

PrimeWest Mortgage Investment Corporation

Shareholder Information Bulletin

June 2019

UPDATE:

Management and the Board of Directors wish to report certain events since the filing of the March 31, 2019 First Quarter Financial Statements on May 28, 2019, which are viewed as important to the Corporation and its shareholders. Since March 31, 2019 the payouts of one large commercial mortgage and one residential mortgage have been completed. Proceeds in the sum of \$2,438,000 have been realized and the Line of Credit has since been reduced to zero.

As of May 31, 2019 PrimeWest has successfully reduced its mortgage portfolio to 19 loans outstanding with a Gross Carrying Value of \$9,968,326. Expected Credit Losses as of May 31, 2019 are \$8,164,036 leaving a Net Carrying Value of \$1,804,290. Approximately 84% of the Expected Credit Losses at May 31, 2019 can be attributed to 3 commercial loans representing \$6,885,459 in losses. Of the 19 loans, 7 are performing but are challenging to exit, 3 are listed for judicial sale, 2 are in the foreclosure process, and three have deficiency judgements registered against them. Included in these loans is an offer for sale of \$170,000 for which court approval is currently being sought. The large commercial hotel loans at Swift Current and Medicine Hat remain non-performing and based on fair market appraisals of these properties it is unlikely any positive outcome will be realized from these assets.

As of May 31, 2019 the fair value of the Assets taken in settlement of debt was \$5,032,678. This amount will be reduced by a judgement for \$38,000 which is pending payout to the Corporation and a sale of a duplex with a pending payout of \$222,300. Proceeds have been received by the solicitors and will be issued to the Corporation in due course. Management has enhanced efforts through increased advertising and marketing to sell the residential high-rise condos remaining in Regina. Regina realtors advise residential property markets have improved in 2019 which merits this action.

The Audited Financial Statements for the year ended December 31, 2018 reflected the Net Asset Value at \$3.93 per share. First Quarter Financial Statements for the three month period ending March 31, 2019 reflected an unaudited Net Asset Value of \$3.90 per share.

Management continues to review mortgage applications for quality short term mortgages in the Regina and Saskatoon markets. The Corporation has liquid assets in excess of \$615,000 and a margined operating line of credit available in the sum of \$2,900,000. A number of applications have been received, however the quality and location (external to Regina and Saskatoon) have not permitted any new funding.

Prime West has been successful in reducing operating costs and overheads; and required services are being carefully monitored. The performing loans are being evaluated to determine the ability to offer for third party fair market sale. Management and the Board of Directors have engaged a Third Party to provide advice on continued operations and potential disposition of assets while facing shareholder litigation.

The Annual General Meeting will be held in Regina on September 24, 2019 at which time Management and the Board of Directors intend to make recommendations to the Corporation's shareholders on the future of PrimeWest Mortgage Investment Corporation.

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.

This communication may contain 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.

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.

Any 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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