

# PRIMEWEST MORTGAGE INVESTMENT CORPORATION

## 2016 Share Retraction (Redemption) Process

This document explains the retraction/redemption process in respect of the Class A Shares ("**Shares**") of PrimeWest Mortgage Investment Corporation (the "**Corporation**"). The attached Schedule "A" forms part of the Articles of the Corporation, and provides the full details relating to the retraction and redemption process.

The following are some important points relating to the retraction process, but please refer to the attached Schedule "A" for full particulars of the process:

1. In Section 1(e)(i) in the attached Schedule "A", "redemptions" are discussed. Redemptions refer to redemptions initiated by the Corporation. Section 1(e)(ii) refers to "retractions". Retractions are redemptions that are initiated by Shareholders. The discussion below relates to retractions.
2. In each calendar year, retraction requests can only be made by Shareholders during the period April 1 to April 30. A Notice requesting a retraction must be received by the Corporation during this period of time. Please see the definition of "Notice" in Schedule "A", which states how Notices can be sent and when Notices are deemed to be received by the Corporation.
3. Attached hereto is a form of Share Retraction Notice that can be used by Shareholders if they wish to retract any Shares.
4. Please note the definition of "Redemption Value" contained in the attached Schedule "A". The Redemption Value per Share for this year will be \$9.82, plus any accrued but unpaid dividends up to the date of the Notice. The Redemption Value for any Shares that are retracted this year will be paid no later than July 31, 2016.
5. Please note that only registered Shareholders are entitled to retract Shares. Accordingly, you will see that the attached form of Share Retraction Notice will need to be signed by the registered Shareholder or the registered Shareholder's legal representative. This means that if Shares that are beneficially owned by a person are registered in the name of someone else,

such as a securities dealer or stockbroker, or other financial intermediary, then the beneficial Shareholder will need to speak to your financial intermediary in order to process any retraction request.

6. Please note the provisions of Section 1(e)(ii)(4) in the attached Schedule "A", which set out priority rules relating to retraction requests that are received by the Corporation.
7. Please also note the provisions of Section 1(e)(iii) in the attached Schedule "A", which set out certain restrictions on retractions that can be made in any fiscal year of the Corporation.

The Corporation also reminds Shareholders that the Shares of the Corporation are now listed on the Canadian Securities Exchange (CSE) under the symbol PRI. Accordingly, Shareholders wishing to retract Shares might also want to consider selling their Shares instead on the CSE.

If you have any questions regarding the retraction process, please contact the following person:

Marlene Kaminsky, CPA, CMA  
Acting Chief Financial Officer  
700, 750 Spadina Cr E  
Saskatoon, SK S7K 3H3  
Phone: 306-651-4550  
Fax: 306-955-9511  
[mkaminsky@primewestmortgage.ca](mailto:mkaminsky@primewestmortgage.ca)

### Schedule "A"

1. **An unlimited number of Class "A" shares, the holders of which, or the Corporation, as applicable, are entitled:**
  - a. **Definitions:** For the purposes of this paragraph 1, the following terms shall have the following meanings:
    - i. **"Act"** means *The Business Corporations Act* (Saskatchewan);
    - ii. **"Business Day"** means any day other than a Saturday, a Sunday or a day observed as a holiday under the laws of Saskatchewan;
    - iii. **"Effective Date"** means that date which shall be no later than 30 Business Days after the date the Notice referred to in paragraph 1(e)(i)(2) is deemed to have been given.
    - iv. **"Notice"** means the written notice referred to in paragraphs 1(e)(i)(2) and 1(e)(ii)(2) herein, respectively. Notice shall be delivered in person, by facsimile at the facsimile number indicated from time to time on the Corporation's website, or mailed by letter, postage prepaid, addressed to the Corporation or the Class "A" shareholder, as the case may be. Notice is deemed to have been given two Business Days from and after the date the Notice is mailed, or, if delivered in person, on the date of such delivery or, if delivered by facsimile message, on the first Business Day following the date that the message was sent;
    - v. **"Redemption Fee"** means in respect of a Class "A" share that is being redeemed pursuant to paragraph 1(e)(ii) herein within one year of the original date of purchase of such Class "A" share, an early redemption fee of 3% of the Redemption Value of such Class "A" share to be redeemed. The Board of Directors of the Corporation may, at its sole discretion, waive payment of any Redemption Fee;
    - vi. **"Redemption Price"** with respect to each Class "A" share means the lesser of:
      1. \$10.00; and
      2. the book value per Class "A" share, as stated in the most recent audited annual financial statements of the Corporation; and
    - vii. **"Redemption Value"** with respect to each Class "A" share being redeemed, means the Redemption Price, plus any dividends thereon effective to the date of the Notice, which have been declared but not paid, plus any dividends accruing due thereon to the date of the Notice pursuant to the provisions of the Articles of the Corporation to the extent the same have not been declared.
  - b. **Voting Privileges:** To vote at all meetings of shareholders, except meetings at which only holders of another specified class of shares are entitled to vote, and for this purpose a holder shall be entitled to one vote in respect of each Class "A" share held by the holder.

c. **Liquidation & Dissolution:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the property and assets of the Corporation among its shareholders for the purpose of winding up its affairs, but subject to the rights, if any, of the holders of Class "B" shares or any series thereof, the holders of the Class "A" shares shall be entitled to share equally, share for share, in all distribution of the property and assets of the Corporation.

d. **Dividend Entitlement:** Subject to the rights, if any, of the holders of the Class "B" shares or any series thereof, to any lawful dividend per Class "A" share at the time the same is declared by the Board of Directors of the Corporation in its sole and absolute discretion.

e. **Redemption/Retraction:**

i. **Redemption:**

1. **Right of Redemption:** Subject to the provisions of the Act and paragraph 1(e)(iii), the Corporation at its option shall have the right to redeem Class "A" shares, at the Redemption Value per Class "A" share with respect to each Class "A" share being so redeemed. Upon the Corporation exercising its option to redeem, the Board of Directors of the Corporation shall determine first that all or some portion of the issued and outstanding Class "A" shares are to be redeemed and, if the redemption is to be of only a portion of the issued and outstanding Class "A" shares of the Corporation, those Class "A" shares which are to be redeemed.

2. **Exercise of Right to Redeem:** To exercise the option granted in this paragraph 1(e)(i), the Corporation shall provide Notice to the holder of the Class "A" shares to be redeemed, which Notice shall state the number of Class "A" shares to be redeemed, the aggregate Redemption Value of the Class "A" shares to be redeemed and the Effective Date of such redemption.

ii. **Retraction:**

1. **Right of Retraction:** Subject to the provisions of the Act and paragraph 1(e)(iii), a holder of Class "A" shares, or the holder's legal representative, may, at its option, request the Corporation to redeem the whole or any portion of the Class "A" shares registered in the name of such holder at and for the Redemption Value per Class "A" share with respect to each Class "A" share being so redeemed less any applicable Redemption Fee.

2. **Exercise of Right to Retract:** To exercise the option granted in this paragraph 1(e)(ii), a holder of Class "A" shares, or such holder's legal representative, must provide Notice to the Corporation during the period April 1 to and including April 30 in a particular year (the "**Retraction Period**") which Notice must state the number of Class "A" shares to be redeemed by the Corporation.

3. **Determination of Price and Time of Payment:** Upon receipt of audited financial statements of the Corporation in respect of the fiscal year ended

immediately prior to the Retraction Period, the Corporation shall, on or before July 31<sup>st</sup> of the then current year and subject to the provisions of the Act and paragraph 1(e)(iii) hereof, redeem the shares to be redeemed at a price equal to the Redemption Value thereof, determined as at the date of the applicable Notice.

4. Priority: Subject to the provisions of paragraph 1(e)(iii), the aggregate of all requests to redeem Class "A" shares received within a Redemption Period shall be determined by the Corporation and redemptions shall occur on a pro rata basis, based upon the number of Class "A" shares that each applicable shareholder is requesting be redeemed, in the following amounts, in the discretion of the Board of Directors:
  - a. To a maximum of 10% of the issued and outstanding Class "A" shares;
  - b. To a maximum of that lesser number of Class "A" shares determined by the Board of Directors, if restrictions under The Business Corporations Act (Saskatchewan) apply;
  - c. If restrictions under The Business Corporations Act (Saskatchewan) are met, to a maximum of that number of Class "A" shares determined by the Board of Directors in its discretion, if redemption of more than 10% of the issued and outstanding Class "A" shares is to occur; and
  - d. The estate of a deceased shareholder or a shareholder requesting redemption due to personal hardship will, in the discretion of the Board of Directors, and to the extent permitted, be given priority by the Corporation in effecting requests for redemption of Class "A" shares.

**iii. Restriction on Number of Class "A" Shares to be Redeemed:**

1. Notwithstanding anything herein contained to the contrary, the Corporation will only be required under paragraph 1(e)(ii) hereof to redeem in any fiscal year a maximum of 10% of the issued and outstanding Class "A" shares. The Board may at its discretion waive the restriction and increase the number of Class "A" shares that the Corporation may redeem in any fiscal year.
2. Any Class "A" shares which the Corporation has not redeemed in a fiscal year because of such limitation will, subject to the provisions of the Act, be redeemed in the following fiscal year, but only if such limitation can be complied with in that year, before the Corporation redeems any other Class "A" shares. For such purposes, the request to redeem such shares will be deemed to have been received by the Corporation on the first day of the Retraction Period in the following fiscal year in the order that they were originally received by the Corporation.



## SHARE RETRACTION NOTICE

Request for retraction (redemption) of PrimeWest shares held in CUSIP 741604102 - Class A

Name of Registered Shareholder \_\_\_\_\_

Address of Registered Shareholder \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Number of Shares Held \_\_\_\_\_

Number of Shares Requested to be Retracted (Redeemed) \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder or Legal  
Representative of Shareholder

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date