

PrimeWest Mortgage Investment Corporation

Shareholder Information Bulletin

September 2017

OVERVIEW

Management and the Board of Directors are pleased to report that the efforts undertaken over the past year are beginning to yield results.

In tandem with the detailed review of the mortgage portfolio, the Corporation undertook extensive cost cutting and stabilization measures. Efforts to resolve non-performing loans in Saskatchewan is a slow process. The uncertainties of under secured mortgages and a fragile credit line forced PrimeWest to defer any plans to finance new mortgage investment.

The Corporation found it necessary to receive an injection of \$1,500,000 under a debenture secured financing obtained from a third party, as well as to receive a temporary increase to the Line of Credit facilities. The temporary increase to the Line of Credit expired in March 2017. The debenture secured financing was repaid in full by July 31, 2017. Management's success in obtaining mortgage payouts, pursuing judicial sales and sales of assets taken in settlement of debt made the repayment possible.

Fifteen months have now passed since the detailed review began. The Corporation recorded specific and collective allowances for loan losses where it was determined that facts and circumstances existed at December 31, 2015 and 2014. The audited December 31, 2016 financial statements included restated previously reported 2015 Statement of Financial Position and 2015 Statement of Comprehensive income and an adjustment to 2015 opening retained earnings. The Net Asset Value of the Corporation as stated in the December 31, 2016 financial statements was \$6.50 per share.

We are pleased that the Net Asset Value has remained relatively stable. The 2nd Quarter Financial Statements for the six month period ending June 30, 2017 have been filed showing an unaudited Net Asset Value of \$6.40 per share.

Management continues to oversee two large delinquent loans which exist within the mortgage portfolio.

In July 2017, the Corporation was successful in utilizing its available line of credit in order to advance its position on the third large non performing mortgage. The Corporation then acquired title to 16 condo units and has begun to market them. The significance of this realization was instrumental as court action being taken by the first charge lender could have resulted in substantial loss to PrimeWest.

Proceeds have since been received from the sale of two of the condo units and marketing of further units appears positive.

The Board and Management are of the view, that with proceeds now being received by the Corporation, future plans should include new mortgage investment and growth.

MOVING FORWARD

Management and the Board are now taking steps to pursue and finance new mortgage investments.

While Lending Guidelines applicable to a well-run mortgage investment corporation have been in place since PrimeWest Mortgage Investment Corporation was established, the guidelines have now been tightened with the elimination of funding on 2nd mortgages, rural properties and the requirement of Credit Committee approval on any exceptions. Management and staff are focused on ensuring the borrowing policies and guidelines are properly adhered to so that PrimeWest Mortgage Investment Corporation can be returned to its status as a profitable mortgage investment corporation.

The receipt of funds from realized properties, sales and mortgage repayments together with the line of credit is sufficient to permit new mortgage loans to be underwritten with no need to pursue additional capital investment.

The Corporation will continue to operate with low overheads, utilizing contract services on an “as required” basis. The main lending focus will be in Saskatoon and Regina. Contact is being made with mortgage brokers and third party loan providers to properly identify and secure new mortgage lending.

PrimeWest Mortgage Investment Corporation Notice

This bulletin was prepared by the Corporation to provide timely information to the shareholders, and it is not intended to supplement or replace disclosure requirements under National Instrument 51-102 or the Canadian Securities Exchange. Financial change has occurred since June 2016 and Management and the Board wish to provide information to shareholders as to prudent action being taken to attain the best interests of the Corporation.

This communication contains forward-looking information and statements about PrimeWest Mortgage Investment Corporation, including comments about financial projections and assumptions respecting the future plans and operations regarding future performance.

Management and the Board believe the forward-looking statements are reasonable, however shareholders and investors are cautioned that such statements are subject to various risks and uncertainties which are difficult to predict and are beyond the control of PrimeWest Mortgage Investment Corporation.

The forward-looking statements refer solely to the date on which they are made public, and do not constitute a guarantee of future performance and have not been reviewed by the external auditors.

Important Information:

This document does not constitute an offer or invitation to purchase or subscribe for shares. Further important information respecting the Corporation can be found on Sedar at www.sedar.com, the Canadian Securities Exchange and the PrimeWest Mortgage Investment Corporation website.

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