Preferred Shares or Second Preferred Shares are entitled to vote) would exceed 20% of the aggregate number of votes which the holders of all of the common shares then outstanding would be entitled to cast at any such meeting.

## **Certain Provisions of the Conversion Preference Shares**

### ***Unlimited Number***

Subject to compliance with the restrictions set forth above, the Corporation may issue an unlimited number of Conversion Preference Shares in connection with issuances of Notes.

### ***Issue Price***

The Conversion Preference Shares will have an issue price of \$1,000 per share.

### ***Dividends on Conversion Preference Shares***

Holders of the Conversion Preference Shares will be entitled to receive cumulative preferential cash dividends, if, as and when declared by the Board of Directors, subject to the ABCA, at the Perpetual Preference Share Rate, payable on each semi-annual dividend payment date, subject to applicable withholding tax. If the Board of Directors does not declare the dividends, or any part thereof, on the Conversion Preference Shares on or before the dividend payment date for a particular period, such dividends or the unpaid part thereof shall be paid on a subsequent date or dates to be determined by the Board of Directors on which the Corporation shall have sufficient monies properly available, under the provisions of applicable law and under the provisions of any trust or note indenture governing bonds, debentures or other securities of the Corporation, for the payment of the same.

### ***Redemption of Conversion Preference Shares***

The Conversion Preference Shares shall not be redeemable prior to December 10, 2030. Subject to the provisions described under "*Certain Provisions of the Conversion Preference Shares – Restrictions on Payments and Reductions of Capital*" and to the provisions of the ABCA, the Corporation may, at its option, redeem all or any part of the Conversion Preference Shares by the payment of an amount in cash for each share to be redeemed equal to \$1,000: (a) from December 10, 2030 to March 10, 2031; and (b) thereafter, on any semi-annual dividend payment date or any date on which the Perpetual Preference Share Rate is reset in accordance with the terms of the Conversion Preference Shares, in each case, together with all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation). Should any such date not be a Business Day, the redemption date will be the next succeeding Business Day.

Notice of any redemption of Conversion Preference Shares will be given by the Corporation not more than 60 days and not less than 10 days prior to the date fixed for redemption. If less than all of the outstanding Conversion Preference Shares are at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the Board of Directors or the transfer agent, if any, appointed by the Corporation in respect of such shares shall decide, or, if the Board of Directors so decides, such shares may be redeemed pro rata.

### ***Purchase for Cancellation***

Subject to the provisions described under "*Certain Provisions of the Conversion Preference Shares – Restrictions on Payments and Reductions of Capital*", the Corporation may from time to time purchase for cancellation all or any part of the Conversion Preference Shares at any price by tender to all holders of Conversion Preference Shares or through the facilities of any stock exchange on which the Conversion Preference Shares are listed, or in any other manner, provided that in the case of a purchase in any other manner the price for such Conversion Preference Shares so purchased for cancellation shall not exceed

the highest price offered for a board lot of Conversion Preference Shares on any stock exchange on which such shares are listed on the date of purchase for cancellation, plus costs of purchase.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Conversion Preference Shares shall be entitled to receive \$1,000 per whole Conversion Preference Share together with all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by the Corporation) before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the junior shares. After payment to the holders of the Conversion Preference Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Corporation.

### ***Restrictions on Payments and Reductions of Capital***

So long as any Conversion Preference Shares are outstanding, the Corporation shall not:

- call for redemption, purchase, reduce stated capital maintained by the Corporation or otherwise pay off less than all of the Conversion Preference Shares and all other preferred shares of the Corporation then outstanding ranking prior to or on parity with the Conversion Preference Shares with respect to payment of dividends;
- declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Conversion Preference Shares) on the common shares or any other shares ranking junior to the Conversion Preference Shares with respect to payment of dividends; or
- call for redemption of, purchase, reduce stated capital maintained by the Corporation or otherwise pay for any shares of the Corporation ranking junior to the Conversion Preference Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Conversion Preference Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Conversion Preference Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

### ***Voting Rights***

The holders of Conversion Preference Shares shall not be entitled to receive notice of or to attend or vote at meetings of the shareholders of the Corporation, except as required by law.

### ***Tax Election***

The Conversion Preference Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Conversion Preference Shares. The terms of the Conversion Preference Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Conversion Preference Shares. See "*Certain Canadian Federal Income Tax Considerations – Conversion Preference Shares – Dividends*".

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Dentons Canada LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a beneficial holder of Notes who acquires Notes under the Offering and who, for purposes of the Tax Act and at all relevant times: (i) is, or is deemed to be, resident in Canada; (ii) deals at arm's length with and is not affiliated with the Corporation, the Underwriters or any of their affiliates; (iii) holds Notes or any Conversion Preference Shares received upon an Automatic Conversion as capital property (a "**Resident Holder**").

Generally, the Notes and the Conversion Preference Shares will be considered to be capital property to a Resident Holder, provided the Resident Holder does not hold the Notes or Conversion Preference Shares in the course of carrying on a business of buying and selling securities and does not acquire them as part of an adventure or concern in the nature of trade. Certain Resident Holders who might not otherwise be considered to hold their Notes or Conversion Preference Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Notes or Conversion Preference Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in subsequent taxation years, deemed to be capital property. Resident Holders considering such election should consult their own tax advisors.

This summary is not applicable to a Resident Holder: (i) that is a "financial institution" for purposes of the "mark-to-market rules" in the Tax Act; (ii) that is a "specified financial institution" for the purposes of the Tax Act; (iii) that has elected to report its "Canadian tax results" for the purposes of the Tax Act in a currency other than Canadian currency; (iv) an interest in which is a "tax shelter investment" (as defined in the Tax Act); or (v) that has or will enter into a "derivative forward arrangement" (as defined in the Tax Act) with respect to the Notes or Conversion Preference Shares. Such Resident Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Notes and Conversion Preference Shares. In addition, this summary does not address the deductibility of interest by a Resident Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Notes.

This summary is based upon the current provisions of the Tax Act and the regulations promulgated thereunder (the "**Regulations**") in force as of the date hereof, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and Counsel's understanding of the administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing and publicly available prior to the date hereof. This summary is not exhaustive of all Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or CRA administrative policies or assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. While this summary assumes that the Tax Proposals will be enacted in the form proposed, no assurance can be given that such proposals will be enacted in their current form, or at all.

**This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Resident Holder and no representation with respect to the tax consequences to any particular Resident Holder is made. Prospective purchasers of Notes should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Notes having regard to their own particular circumstances.**

### Notes

#### *Interest on the Notes*

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any

interest on the Notes that accrues (or is deemed to accrue) to the Resident Holder to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder, including an individual (other than certain trusts), will be required to include in income for a taxation year all interest on Notes that is received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder's income for a preceding taxation year. In addition, if at any time a Note should become an "investment contract" (as defined in the Tax Act) in relation to a Resident Holder, such Resident Holder will be required to include in computing the Resident Holder's income for a taxation year any interest that accrues to the Resident Holder on the Note up to the end of any "anniversary date" (as defined in the Tax Act) in the year to the extent such interest was not otherwise included in the Resident Holder's income for that year or a preceding taxation year. The investment contract provisions of the Tax Act will generally apply during any Deferral Period to require Resident Holders who would not otherwise include accrued but unpaid interest in their income to include interest that accrues during the Deferral Period on an annual basis.

### ***Dispositions of Notes and Automatic Conversion***

On a disposition or deemed disposition of Notes by a Resident Holder, including a purchase or redemption by the Corporation, an Automatic Conversion, or a repayment by the Corporation upon maturity, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued or been deemed to accrue on the Notes from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder's income for the taxation year or a previous taxation year.

In general, on a disposition or deemed disposition of Notes, a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount required to be included in the Resident Holder's income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition.

Any premium paid by the Corporation to a Resident Holder on the purchase of a Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will generally be deemed to be interest received by the Resident Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by the Corporation on the Note for a taxation year of the Corporation ending after the time of the payment. Such interest will be required to be included in computing the Resident Holder's income in the manner described above.

On an Automatic Conversion, the proceeds of disposition of the Notes held by a Resident Holder will be equal to the fair market value of the Conversion Preference Shares received by the Resident Holder on such conversion except to the extent a portion of such shares are, or are deemed to be, received by the Resident Holder in respect of interest on the Notes. The cost of the Conversion Preference Shares received pursuant to such Automatic Conversion will be the fair market value of each such Conversion Preference Share on the date of acquisition. In general, where a Resident Holder has disposed of Notes at fair market value, there may be deducted in computing the Resident Holder's income the amount of accrued interest included in the Resident Holder's income to the extent such amount was not received or receivable by the Resident Holder in the year of disposition or a previous year.



## **Conversion Preference Shares**

### ***Dividends***

Dividends (including deemed dividends) received on Conversion Preference Shares held by a Resident Holder will be included in computing the Resident Holder's income for purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as eligible dividends in accordance with the provisions of the Tax Act. A Resident Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Resident Holder that is a "private corporation" or "subject corporation" (each as defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Conversion Preference Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the detailed rules set out in the Tax Act. Resident Holders who are individuals are urged to consult their own tax advisors having regard to their particular circumstances.

The Conversion Preference Shares will be "taxable preferred shares" (as defined in the Tax Act). The terms of the Conversion Preference Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Resident Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Conversion Preference Shares.

### ***Dispositions of Conversion Preference Shares***

A Resident Holder who disposes of or is deemed to dispose of Conversion Preference Shares (other than as discussed under the heading "*Conversion Preference Shares – Redemption or Other Acquisition by the Corporation*" below) will generally realize a capital gain (or a capital loss) to the extent that the Resident Holder's proceeds of disposition exceed (or are less than) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition.

### ***Redemption or Other Acquisition by the Corporation***

If the Corporation redeems for cash or otherwise acquires the Conversion Preference Shares (other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market), the Resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital of such shares for purposes of the Tax Act at such time. Such deemed dividend will be subject to the treatment described under the heading "*Conversion Preference Shares – Dividends*" above. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on a disposition of such shares.

### ***Taxation of Capital Gains and Capital Losses***

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year will generally be included in the Resident Holder's income for the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Any excess allowable capital losses over taxable capital

gains of the Resident Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

If the Resident Holder is a corporation, any capital loss realized on a disposition or deemed disposition of Conversion Preference Shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such Conversion Preference Shares (or any share for which any Conversion Preference Share has been substituted). Similar rules may apply where a corporation is a member of a partnership or beneficiary of a trust that owns Conversion Preference Shares, or where a partnership or trust which a corporate Resident Holder is a member or beneficiary is itself a member of a partnership or a beneficiary of a trust that owns Conversion Preference Shares.

A Resident Holder that is an individual, including certain trusts, may be liable for alternative minimum tax as a result of realizing a capital gain.

### ***Additional Refundable Tax***

A Resident Holder that is, throughout the year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act), including amounts in respect of interest, dividends received or deemed to be received that are not deductible in computing income for a year and the amount of any taxable capital gains.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Dentons Canada LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the Regulations in force as of the date hereof: (i) the Notes, if issued on the date hereof, would be qualified investments under the Tax Act as of the date hereof for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which the employer is the Corporation or an entity which does not deal at arm's length with the Corporation) or tax-free savings account ("**TFSA**"); and (ii) provided that the Corporation is a public corporation for the purposes of the Tax Act, at the time of their issuance, the Conversion Preference Shares received upon an Automatic Conversion will, at that time, be qualified investments under the Tax Act for a trust governed by a RRSP, RRIF, RESP, RDSP, deferred profit sharing plan or TFSA.

Notwithstanding that the Notes or Conversion Preference Shares received upon an Automatic Conversion may be qualified investments for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under a RRSP or RRIF, the subscriber of a RESP or the holder of a RDSP or a TFSA will be subject to a penalty tax with respect to the Notes or Conversion Preference Shares, as applicable, if the Notes or Conversion Preference Shares are a "prohibited investment" for the RRSP, RRIF, RESP, RDSP or TFSA, as applicable. The Notes and the Conversion Preference Shares will generally not be a "prohibited investment", provided that the annuitant, the subscriber or the holder, as applicable: (a) deals at arm's length with the Corporation for purposes of the Tax Act; and (b) does not have a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Corporation. In addition, the Conversion Preference Shares will generally not be a "prohibited investment" for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA if they are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for such trusts.

**Prospective purchasers should consult their own tax advisors regarding their own particular circumstances.**

## **RISK FACTORS**

An investment in the Notes or Conversion Preference Shares involves certain risks, including those set out in this Prospectus Supplement, the Prospectus or in any documents incorporated by reference

therein, and those inherent to the industry in which Keyera operates. Before investing in any Notes, prospective investors should carefully consider the risks described in this Prospectus Supplement and the Prospectus, including the documents incorporated therein by reference. As an investment in the Notes may become an investment in the Conversion Preference Shares following the occurrence of an Automatic Conversion, potential investors should consider the risks set out in this Prospectus Supplement and the Prospectus, including the documents incorporated therein by reference, regarding the Conversion Preference Shares and the First Preferred Shares, in addition to the risks relating to the Notes. Prospective investors should also consider the categories of risks identified and discussed in the AIF and the Annual MD&A, which are incorporated by reference into the Prospectus. Among the risk factors that should be considered by prospective investors include the following.

### **Risks Related to the Notes and the Conversion Preference Shares**

#### ***Noteholders will only have rights as an equity holder in the event of bankruptcy or insolvency.***

In the event of the occurrence of the Automatic Conversion, with the result that the Noteholders receive Conversion Preference Shares on conversion of such Notes, the only claim or entitlement of each Noteholder will be in its capacity as a shareholder of the Corporation. See "*Description of Notes – Automatic Conversion*" and "*Risks Related to the Notes and the Conversion Preference Shares*".

#### ***The Second Supplemental Indenture under which the Notes will be issued does not restrict the Corporation's ability to issue or become liable for additional indebtedness.***

The Principal Indenture restricts the Corporation's ability, for the benefit of the holders of Senior Indebtedness, to issue or become liable for Funded Debt (as defined therein), which may constitute Senior Indebtedness. Pursuant to the Second Supplemental Indenture, Noteholders do not have the benefit of this restriction. As a result, the amount of additional indebtedness, including indebtedness ranking prior to or equally with the Notes, for which the Corporation may issue or become liable is not restricted.

#### ***The Notes are subordinated in right of payment and the Second Supplemental Indenture under which the Notes will be issued does not restrict the Corporation's ability to incur liens.***

The Corporation's obligations under the Notes will be subordinated in right of payment to the Corporation's Senior Indebtedness. This means that the Corporation will not be permitted to make any payments on the Notes if the Corporation defaults on a payment of principal of, premium, if any, or interest on any such Senior Indebtedness or there shall occur an event of default under such Senior Indebtedness and the Corporation does not cure the default within the applicable grace period, if the holders of the Senior Indebtedness have the right to accelerate the maturity of such indebtedness or if the terms of such Senior Indebtedness otherwise restrict the Corporation from making payments to junior creditors. See "*Description of the Notes – Subordination*". The Corporation's Senior Indebtedness as of March 8, 2021 was approximately \$2.6 billion.

In addition to the contractual subordination described above, the Notes are not guaranteed by the Corporation's subsidiaries and are thus structurally subordinated to all of the debt of these subsidiaries. As at March 8, 2021, the long-term debt (excluding current portion, as well as guarantees and intercompany obligations between the Corporation and its subsidiaries) of the Corporation and its subsidiaries totaled approximately \$3.2 billion.

The Second Supplemental Indenture does not restrict the Corporation's ability to incur liens. Lienholders will have a claim on the assets securing their indebtedness that is prior in right of payment to the Corporation's general unsecured creditors, including the Noteholders.

Furthermore, in the event of an insolvency or liquidation of the Corporation, the claims of creditors of the Corporation would be entitled to a priority payment over the claims of holders of equity interests of the Corporation, such as the Conversion Preference Shares. See "*Risk Factors – Noteholders will only have Rights as an Equity Holder in the Event of Bankruptcy or Insolvency*" and "*Risk Factors – The*

*Conversion Preference Shares will be treated as equity in the event of an insolvency or winding-up of the Corporation."*

***The Corporation may redeem the Notes before the Maturity Date.***

The Corporation may redeem the Notes in the circumstances described under "*Description of the Notes – Redemption Right*". These redemption rights may, depending on prevailing market conditions at the time, create reinvestment risk for the Noteholders in that they may be unable to find a suitable replacement investment with a comparable return to the Notes.

***Deferral of Interest Payments.***

So long as no event of default has occurred and is continuing, subject to certain exceptions, the Corporation may elect, at its sole option, to defer the interest payable on the Notes on one or more occasions for up to five consecutive years as described under "*Description of the Notes – Deferral Right*". There is no limit on the number of Deferral Periods that may occur. Such deferral will not constitute an event of default or any other breach under the Notes and the Indenture.

***Market for the Notes.***

It is not expected that the Notes will be listed on any stock exchange. This may affect the pricing of the Notes in the secondary market, the transparency and availability of trading prices, and the liquidity of the Notes. There can be no assurance that an active trading market will develop or be sustained or that the Notes may be resold at or above the initial public offering price. In addition, the ability of a holder to pledge Notes or otherwise take action with respect to such holder's interest in Notes (other than through a participant in the Depository through which the Notes are held) may be limited due to the lack of a physical certificate.

***The Corporation has a number of operating subsidiaries and, as a result, is dependent on these subsidiaries to generate sufficient cash and distribute cash to the Corporation to service the Corporation's indebtedness, including the Notes.***

The Corporation's ability to make payments on its indebtedness, fund its ongoing operations and invest in capital expenditures and any acquisitions will depend in part on its operating subsidiaries' ability to generate cash in the future and distribute that cash to the Corporation.

***Prevailing interest rates will affect the market value of the Notes.***

Future trading prices of the Notes will depend on many factors, including prevailing interest rates, foreign exchange movements, the market for similar securities, general economic conditions and the Corporation's financial condition, performance, prospects and other factors. In particular, prevailing interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

***Market for the Conversion Preference Shares.***

There is currently no market through which the Conversion Preference Shares may be sold and purchasers of Notes that are subsequently converted into Conversion Preference Shares may not be able to resell the Conversion Preference Shares. The price offered to the public for the Notes and the principal amount of Notes to be issued have been determined by negotiations among the Corporation and the Underwriters. The price paid for each Note may bear no relationship to the price at which the Conversion Preference Shares issuable on conversion of the Notes may trade subsequent to this Offering. The Corporation cannot predict at what price the Conversion Preference Shares may trade and there can be no assurance that an active trading market will develop for the Conversion Preference Shares or, if developed,

that such market will be sustained. The Corporation is under no obligation to list the Conversion Preference Shares on any stock exchange or other market.

***The right of holders of Conversion Preference Shares to receive dividends is subject to the discretion of the Board of Directors.***

Holders of Conversion Preference Shares will not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is in the discretion of the Board of Directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends. Provisions of various trust indentures and credit arrangements to which the Corporation is a party restrict the Corporation's ability to declare and pay dividends under certain circumstances and, if such restrictions apply, they may, in turn, have an impact on the Corporation's ability to declare and pay dividends on the Conversion Preference Shares. In addition, the Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Corporation will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Corporation under guarantees in respect of which a demand for payment has been made.

***Credit ratings applied to the Notes and credit ratings that may be applied to the Conversion Preference Shares may affect the market price or value and the liquidity of the Notes and Conversion Preference Shares.***

The credit ratings applied to the Notes, and the credit ratings that may be applied to the Conversion Preference Shares issuable on conversion of the Notes, are an assessment by S&P and DBRS of the Corporation's ability to pay its obligations. The credit ratings are based on certain assumptions about the future performance and capital structure of the Corporation that may or may not reflect the actual performance or capital structure of the Corporation. Changes in credit ratings of the Notes and the Conversion Preference Shares issuable on conversion of the Notes may affect the market price or value and the liquidity of the Notes and Conversion Preference Shares, as applicable. There is no assurance that any credit rating assigned to the Notes or the Conversion Preference Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency.

***The Conversion Preference Shares will be treated as equity in the event of an insolvency or winding-up of the Corporation.***

The Conversion Preference Shares are equity capital of the Corporation which rank equally with the Corporation's other preference shares, if any, in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation's assets must be used to pay debt and other liabilities before payments may be made on the Conversion Preference Shares and other preference shares, if any.

***The Conversion Preference Shares do not have a fixed maturity date.***

The Conversion Preference Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Conversion Preference Shares. The ability of a holder to liquidate its holdings of Conversion Preference Shares may be limited.

***The Corporation may choose to redeem the Conversion Preference Shares from time to time.***

The Corporation may choose to redeem the Conversion Preference Shares from time to time, in accordance with its rights described under "*Description of the Conversion Preference Shares – Redemption of Conversion Preference Shares*". The amount payable upon redemption may be subject to withholding tax. In addition, if prevailing interest rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield

on the Conversion Preference Shares being redeemed. The Corporation's redemption right also may adversely impact a purchaser's ability to sell Conversion Preference Shares.

***Holders of Conversion Preference Shares will have limited voting rights.***

Holders of Conversion Preference Shares will not be entitled to receive notice of or to attend or vote at meetings of the shareholders of the Corporation, except as required by law. See "*Description of the Conversion Preference Shares – Voting Rights*".

**LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Dentons Canada LLP.

**INTEREST OF EXPERTS**

As at the date of this Prospectus Supplement, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Dentons Canada LLP, as a group, each beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation.

Deloitte LLP is the external auditor of Keyera and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

**AUDITOR, TRANSFER AGENT AND REGISTRAR**

Keyera's auditor is Deloitte LLP, Chartered Professional Accountants.

The transfer agent and registrar for the Notes is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: March 8, 2021

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

**CIBC WORLD MARKETS INC.**

By: (signed) "*Sean Gilbert*"

**RBC DOMINION SECURITIES INC.**

By: (signed) "*James Wetmore*"

**TD SECURITIES INC.**

By: (signed) "*Mark Laing*"

**BMO NESBITT BURNS INC.**

By: (signed) "*Andrew Macpherson*"

**NATIONAL BANK FINANCIAL  
INC.**

By: (signed) "*Tushar Kittur*"

**SCOTIA CAPITAL INC.**

By: (signed) "*Patrick Breithaupt*"

**MUFG SECURITIES (CANADA),  
LTD.**

By: (signed) "*Jason Stanger*"

**ATB CAPITAL MARKETS INC.**

By: (signed) "*Michael de Carle*"

**PETERS & CO. LIMITED**

By: (signed) "*Cameron Plewes*"