



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

Trez Capital Senior Mortgage Investment Corporation

Corporate name / Dénomination sociale

832936-2

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Marcie Girouard

Director / Directeur

2012-11-21

Date of Amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



-
- 1 Corporate name
Dénomination sociale
Trez Capital Senior Mortgage Investment Corporation
-
- 2 Corporation number
Numéro de la société
832936-2
-
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante

The corporation amends the description of classes of shares as follows:
La description des catégories d'actions est modifiée comme suit :
See attached schedule / Voir l'annexe ci-jointe

The corporation amends the restrictions on share transfers as follows:
Les restrictions sur le transfert d'actions sont modifiées comme suit :
To remove the restrictions on share transfers set out in article 4 of the articles of the Corporation.

The corporation amends the other provisions as follows:
Les autres dispositions sont modifiées comme suit :
See attached schedule / Voir l'annexe ci-jointe

-
- 4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Alexander (Sandy) Manson

Alexander (Sandy) Manson
604-630-0775

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).
Nota : Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou de l'une de ces deux peines (paragraphe 250(1) de la LCSA).

**SCHEDULE
DESCRIPTION OF CLASSES OF SHARES**

1. to change the one issued and outstanding common share of the Corporation into 0.1 of a common share of the Corporation;
2. to redesignate the common shares provided for in the articles of incorporation as voting shares;
3. to create an unlimited number of shares of a second class designated as Class A shares;
4. to create an unlimited number of shares of a third class designated as Class B shares;
5. to create an unlimited number of shares of a fourth class designated as Class F shares;
6. to create an unlimited number of shares of a fifth class designated as Class I shares; and
7. to provide that the rights, privileges, restrictions and conditions attaching to the Class A shares, Class B shares, Class F shares, Class I shares and voting shares are as set out below.

A. INTERPRETATION

1. Unless otherwise provided herein, in the event that any day on or by which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on the next succeeding day that is a Business Day.
2. Unless otherwise provided herein, the term “close of business” means 4:00 p.m. (Toronto time) or such other time as may be established by the Manager.
3. As used herein:
 - (a) “**ABCP**” means asset backed commercial paper;
 - (b) “**Act**” means the *Canada Business Corporations Act*, as amended from time to time;
 - (c) “**Annual Redemption Date**” means the last Business Day of June each year, beginning in 2014;
 - (d) “**Annual Redemption Notice Period**” means the period from the first Business Day of May (annually, starting in 2014) until 4:00 p.m. (Toronto time) on the 15th day of May, or the immediately preceding Business Day in the event that the 15th day of May is not a Business Day;
 - (e) “**Annual Redemption Payment Date**” means the 15th day of July each year, beginning in 2014;

- (f) “**Annual Redemption Price**” means the applicable NAV per Share on the applicable Annual Redemption Date, less any costs associated with such redemption;
- (g) “**Authorized Interim Investments**” means cash and guaranteed investment certificates;
- (h) “**Automatic Repurchase Shareholder**” has the meaning ascribed to it in Section H;
- (i) “**Automatic Repurchase**” has the meaning ascribed to it in Section H;
- (j) “**Business Day**” means any day on which there is a regular trading session of the TSX;
- (k) “**Class A Share**” means a Class A share in the capital of the Corporation;
- (l) “**Class A Shareholder**” means a holder of a Class A Share;
- (m) “**Class B Exchange Ratio**” means, in respect of a Monthly Exchange Date or Monthly Redemption Date, a fraction, the numerator of which is the NAV per Share of a Class B Share on such date and the denominator of which is the NAV per Class A Share on such date;
- (n) “**Class B Share**” means a Class B share in the capital of the Corporation;
- (o) “**Class B Shareholder**” means a holder of a Class B Share;
- (p) “**Class F Exchange Ratio**” means, in respect of a Monthly Exchange Date or Monthly Redemption Date, a fraction, the numerator of which is the NAV per Share of a Class F Share on such date and the denominator of which is the NAV per Class A Share on such date;
- (q) “**Class F Share**” means a Class F share in the capital of the Corporation;
- (r) “**Class F Shareholder**” means a holder of a Class F Share;
- (s) “**Class I Exchange Ratio**” means, in respect of a Monthly Exchange Date or Monthly Redemption Date, a fraction, the numerator of which is the NAV per Share of a Class I Share on such date and the denominator of which is the NAV per Class A Share on such date;
- (t) “**Class I Share**” means a Class I share in the capital of the Corporation;
- (u) “**Class I Shareholder**” means a holder of a Class I Share;
- (v) “**Commitment Fee**” means a one-time fee, net of the amount paid as compensation to the originator for sourcing the Mortgage, paid by a borrower to the Corporation in return for obtaining a commitment for

Mortgage financing, stated either as a fixed dollar amount or a percentage of the principal amount of the Mortgage;

- (w) **“Distributions”** means any distributions paid in any form by the Corporation on any of the Shares, including without limitation:
 - (i) dividends;
 - (ii) payments made on a reduction of capital; or
 - (iii) any combination of any such distributions;
- (x) **“Exchange Feature”** has the meaning ascribed to it in Section G;
- (y) **“first ranking Mortgage”** means a Mortgage where there is no other person that holds a prior registered mortgage on the same Real Property;
- (z) **“Investment Objectives”** means the investment objectives of the Corporation as defined and set forth in paragraph 7 (Other Provisions) of the articles of the Corporation;
- (aa) **“Investment Restrictions”** means the investment restrictions of the Corporation as defined and set forth in paragraph 7 (Other Provisions) of the articles of the Corporation;
- (bb) **“Loan-to-Value”** means the ratio, expressed as a percentage, determined by $A/B * 100$ where:
 - (i) A = the principal amount of the Corporation’s interest in the Mortgage, together with all other equal and prior ranking mortgages on the Real Property, and
 - (ii) B = the appraised market value of the Real Property securing the Mortgage at the time of funding the Mortgage or its most recent renewal, whichever occurs later;
- (cc) **“Management Agreement”** means the management agreement dated as of November 21, 2012 between the Manager and the Corporation, as it may be supplemented, amended and/or restated from time to time in accordance with its terms;
- (dd) **“Manager”** means Trez Capital Fund Management Limited Partnership, its successors or assigns, or such other manager appointed by the Corporation from time to time;
- (ee) **“Market Price”** means the closing price of the Class A Shares on the TSX (or such other stock exchange on which the Class A Shares may be listed) on the relevant Monthly Redemption Date or, if there was no trade on such

Monthly Redemption Date, the average of the last bid and the last asking prices of the Class A Shares on such stock exchange on the Monthly Redemption Date;

- (ff) “**MIC**” means a “mortgage investment corporation” as defined under the Tax Act;
- (gg) “**Monthly Exchange Date**” means, with respect to the exercise of the Exchange Feature, the last Business Day of each month;
- (hh) “**Monthly Redemption Date**” means the last Business Day of each month (other than a month during which an Annual Redemption Date occurs);
- (ii) “**Monthly Redemption Notice Period**” means the period from the 10th day of each month (other than a month during which an Annual Redemption Date occurs) until 4:00 p.m. (Toronto time) on the 15th day of such month, or the immediately preceding Business Day in the event that the 15th day is not a Business Day;
- (jj) “**Monthly Redemption Payment Date**” means the 15th day of the month following the applicable Monthly Redemption Date;
- (kk) “**Monthly Redemption Price**” means, on a Monthly Redemption Date:
 - (i) in respect of a Class A Share, the lesser of: (a) 95% of the Trading Price; and (b) the Market Price on the applicable Monthly Redemption Date;
 - (ii) in respect of a Class B Share, the product of (a) the Monthly Redemption Price of a Class A Share; and (b) the Class B Exchange Ratio;
 - (iii) in respect of a Class F Share, the product of (a) the Monthly Redemption Price of a Class A Share; and (b) the Class F Exchange Ratio; and
 - (iv) in respect of a Class I Share, the product of (a) the Monthly Redemption Price of a Class A Share; and (b) the Class I Exchange Ratio;
- (ll) “**Mortgage**” means an interest in a mortgage, a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), a hypothecation, a deed of trust, a charge or other security interest of or in Real Property used to secure obligations to repay money by a charge upon the Real Property;
- (mm) “**NAV**” means the net asset value of the Corporation, being the value of the assets of the Corporation less:

- (i) the liabilities of the Corporation; and
 - (ii) the aggregate issue price of all outstanding Voting Shares;
- (nn) **“NAV per Class”** means the separate net asset value calculated for each of the Class A Shares, Class B Shares, Class F Shares and Class I Shares by allocating the NAV and specific Share Class Expenses of the Corporation to the Class A Shares, Class B Shares, Class F Shares and Class I Shares, respectively, in the manner set out below:
- (i) the NAV per Class last calculated for that class of Shares (except for the first calculation, in respective of which this value will be NAV applicable to that class of Shares); plus
 - (ii) the increase in assets attributable to that class of Shares as a result of the issuance of additional Shares of that class or exchange of Shares from another class into such class since the last calculation; minus
 - (iii) the decrease in the assets attributable to that class of Shares as a result of the redemption or exchange of Shares out of that class since the last calculation; plus or minus
 - (iv) the Proportionate Share of the Net Change in Company Assets attributable to that class of Shares since the last calculation; minus
 - (v) any Share Class Expenses attributable to that class of Shares since the last calculation; minus
 - (vi) the costs associated with the establishment, structuring and periodic offering of securities of the Corporation attributable to that class of Shares, amortized monthly over a period of five years;
- (oo) **“NAV per Class A Share”** means the NAV per Share for the Class A Shares in effect from time to time;
- (pp) **“NAV per Share”** for each of the Class A Shares, Class B Shares, Class F Shares and Class I Shares means the quotient obtained by dividing the NAV per Class for such class of Shares on a given day by the total number of outstanding Shares of that class (immediately before any subscriptions for or redemptions of Shares of that class) at the close of business on such day;
- (qq) **“Net Change in Company Assets”** means:
- (i) all Mortgage interest, Commitment Fees and other income accrued by the Corporation; plus or minus

- (ii) the market appreciation or depreciation of the Portfolio; minus
- (iii) the Shared Expenses of the Corporation to be accrued by the Corporation,

in each case as of the relevant date of calculation or Valuation Date and since the last calculation;

- (rr) **“Portfolio”** means the portfolio of Mortgages owned by the Corporation from time to time;
- (ss) **“Proportionate Share”** of the Net Change in Company Assets for a class of Shares is the amount calculated by multiplying the Net Change in Company Assets by a fraction, the numerator of which is the NAV per Class of that class of Shares on the day immediately preceding the relevant date of calculation or Valuation Date and the denominator of which is the NAV on the day immediately preceding the relevant date of calculation or Valuation Date;
- (tt) **“Real Property”** means land, rights or interest in land in Canada (including, without limitation, leaseholds, air rights and rights in condominiums, but excluding Mortgages) and any buildings, structures, improvements and fixtures located thereon;
- (uu) **“Related Persons”** has the meaning ascribed to that term in the Tax Act as it relates to the description of the number of shares that may be held by shareholders of a “mortgage investment corporation”, as such term is defined in the Tax Act;
- (vv) **“Repurchased Shares”** has the meaning ascribed to it in Section H;
- (ww) **“Share”** means a Class A Share, a Class B Share, a Class F Share, a Class I Share or a Voting Share;
- (xx) **“Share Class Expenses”** means the expenses of the Corporation allocable to a specific class of Shares (other than Voting Shares). For greater certainty:
 - (i) the management fee payable by the Corporation to the Manager in respect of a specific class of Shares (including any portion of such management fee which the Manager may arrange to pay to registered dealers whose clients hold Shares of such class);
 - (ii) any compensation payable directly by the Corporation to registered dealers in respect of Shares of a specific class; and
 - (iii) the amount of any declared and payable, but unpaid, Distributions on Shares of such class,

each shall constitute Share Class Expenses of such class of Shares;

- (yy) **“Shared Expenses”** means expenses of the Corporation which are not Share Class Expenses including, but not limited to, audit, taxation, legal, transfer agent, director, IRC and other costs associated with operating the Corporation;
- (zz) **“Shareholder”** means a holder of Shares;
- (aaa) **“Shareholder Matter”** means any of the following matters:
 - (i) a change to the Investment Objectives or Investment Restrictions of the Corporation, unless such changes are necessary to maintain the Corporation’s status as a MIC or otherwise to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
 - (ii) except as described herein, a change in the Manager, other than (a) to a person that is an affiliate (or a limited partnership of which the general partner is an affiliate) of the general partner of the Manager, or (b) a termination of the Management Agreement in accordance with its terms;
 - (iii) any increase in the basis of calculating the management fee paid to the Manager or the rate per annum of the management fee;
 - (iv) the sale of all or substantially all of the assets of the Corporation other than in the ordinary course of its activities;
 - (v) any amendment, modification or variation in the provisions or rights attaching to the Shares;
 - (vi) any cessation of the Corporation’s Mortgage investment business and termination of the Corporation;
 - (vii) a reorganization with, or transfer of assets to, another entity if: (a) the Corporation ceases to continue after the reorganization or transfer of assets; and (b) the transaction results in Shareholders becoming securityholders in the other entity;
 - (viii) a reorganization with, or acquisition of assets of, another entity if (a) the Corporation continues after the reorganization or acquisition of assets; and (b) the transaction results in the securityholders of the other entity holding a majority of the outstanding securities of the Corporation; or
 - (ix) any issuance of Shares, other than by way of a distribution paid in additional Shares or pursuant to a distribution reinvestment plan, at

a price per Share, the net proceeds of which are less than its NAV per Share as at (a) the date immediately prior to the date an engagement letter is entered into with respect to such offering, or (b) the date immediately prior to the date of pricing of such offering, or (c) in the case of a direct sale of Shares by the Corporation not made through an underwriter or an agent engaged by the Corporation, at the time the subscription is agreed to by the Corporation;

- (bbb) “**Tax Act**” means the *Income Tax Act* (Canada);
- (ccc) “**Trading Price**” means volume weighted average trading price of the Class A Shares on the TSX (or such other stock exchange on which the Class A Shares may be listed) for the ten trading days immediately preceding the relevant Monthly Redemption Date or Monthly Exchange Date;
- (ddd) “**Triggering Transaction**” has the meaning ascribed to it in Section H;
- (eee) “**TSX**” means the Toronto Stock Exchange or any successor thereto;
- (fff) “**Valuation Date**” means, for the purposes of calculating NAV and NAV per Share, the last Business Day of each week and such other days as are determined by the Manager;
- (ggg) “**Voting Share**” means a voting share in the capital of the Corporation;
- (hhh) “**Voting Shareholder**” means a holder of a Voting Share; and
- (iii) “**Voting Share Redemption Value**” means the greater of \$10.00 and the NAV per Class A Share then in effect.

B. VOTING SHARES

The rights, privileges, restrictions and conditions attaching to the Voting Shares are as follows:

1. Priority

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Voting Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, the Voting Shares, Class A Shares, Class B Shares, Class F Shares and Class I Shares shall rank equally with the each other and in priority to any other shares of the Corporation ranking junior to the Voting Shares, Class A Shares, Class B Shares, Class F Shares and Class I Shares.

2. **Voting Rights**

The holders of the Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation (except where the holders of a specified class or classes of shares, other than Voting Shares, are entitled to vote separately or collectively as a class as provided in the applicable share conditions or in the Act) and each Voting Share shall confer the right to one vote in person or by proxy at all such meetings of shareholders of the Corporation. For greater certainty and without limitation to any other voting rights the holders of Voting Shares may have, the holders of Voting Shares shall have the exclusive right, voting separately as a class, to vote in respect of any change to the Investment Objectives or Investment Restrictions as may be necessary to maintain the Corporation's status as a MIC or otherwise to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time.

3. **Distributions**

The holders of the Voting Shares shall not be entitled to any Distributions.

4. **Redemption**

- (a) The Corporation may, at its option, redeem all or, from time to time, any part of the outstanding Voting Shares on payment to the holders thereof, for each share to be redeemed, an amount per Voting Share equal to the Voting Share Redemption Value. Before redeeming any Voting Shares, the Corporation shall provide to each person who is a registered holder of Voting Shares to be redeemed, notice of the intention of the Corporation to redeem such shares. On or after the date so specified for redemption, the Corporation shall pay the redemption price to the registered holders of the Voting Shares to be redeemed in such manner as may be determined by the Corporation. In case the outstanding Voting Shares are to be redeemed only in part at any time, the shares to be redeemed shall be selected by the directors of the Corporation in their sole discretion. From and after the date specified for redemption in such notice, the applicable Voting Shares shall be redeemed and cancelled and the holders of the Voting Shares called for redemption shall not be entitled to any rights in respect thereof, except to receive the redemption price, subject to any applicable restrictions in the Act and the prior rights of the holders of any other shares of the Corporation.
- (b) If the redemption of any of the Voting Shares to be redeemed would be contrary to any provisions of the Act or any other applicable laws, would be contrary to the prior rights of the holders of any other shares of the Corporation or would directly or indirectly result in a breach of Section H, the Corporation shall redeem only the maximum number of Voting Shares that the Corporation determines it is then permitted to redeem, such

redemptions to be made from the holder(s) of Voting Shares and at the time determined by the directors of the Corporation in their sole discretion.

5. **Purchase for Cancellation**

Subject to applicable laws and Section H, the Corporation may at any time or times purchase Voting Shares for cancellation with the consent of the holder thereof at a price per Voting Share not exceeding the Voting Share Redemption Value most recently calculated immediately prior to such purchase.

6. **Liquidation, Dissolution or Winding-up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, or on the occurrence of any other event resulting in a reduction or redemption of the Voting Shares, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Voting Shares shall be entitled to receive from the assets of the Corporation, in cash or property and pari passu with the holders of the Class A Shares, Class B Shares, Class F Shares and Class I Shares, for each Voting Share an amount equal to its Voting Share Redemption Value. After payment to the holders of the Voting Shares of the amount so payable to them, holders of Voting Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

C. **CLASS A SHARES**

The rights, privileges, restrictions and conditions attaching to the Class A Shares are as follows:

1. **Priority**

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class A Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, or in the event of any other payment of distributions, the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares shall rank equally with each other and in priority to any other shares of the Corporation ranking junior to the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares.

2. **No Voting Rights**

(a) Subject to any applicable laws, the holders of the Class A Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation except for meetings at which a

Shareholder Matter is to be voted upon, in respect of which the holders of the Class A Shares shall (as applicable as described below) be entitled to receive notice, attend and vote thereon; provided that holders of Class A Shares shall be entitled to vote on a matter described in paragraph (iii), (v) or (ix) of the definition of "Shareholder Matter" only if such Shareholder Matter relates to the Class A Shares.

- (b) In respect of any Shareholder Matter, approval of the holders of Class A Shares must be given at a meeting called and held for the consideration of such matter, as follows (unless otherwise required by applicable laws):
 - (i) paragraphs (i) through (vi) of the definition of "Shareholder Matter" require approval by resolution passed by at least 66 ⅔% of the votes cast by holders of Class A Shares; and
 - (ii) paragraphs (vii) through (ix) of the definition of "Shareholder Matter" require approval by a resolution passed by at least a simple majority (unless a greater majority is required by applicable laws) of the votes cast by holders of Class A Shares.

In addition, any change to the definition of "Shareholder Matter" or to any of the provisions of this Section C.2(b) shall require the same approval of shareholders as would have otherwise been required to approve such matter prior to such change.

- (c) At any meetings of holders of the Class A Shares, holders of Class A Shares shall have one vote for each Class A Share held.
- (d) The holders of Class A Shares are not entitled to vote separately as a class pursuant to Section 176(1)(a), (b) or (e) of the Act on an amendment to the articles of the Corporation, except as may otherwise be required by Section C.2(b) above.

3. **Distributions**

- (a) Subject to Section C.3(c) and Section C.3(d) below, the holders of the Class A Shares shall be entitled to receive and the Corporation shall pay thereon Distributions as and when declared from time to time by the board of directors of the Corporation on the Class A Shares, out of the assets of the Corporation properly applicable to the payment of Distributions, in an amount determined by the directors of the Corporation in their absolute discretion.
- (b) Subject to Section C.3(c) and Section C.3(d) below, Distributions will be paid in cash, by cheque, money order or bank draft.
- (c) Notwithstanding the foregoing, the board of directors of the Corporation may, for fiscal planning or other tax efficiency reasons, in its discretion

declare that a Distribution will be payable to holders of Class A Shares of record on December 31. Each such Distribution may be satisfied by the issuance of additional Class A Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such Distribution in Class A Shares, the number of Class A Shares outstanding after the Distribution will be consolidated such that each Class A Shareholder will hold after the consolidation the same number of Class A Shares as the Class A Shareholder held before such Distribution. In such case, each certificate representing one or more Class A Shares prior to the Distribution of additional Class A Shares shall be deemed to represent the same number of Class A Shares after the Distribution of additional Class A Shares and consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Class A Shareholder's participation in such Distribution, the consolidation will result in such Class A Shareholder holding that number of Class A Shares equal to (i) the number of Class A Shares held by such Class A Shareholder prior to the Distribution plus the number of Class A Shares received by such Class A Shareholder in connection with such Distribution (net of any taxes withheld) prior to the consolidation multiplied by (ii) the fraction obtained by dividing the aggregate number of Class A Shares prior to such Distribution by the aggregate number of Class A Shares that would be outstanding following such Distribution and before the consolidation if no withholding were made in respect of any part of such Distribution payable to any Class A Shareholder. Any such Class A Shareholder will be required to surrender the Class A Share certificate(s), if any, representing such Class A Shareholder's original Class A Shares, in exchange for a certificate representing such Class A Shareholder's post-consolidation Class A Shares.

- (d) Notwithstanding the foregoing, if the board of directors of the Corporation determine that it is in the best interests of the Corporation and the Shareholders of the Corporation, the board of directors of the Corporation may declare Distributions payable in kind (including, but not limited to, any assets of the Corporation) in an amount determined by the directors of the Corporation in their absolute discretion.

4. **Purchase for Cancellation**

Subject to applicable laws and Section H, the Corporation may at any time or times purchase Class A Shares for cancellation with the consent of the holder thereof at a price per Class A Share not exceeding their NAV per Share most recently calculated immediately prior to such purchase.

5. **Monthly Redemption**

- (a) Subject to Section C.7, in addition to the redemption privilege provided for in Section C.6, outstanding Class A Shares may be surrendered, at the

option of the holder thereof, to the Corporation's registrar and transfer agent for redemption during the Monthly Redemption Notice Period. Payment of the proceeds of redemption will be made on or before the Monthly Redemption Payment Date. Shareholders whose Class A Shares are so surrendered for redemption will be entitled to receive a redemption price per Class A Share equal to the Monthly Redemption Price. Any Distributions declared and unpaid on or before a Monthly Redemption Date in respect of Class A Shares tendered for redemption on such Monthly Redemption Date will also be paid on the Monthly Redemption Payment Date.

- (b) Each holder of Class A Shares who elects to present and surrender to the Corporation for redemption on a Monthly Redemption Date all or any Class A Shares registered in the name of that holder must, by no later than the end of the Monthly Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation, at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class A Shares so deposited shall be calculated as of the Monthly Redemption Date immediately following the date upon which the Class A Shares are deposited and shall be made on or before the Monthly Redemption Payment Date except that if such deposit is made after the end of Monthly Redemption Notice Period, payment shall be calculated as of the next Monthly Redemption Date and made on or before the Monthly Redemption Payment Date following such next Monthly Redemption Date.
- (c) Subject to Section C.7, the Corporation shall redeem on the applicable Monthly Redemption Date all of the Class A Shares properly surrendered pursuant to the redemption privilege in this Section C.5 at a price per Class A Share equal to the applicable Monthly Redemption Price. On or before the Monthly Redemption Payment Date, the Corporation shall pay or cause to be paid the applicable Monthly Redemption Price in cash, by cheque, money order or bank draft. From and after the Monthly Redemption Date, the Class A Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Monthly Redemption Price for each Class A Share so redeemed. Class A Shares which have been surrendered to the Corporation for redemption and which have been redeemed on a Monthly Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Monthly Redemption Date.

6. **Annual Redemption**

- (a) Subject to Section C.7, in addition to the redemption privilege provided for in Section C.5, commencing in June 2014 each holder of Class A

Shares shall be entitled, subject to and upon compliance with the provisions hereof, to require the Corporation to redeem all or any part of the Class A Shares registered in the name of the holder on an Annual Redemption Date at the applicable Annual Redemption Price for each Class A Share so redeemed. Any Distributions declared but unpaid on or before the Annual Redemption Date in respect of Class A Shares tendered for redemption shall also be paid on the Annual Redemption Payment Date.

- (b) Each holder of Class A Shares who elects to present and surrender to the Corporation for redemption on an Annual Redemption Date all or any Class A Shares registered in the name of that holder must, by no later than the end of the Annual Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class A Shares deposited shall be calculated as of the Annual Redemption Date immediately following the date upon which the Class A Shares are deposited and shall be made on or before the first Annual Redemption Payment Date after such Annual Redemption Date. Any notice of redemption delivered after the end of the Annual Redemption Notice Period shall not be acted upon by the Corporation and holders of Class A Shares who have tendered their Class A Shares for redemption in such circumstances shall be accordingly notified by the Corporation and shall have and shall be advised that they have the right to withdraw such Class A Shares surrendered for redemption.
- (c) Subject to Section C.7, the Corporation shall redeem on the applicable Annual Redemption Date all of the Class A Shares properly surrendered pursuant to the redemption privilege in this Section C.6 at a price per Class A Share equal to the Annual Redemption Price. On or before the applicable Annual Redemption Payment Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class A Shares, the applicable Annual Redemption Price for each Class A Share so redeemed in cash, by cheque, money order or bank draft. From and after the Annual Redemption Date, the Class A Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Annual Redemption Price for each Class A Share so redeemed. Class A Shares which have been surrendered to the Corporation for redemption and which have been redeemed on an Annual Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Annual Redemption Date.

7. **Other Redemption Provisions**

- (a) The Corporation will not accept for redemption on any Monthly Redemption Date Class A Shares representing more than 5% of the average number of Class A Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Corporation will not accept for redemption on any Annual Redemption Date Class A Shares representing more than 15% of the average number of Class A Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class A Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Corporation will redeem such Class A Shares tendered for redemption and not withdrawn on a pro rata basis.
- (b) Notwithstanding the limitations on redemption set forth in Section C.7(a), the directors of the Corporation may, in their sole discretion, waive the limitation in respect of all Class A Shares tendered for redemption in respect of any one or more Monthly Redemption Dates or Annual Redemption Dates, as applicable.
- (c) The Corporation may suspend the redemption of Class A Shares for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of Mortgages comprising 50% or more (by outstanding principal amount) of the Portfolio or which impair the ability of the Manager to determine the value of the assets of the Corporation or the Portfolio. The suspension may apply to all requests for redemption for Class A Shares received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. Holders of Class A Shares who have tendered their Class A Shares for redemption in such circumstances shall be notified of the suspension by the Corporation or the Manager and that the redemption will be effected at a price determined on the next Monthly Redemption Date or Annual Redemption Date, as applicable, following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such holders of Class A Shares shall have and shall be advised that they have the right to withdraw such Class A Shares surrendered for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Corporation, any declaration of suspension made by the Manager shall be conclusive.

8. **Election Irrevocable**

Subject to Sections C.6(b), C.7(a) and C.7(c), the election of any holder to present and surrender any Class A Shares for redemption shall be irrevocable upon the receipt by or on behalf of the Corporation of the documentation and instruments required by the Corporation in connection therewith.

9. **Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Class A Shares shall be entitled to receive from the assets of the Corporation, in cash or property and pari passu with the holders of the Class B Shares, Class F Shares, Class I Shares and Voting Shares, for each Class A Share an amount equal to its NAV per Share. After payment to the holders of the Class A Shares of the amount so payable to them, holders of Class A Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

10. **No Fractions**

The Corporation may not issue fractions of Class A Shares.

11. **Termination of the Corporation**

- (a) Subject to applicable law, the Corporation may be terminated at any time with the approval of the Class A Shareholders in accordance with Section C.2(b)(i) and paragraph (vi) of the definition of "Shareholder Matter".
- (b) Upon the termination of the Corporation, the net assets of the Corporation will be distributed to the Shareholders in accordance with Section C.9. Prior to the date fixed for the termination of the Corporation, the Manager will, to the extent practicable, convert the assets of the Corporation to cash.

D. CLASS B SHARES

The rights, privileges, restrictions and conditions attaching to the Class B Shares are as follows:

1. **Priority**

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class B Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, or in the event of any other

payment of distributions, the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares shall rank equally with each other and in priority to any other shares of the Corporation ranking junior to the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares.

2. **No Voting Rights**

- (a) Subject to any applicable laws, the holders of the Class B Shares, shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation except for meetings at which a Shareholder Matter is to be voted upon, in respect of which the holders of the Class B Shares shall (as applicable as described below) be entitled to receive notice, attend and vote thereon; provided that holders of Class B Shares shall be entitled to vote on a matter described in paragraph (iii), (v) or (ix) of the definition of "Shareholder Matter" only if such Shareholder Matter relates to the Class B Shares.
- (b) In respect of any Shareholder Matter, approval of the holders of Class B Shares must be given at a meeting called and held for the consideration of such matter, as follows (unless otherwise required by applicable laws):
 - (i) paragraphs (i) through (vi) of the definition of "Shareholder Matter" require approval by resolution passed by at least 66 ⅔% of the votes cast by holders of Class B Shares; and
 - (ii) paragraphs (vii) through (ix) of the definition of "Shareholder Matter" require approval by a resolution passed by at least a simple majority (unless a greater majority is required by applicable laws) of the votes cast by the holders of the Class B Shareholders required to vote on the matter.

In addition, any change to the definition of "Shareholder Matter" or to any of the provisions of this Section D.2(b) shall require the same approval of shareholders as would have otherwise been required to approve such matter prior to such change.

- (c) At any meetings of holders of the Class B Shares, holders of Shares shall have one vote for each Class B Share held.
- (d) The holders of Class B Shares are not entitled to vote separately as a class pursuant to Section 176(1)(a), (b) or (e) of the Act on an amendment to the articles of the Corporation, except as may otherwise be required by Section D.2(b) above.

3. **Distributions**

- (a) Subject to Section D.3(c) and Section D.3(d) below, the holders of the Class B Shares shall be entitled to receive and the Corporation shall pay

thereon Distributions as and when declared from time to time by the board of directors of the Corporation on the Class B Shares, out of the assets of the Corporation properly applicable to the payment of Distributions, in an amount determined by the directors of the Corporation in their absolute discretion.

- (b) Subject to Section D.3(c) and Section D.3(d) below, Distributions will be paid in cash, by cheque, money order or bank draft.
- (c) Notwithstanding the foregoing, the board of directors of the Corporation may, for fiscal planning or other tax efficiency reasons, in its discretion declare that a Distribution will be payable to holders of Class B Shares of record on December 31. Each such Distribution may be satisfied by the issuance of additional Class B Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such Distribution in Class B Shares, the number of Class B Shares outstanding after the Distribution will be consolidated such that each Class B Shareholder will hold after the consolidation the same number of Class B Shares as the Class B Shareholder held before such Distribution. In such case, each certificate representing one or more Class B Shares prior to the Distribution of additional Class B Shares shall be deemed to represent the same number of Class B Shares after the Distribution of additional Class B Shares and consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Class B Shareholder's participation in such Distribution, the consolidation will result in such Class B Shareholder holding that number of Class B Shares equal to (i) the number of Class B Shares held by such Class B Shareholder prior to the Distribution plus the number of Class B Shares received by such Class B Shareholder in connection with such Distribution (net of any taxes withheld) prior to the consolidation multiplied by (ii) the fraction obtained by dividing the aggregate number of Class B Shares prior to such Distribution by the aggregate number of Class B Shares that would be outstanding following such Distribution and before the consolidation if no withholding were made in respect of any part of such Distribution payable to any Class B Shareholder. Any such Class B Shareholder will be required to surrender the Class B Share certificate(s), if any, representing such Class B Shareholder's original Class B Shares, in exchange for a certificate representing such Class B Shareholder's post-consolidation Class B Shares.
- (d) Notwithstanding the foregoing, if the board of directors of the Corporation determine that it is in the best interests of the Corporation and the Shareholders of the Corporation, the board of directors of the Corporation may declare Distributions payable in kind (including, but not limited to, any assets of the Corporation) in an amount determined by the directors of the Corporation in their absolute discretion.

4. **Purchase for Cancellation**

Subject to applicable laws and Section H, the Corporation may at any time or times purchase Class B Shares for cancellation with the consent of the holder thereof at a price per Class B Share not exceeding their NAV per Share most recently calculated immediately prior to such purchase.

5. **Monthly Redemption**

- (a) Subject to Section D.7, in addition to the redemption privilege provided for in Section D.6, outstanding Class B Shares may be surrendered to the Corporation's registrar and transfer agent for redemption during the Monthly Redemption Notice Period. Payment of the proceeds of redemption will be made on or before the Monthly Redemption Payment Date. Shareholders whose Class B Shares are so surrendered for redemption will be entitled to receive a redemption price per Class B Share equal to the Monthly Redemption Price. Any Distributions declared and unpaid on or before a Monthly Redemption Date in respect of Class B Shares tendered for redemption on such Monthly Redemption Date will also be paid on the Monthly Redemption Payment Date.
- (b) Each holder of Class B Shares who elects to present and surrender to the Corporation for redemption on a Monthly Redemption Date all or any Class B Shares registered in the name of that holder must, by no later than the end of the Monthly Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation, at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class B Shares so deposited shall be calculated as of the Monthly Redemption Date immediately following the date upon which the Class B Shares are deposited and shall be made on or before the first Redemption Payment Date after such Monthly Redemption Date except that if such deposit is made after the end of Monthly Redemption Notice Period, payment shall be calculated as of the next Monthly Redemption Date and made on or before the Monthly Redemption Payment Date following such next Monthly Redemption Date.
- (c) Subject to Section D.7, the Corporation shall redeem on the applicable Monthly Redemption Date all of the Class B Shares properly surrendered pursuant to the redemption privilege in this Section D.5 at a price per Class B Share equal to the applicable Monthly Redemption Price. On or before the Redemption Payment Date, the Corporation shall pay or cause to be paid the applicable Monthly Redemption Price in cash, by cheque, money order or bank draft. From and after the Monthly Redemption Date, the Class B Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable

Monthly Redemption Price for each Class B Share so redeemed. Class B Shares which have been surrendered to the Corporation for redemption and which have been redeemed on a Monthly Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Monthly Redemption Date.

6. **Annual Redemption**

- (a) Subject to Section D.7, in addition to the redemption privilege provided for in Section D.5, commencing in June 2014 each holder of Class B Shares shall be entitled, subject to and upon compliance with the provisions hereof, to require the Corporation to redeem all or any part of the Class B Shares registered in the name of the holder on an Annual Redemption Date at the applicable Annual Redemption Price for each Class B Share so redeemed. Any Distributions declared but unpaid on or before the Annual Redemption Date in respect of Class B Shares tendered for redemption shall also be paid on the Annual Redemption Payment Date.
- (b) Each holder of Class B Shares who elects to present and surrender to the Corporation for redemption on an Annual Redemption Date all or any Class B Shares registered in the name of that holder must, by no later than the end of the Annual Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class B Shares deposited shall be calculated as of the Annual Redemption Date immediately following the date upon which the Class B Shares are deposited and shall be made on or before the first Annual Redemption Payment Date after such Annual Redemption Date. Any notice of redemption delivered after the end of the Annual Redemption Notice Period shall not be acted upon by the Corporation and holders of Class B Shares who have tendered their Class B Shares for redemption in such circumstances shall be accordingly notified by the Corporation and shall have and shall be advised that they have the right to withdraw such Class B Shares surrendered for redemption.
- (c) Subject to Section D.7, the Corporation shall redeem on the applicable Annual Redemption Date all of the Class B Shares properly surrendered pursuant to the redemption privilege in this Section D.6 at a price per Class B Share equal to the Annual Redemption Price. On or before the applicable Annual Redemption Payment Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class B Shares, the applicable Annual Redemption Price for each Class B Share so redeemed in cash, by cheque, money order or bank draft. From and after the annual Redemption Date, the Class B Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise

any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Annual Redemption Price for each Class B Share so redeemed. Class B Shares which have been surrendered to the Corporation for redemption and which have been redeemed on an Annual Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Annual Redemption Date.

7. **Other Redemption Provisions**

- (a) The Corporation will not accept for redemption on any Monthly Redemption Date Class B Shares representing more than 5% of the average number of Class B Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Corporation will not accept for redemption on any Annual Redemption Date Class B Shares representing more than 15% of the average number of Class B Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class B Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Corporation will redeem such Class B Shares tendered for redemption and not withdrawn on a pro rata basis.
- (b) Notwithstanding the limitations on redemption set forth in Section D.7(a), the directors of the Corporation may, in their sole discretion, waive the limitation in respect of all Class B Shares tendered for redemption in respect of any one or more Monthly Redemption Dates or Annual Redemption Dates, as applicable.
- (c) The Corporation may suspend the redemption of Class B Shares for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of mortgages comprising 50% or more (by outstanding principal amount) of the Portfolio or which impair the ability of the Manager to determine the value of the assets of the Corporation or the Portfolio. The suspension may apply to all requests for redemption for Class B Shares received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. Holders of Class B Shares who have tendered their Class B Shares for redemption in such circumstances shall be notified of the suspension by the Corporation or the Manager and that the redemption will be effected at a price determined on the next Monthly Redemption Date or Annual Redemption Date, as applicable, following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such holders of Class B Shares shall have and shall be advised that they have the right to withdraw such Class B Shares surrendered for redemption. The

suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Corporation, any declaration of suspension made by the Manager shall be conclusive.

8. **Election Irrevocable**

Subject to Sections D.6(b), D.7(a) and D.7(c), the election of any holder to present and surrender any Class B Shares for redemption shall be irrevocable upon the receipt by or on behalf of the Corporation of the documentation and instruments required by the Corporation in connection therewith.

9. **Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Class B Shares shall be entitled to receive from the assets of the Corporation and pari passu with the holders of the Class A Shares, Class F Shares, Class I Shares and Voting Shares, in cash or property, for each Class B Share an amount equal to its NAV per Share. After payment to the holders of the Class B Shares of the amount so payable to them, holders of Class B Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

10. **No Fractions**

The Corporation may not issue fractions of Class B Shares.

11. **Termination of the Corporation**

- (a) Subject to applicable law, the Corporation may be terminated at any time with the approval of the Class B Shareholders in accordance with Section D.2(b)(i) and paragraph (vi) of the definition of "Shareholder Matter".
- (b) Upon the termination of the Corporation, the net assets of the Corporation will be distributed to the Shareholders in accordance with Section D.9. Prior to the date fixed for the termination of the Corporation, the Manager will, to the extent practicable, convert the assets of the Corporation to cash.

E. **CLASS F SHARES**

The rights, privileges, restrictions and conditions attaching to the Class F Shares are as follows:

1. **Priority**

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class F Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, or in the event of any other payment of distributions, the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares shall rank equally with each other and in priority to any other shares of the Corporation ranking junior to the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares.

2. **No Voting Rights**

(a) Subject to any applicable laws, the holders of the Class F Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation except for meetings at which a Shareholder Matter is to be voted upon, in respect of which the holders of the Class F Shares shall (as applicable as described below) be entitled to receive notice, attend and vote thereon; provided that holders of Class F Shares shall be entitled to vote on a matter described in paragraph (iii), (v) or (ix) of the definition of "Shareholder Matter" only if such Shareholder Matter relates to the Class F Shares.

(b) In respect of any Shareholder Matter, approval of the holders of Class F Shares must be given at a meeting called and held for the consideration of such matter, as follows (unless otherwise required by applicable laws):

(i) paragraphs (i) through (vi) of the definition of "Shareholder Matter" require approval by resolution passed by at least 66 ⅔% of the votes cast by holders of Class F Shares; and

(ii) paragraphs (vii) through (ix) of the definition of "Shareholder Matter" require approval by a resolution passed by at least a simple majority (unless a greater majority is required by applicable laws) of the votes cast by the holders of the Class F Shareholders required to vote on the matter.

In addition, any change to the definition of "Shareholder Matter" or to any of the provisions of this Section E.2(b) shall require the same approval of shareholders as would have otherwise been required to approve such matter prior to such change.

(c) At any meetings of holders of the Class F Shares, holders of Shares shall have one vote for each Class F Share held.

(d) The holders of Class F Shares are not entitled to vote separately as a class pursuant to Section 176(1)(a), (b) or (e) of the Act on an amendment to the

articles of the Corporation, except as may otherwise be required by Section E.2(b) above.

3. **Distributions**

- (a) Subject to Section E.3(c) and Section E.3(d) below, the holders of the Class F Shares shall be entitled to receive and the Corporation shall pay thereon Distributions as and when declared from time to time by the board of directors of the Corporation on the Class F Shares, out of the assets of the Corporation properly applicable to the payment of Distributions, in an amount determined by the directors of the Corporation in their absolute discretion.
- (b) Subject to Section E.3(c) and Section E.3(d) below, Distributions will be paid in cash, by cheque, money order or bank draft.
- (c) Notwithstanding the foregoing, the board of directors of the Corporation may, for fiscal planning or other tax efficiency reasons, in its discretion declare that a Distribution will be payable to holders of Class F Shares of record on December 31. Each such Distribution may be satisfied by the issuance of additional Class F Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such Distribution in Class F Shares, the number of Class F Shares outstanding after the Distribution will be consolidated such that each Class F Shareholder will hold after the consolidation the same number of Class F Shares as the Class F Shareholder held before such Distribution. In such case, each certificate representing one or more Class F Shares prior to the Distribution of additional Class F Shares shall be deemed to represent the same number of Class F Shares after the Distribution of additional Class F Shares and consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Class F Shareholder's participation in such Distribution, the consolidation will result in such Class F Shareholder holding that number of Class F Shares equal to (i) the number of Class F Shares held by such Class F Shareholder prior to the Distribution plus the number of Class F Shares received by such Class F Shareholder in connection with such Distribution (net of any taxes withheld) prior to the consolidation multiplied by (ii) the fraction obtained by dividing the aggregate number of Class F Shares prior to such Distribution by the aggregate number of Class F Shares that would be outstanding following such Distribution and before the consolidation if no withholding were made in respect of any part of such Distribution payable to any Class F Shareholder. Any such Class F Shareholder will be required to surrender the Class F Share certificate(s), if any, representing such Class F Shareholder's original Class F Shares, in exchange for a certificate representing such Class F Shareholder's post-consolidation Class F Shares.

- (d) Notwithstanding the foregoing, if the board of directors of the Corporation determine that it is in the best interests of the Corporation and the Shareholders of the Corporation, the board of directors of the Corporation may declare Distributions payable in kind (including, but not limited to, any assets of the Corporation) in an amount determined by the directors of the Corporation in their absolute discretion.

4. **Purchase for Cancellation**

Subject to applicable laws and Section H, the Corporation may at any time or times purchase Class F Shares for cancellation with the consent of the holder thereof at a price per Class F Share not exceeding their NAV per Share most recently calculated immediately prior to such purchase.

5. **Monthly Redemption**

- (a) Subject to Section E.7, in addition to the redemption privilege provided for in Section E.6, outstanding Class F Shares may be surrendered to the Corporation's registrar and transfer agent for redemption during the Monthly Redemption Notice Period. Payment of the proceeds of redemption will be made on or before the Monthly Redemption Payment Date. Shareholders whose Class F Shares are so surrendered for redemption will be entitled to receive a redemption price per Class F Share equal to the Monthly Redemption Price. Any Distributions declared and unpaid on or before a Monthly Redemption Date in respect of Class F Shares tendered for redemption on such Monthly Redemption Date will also be paid on the Monthly Redemption Payment Date.
- (b) Each holder of Class F Shares who elects to present and surrender to the Corporation for redemption on a Monthly Redemption Date all or any Class F Shares registered in the name of that holder must, by no later than the end of the Monthly Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation, at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class F Shares so deposited shall be calculated as of the Monthly Redemption Date immediately following the date upon which the Class F Shares are deposited and shall be made on or before the first Redemption Payment Date after such Monthly Redemption Date except that if such deposit is made after the end of Monthly Redemption Notice Period, payment shall be calculated as of the next Monthly Redemption Date and made on or before the Monthly Redemption Payment Date following such next Monthly Redemption Date.
- (c) Subject to Section E.7, the Corporation shall redeem on the applicable Monthly Redemption Date all of the Class F Shares properly surrendered pursuant to the redemption privilege in this Section E.5 at a price per Class F Share equal to the applicable Monthly Redemption Price. On or before

the Redemption Payment Date, the Corporation shall pay or cause to be paid the applicable Monthly Redemption Price in cash, by cheque, money order or bank draft. From and after the Monthly Redemption Date, the Class F Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Monthly Redemption Price for each Class F Share so redeemed. Class F Shares which have been surrendered to the Corporation for redemption and which have been redeemed on a Monthly Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Monthly Redemption Date.

6. **Annual Redemption**

- (a) Subject to Section E.7, in addition to the redemption privilege provided for in Section E.5, commencing in June 2014 each holder of Class F Shares shall be entitled, subject to and upon compliance with the provisions hereof, to require the Corporation to redeem all or any part of the Class F Shares registered in the name of the holder on an Annual Redemption Date at the applicable Annual Redemption Price for each Class F Share so redeemed. Any Distributions declared but unpaid on or before the Annual Redemption Date in respect of Class F Shares tendered for redemption shall also be paid on the Annual Redemption Payment Date.
- (b) Each holder of Class F Shares who elects to present and surrender to the Corporation for redemption on an Annual Redemption Date all or any Class F Shares registered in the name of that holder must, by no later than the end of the Annual Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class F Shares deposited shall be calculated as of the Annual Redemption Date immediately following the date upon which the Class F Shares are deposited and shall be made on or before the first Annual Redemption Payment Date after such Annual Redemption Date. Any notice of redemption delivered after the end of the Annual Redemption Notice Period shall not be acted upon by the Corporation and holders of Class F Shares who have tendered their Class F Shares for redemption in such circumstances shall be accordingly notified by the Corporation and shall have and shall be advised that they have the right to withdraw such Class F Shares surrendered for redemption.
- (c) Subject to Section E.7, the Corporation shall redeem on the applicable Annual Redemption Date all of the Class F Shares properly surrendered pursuant to the redemption privilege in this Section E.6 at a price per Class F Share equal to the Annual Redemption Price. On or before the

applicable Annual Redemption Payment Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class F Shares, the applicable Annual Redemption Price for each Class F Share so redeemed in cash, by cheque, money order or bank draft. From and after the annual Redemption Date, the Class F Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Annual Redemption Price for each Class F Share so redeemed. Class F Shares which have been surrendered to the Corporation for redemption and which have been redeemed on an Annual Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Annual Redemption Date.

7. **Other Redemption Provisions**

- (a) The Corporation will not accept for redemption on any Monthly Redemption Date Class F Shares representing more than 5% of the average number of Class F Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Corporation will not accept for redemption on any Annual Redemption Date Class F Shares representing more than 15% of the average number of Class F Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class F Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Corporation will redeem such Class F Shares tendered for redemption and not withdrawn on a pro rata basis.
- (b) Notwithstanding the limitations on redemption set forth in Section E.7(a), the directors of the Corporation may, in their sole discretion, waive the limitation in respect of all Class F Shares tendered for redemption in respect of any one or more Monthly Redemption Dates or Annual Redemption Dates, as applicable.
- (c) The Corporation may suspend the redemption of Class F Shares for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of mortgages comprising 50% or more (by outstanding principal amount) of the Portfolio or which impair the ability of the Manager to determine the value of the assets of the Corporation or the Portfolio. The suspension may apply to all requests for redemption for Class F Shares received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. Holders of Class F Shares who have tendered their Class F Shares for redemption in such circumstances shall be notified of the suspension by the Corporation or the

Manager and that the redemption will be effected at a price determined on the next Monthly Redemption Date or Annual Redemption Date, as applicable, following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such holders of Class F Shares shall have and shall be advised that they have the right to withdraw such Class F Shares surrendered for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Corporation, any declaration of suspension made by the Manager shall be conclusive.

8. **Election Irrevocable**

Subject to Sections E.6(b), E.7(a) and E.7(c), the election of any holder to present and surrender any Class F Shares for redemption shall be irrevocable upon the receipt by or on behalf of the Corporation of the documentation and instruments required by the Corporation in connection therewith.

9. **Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Class F Shares shall be entitled to receive from the assets of the Corporation and pari passu with the holders of the Class A Shares, Class B Shares, Class I Shares and Voting Shares, in cash or property, for each Class F Share an amount equal to its NAV per Share. After payment to the holders of the Class F Shares of the amount so payable to them, holders of Class F Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

10. **No Fractions**

The Corporation may not issue fractions of Class F Shares.

11. **Termination of the Corporation**

- (a) Subject to applicable law, the Corporation may be terminated at any time with the approval of the Class F Shareholders in accordance with Section E.2(b)(i) and paragraph (vi) of the definition of "Shareholder Matter".
- (b) Upon the termination of the Corporation, the net assets of the Corporation will be distributed to the Shareholders in accordance with Section D.9.

Prior to the date fixed for the termination of the Corporation, the Manager will, to the extent practicable, convert the assets of the Corporation to cash.

F. CLASS I SHARES

The rights, privileges, restrictions and conditions attaching to the Class I Shares are as follows:

1. **Priority**

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or on the occurrence of any other event as a result of which holders of Class I Shares are entitled to a distribution of assets of the Corporation for the purpose of winding-up its affairs, or in the event of any other payment of distributions, the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares shall rank equally with each other and in priority to any other shares of the Corporation ranking junior to the Class A Shares, Class B Shares, Class F Shares, Class I Shares and Voting Shares.

2. **No Voting Rights**

- (a) Subject to any applicable laws, the holders of the Class I Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation except for meetings at which a Shareholder Matter is to be voted upon, in respect of which the holders of the Class I Shares shall (as applicable as described below) be entitled to receive notice, attend and vote thereon; provided that holders of Class I Shares shall be entitled to vote on a matter described in paragraph (iii), (v) or (ix) of the definition of "Shareholder Matter" only if such Shareholder Matter relates to the Class I Shares.
- (b) In respect of any Shareholder Matter, approval of the holders of Class I Shares must be given at a meeting called and held for the consideration of such matter, as follows (unless otherwise required by applicable laws):
 - (i) paragraphs (i) through (vi) of the definition of "Shareholder Matter" require approval by resolution passed by at least 66 2/3% of the votes cast by holders of Class I Shares; and
 - (ii) paragraphs (vii) through (ix) of the definition of "Shareholder Matter" require approval by a resolution passed by at least a simple majority (unless a greater majority is required by applicable laws) of the votes cast by the holders of the Class I Shareholders required to vote on the matter.

In addition, any change to the definition of "Shareholder Matter" or to any of the provisions of this Section F.2(b) shall require the same approval of

shareholders as would have otherwise been required to approve such matter prior to such change.

- (c) At any meetings of holders of the Class I Shares, holders of Shares shall have one vote for each Class I Share held.
- (d) The holders of Class I Shares are not entitled to vote separately as a class pursuant to Section 176(1)(a), (b) or (e) of the Act on an amendment to the articles of the Corporation, except as may otherwise be required by Section F.2(b) above.

3. **Distributions**

- (a) Subject to Section F.3(c) and Section F.3(d) below, the holders of the Class I Shares shall be entitled to receive and the Corporation shall pay thereon Distributions as and when declared from time to time by the board of directors of the Corporation on the Class I Shares, out of the assets of the Corporation properly applicable to the payment of Distributions, in an amount determined by the directors of the Corporation in their absolute discretion.
- (b) Subject to Section F.3(c) and Section F.3(d) below, Distributions will be paid in cash, by cheque, money order or bank draft.
- (c) Notwithstanding the foregoing, the board of directors of the Corporation may, for fiscal planning or other tax efficiency reasons, in its discretion declare that a Distribution will be payable to holders of Class I Shares of record on December 31. Each such Distribution may be satisfied by the issuance of additional Class I Shares and/or cash and/or other property of the Corporation. Immediately following payment of any such Distribution in Class I Shares, the number of Class I Shares outstanding after the Distribution will be consolidated such that each Class I Shareholder will hold after the consolidation the same number of Class I Shares as the Class I Shareholder held before such Distribution. In such case, each certificate representing one or more Class I Shares prior to the Distribution of additional Class I Shares shall be deemed to represent the same number of Class I Shares after the Distribution of additional Class I Shares and consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Class I Shareholder's participation in such Distribution, the consolidation will result in such Class I Shareholder holding that number of Class I Shares equal to (i) the number of Class I Shares held by such Class I Shareholder prior to the Distribution plus the number of Class I Shares received by such Class I Shareholder in connection with such Distribution (net of any taxes withheld) prior to the consolidation multiplied by (ii) the fraction obtained by dividing the aggregate number of Class I Shares prior to such Distribution by the aggregate number of Class I Shares that would be outstanding following such Distribution and

before the consolidation if no withholding were made in respect of any part of such Distribution payable to any Class I Shareholder. Any such Class I Shareholder will be required to surrender the Class I Share certificate(s), if any, representing such Class I Shareholder's original Class I Shares, in exchange for a certificate representing such Class I Shareholder's post-consolidation Class I Shares.

- (d) Notwithstanding the foregoing, if the board of directors of the Corporation determine that it is in the best interests of the Corporation and the Shareholders of the Corporation, the board of directors of the Corporation may declare Distributions payable in kind (including, but not limited to, any assets of the Corporation) in an amount determined by the directors of the Corporation in their absolute discretion.

4. **Purchase for Cancellation**

Subject to applicable laws and Section H, the Corporation may at any time or times purchase Class I Shares for cancellation with the consent of the holder thereof at a price per Class I Share not exceeding their NAV per Share most recently calculated immediately prior to such purchase.

5. **Monthly Redemption**

- (a) Subject to Section F.7, in addition to the redemption privilege provided for in Section F.6 outstanding Class I Shares may be surrendered to the Corporation's registrar and transfer agent for redemption during the Monthly Redemption Notice Period. Payment of the proceeds of redemption will be made on or before the Monthly Redemption Payment Date. Shareholders whose Class I Shares are so surrendered for redemption will be entitled to receive a redemption price per Class I Share equal to the Monthly Redemption Price. Any Distributions declared and unpaid on or before a Monthly Redemption Date in respect of Class I Shares tendered for redemption on such Monthly Redemption Date will also be paid on the Monthly Redemption Payment Date.
- (b) Each holder of Class I Shares who elects to present and surrender to the Corporation for redemption on a Monthly Redemption Date all or any Class I Shares registered in the name of that holder must, by no later than the end of the Monthly Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation, at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class I Shares so deposited shall be calculated as of the Monthly Redemption Date immediately following the date upon which the Class I Shares are deposited and shall be made on or before the first Redemption Payment Date after such Monthly Redemption Date except that if such deposit is made after the end of Monthly Redemption Notice Period, payment shall be calculated as of the next Monthly Redemption

Date and made on or before the Monthly Redemption Payment Date following such next Monthly Redemption Date.

- (c) Subject to Section F.7, the Corporation shall redeem on the applicable Monthly Redemption Date all of the Class I Shares properly surrendered pursuant to the redemption privilege in this Section F.5 at a price per Class I Share equal to the applicable Monthly Redemption Price. On or before the Redemption Payment Date, the Corporation shall pay or cause to be paid the applicable Monthly Redemption Price in cash, by cheque, money order or bank draft. From and after the Monthly Redemption Date, the Class I Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Monthly Redemption Price for each Class I Share so redeemed. Class I Shares which have been surrendered to the Corporation for redemption and which have been redeemed on a Monthly Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Monthly Redemption Date.

6. **Annual Redemption**

- (a) Subject to Section F.7, in addition to the redemption privilege provided for in Section F.5, commencing in June 2014 each holder of Class I Shares shall be entitled, subject to and upon compliance with the provisions hereof, to require the Corporation to redeem all or any part of the Class I Shares registered in the name of the holder on an Annual Redemption Date at the applicable Annual Redemption Price for each Class I Share so redeemed. Any Distributions declared but unpaid on or before the Annual Redemption Date in respect of Class I Shares tendered for redemption shall also be paid on the Annual Redemption Payment Date.
- (b) Each holder of Class I Shares who elects to present and surrender to the Corporation for redemption on an Annual Redemption Date all or any Class I Shares registered in the name of that holder must, by no later than the end of the Annual Redemption Notice Period, deliver a notice of redemption in the form specified by the Corporation at such place or places in Canada as shall be specified by the Corporation from time to time. Payment for Class I Shares deposited shall be calculated as of the Annual Redemption Date immediately following the date upon which the Class I Shares are deposited and shall be made on or before the first Annual Redemption Payment Date after such Annual Redemption Date. Any notice of redemption delivered after the end of the Annual Redemption Notice Period shall not be acted upon by the Corporation and holders of Class I Shares who have tendered their Class I Shares for redemption in such circumstances shall be accordingly notified by the

Corporation and shall have and shall be advised that they have the right to withdraw such Class I Shares surrendered for redemption.

- (c) Subject to Section F.7, the Corporation shall redeem on the applicable Annual Redemption Date all of the Class I Shares properly surrendered pursuant to the redemption privilege in this Section F.6 at a price per Class I Share equal to the Annual Redemption Price. On or before the applicable Annual Redemption Payment Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class I Shares, the applicable Annual Redemption Price for each Class I Share so redeemed in cash, by cheque, money order or bank draft. From and after the annual Redemption Date, the Class I Shares tendered for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof other than the right to receive payment of the applicable Annual Redemption Price for each Class I Share so redeemed. Class I Shares which have been surrendered to the Corporation for redemption and which have been redeemed on an Annual Redemption Date shall be deemed to be outstanding until, but not after, the close of business on the Annual Redemption Date.

7. Other Redemption Provisions

- (a) The Corporation will not accept for redemption on any Monthly Redemption Date Class I Shares representing more than 5% of the average number of Class I Shares outstanding for the 90-day period immediately preceding the applicable Monthly Redemption Date. The Corporation will not accept for redemption on any Annual Redemption Date Class I Shares representing more than 15% of the average number of Class I Shares outstanding for the 180-day period immediately preceding the Annual Redemption Date. In the event that the number of Class I Shares tendered for redemption in respect of a Monthly Redemption Date or Annual Redemption Date, as applicable, exceeds the limits set forth above, the Corporation will redeem such Class I Shares tendered for redemption and not withdrawn on a pro rata basis.
- (b) Notwithstanding the limitations on redemption set forth in Section F.7(a), the directors of the Corporation may, in their sole discretion, waive the limitation in respect of all Class I Shares tendered for redemption in respect of any one or more Monthly Redemption Dates or Annual Redemption Dates, as applicable.
- (c) The Corporation may suspend the redemption of Class I Shares for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of mortgages comprising 50% or more (by outstanding principal amount) of the Portfolio or which impair the ability of the Manager to determine the value

of the assets of the Corporation or the Portfolio. The suspension may apply to all requests for redemption for Class I Shares received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. Holders of Class I Shares who have tendered their Class I Shares for redemption in such circumstances shall be notified of the suspension by the Corporation or the Manager and that the redemption will be effected at a price determined on the next Monthly Redemption Date or Annual Redemption Date, as applicable, following the termination of the suspension or such other date as the Manager may determine upon the conditions giving rise to such suspension having ceased to exist or no longer being applicable. All such holders of Class I Shares shall have and shall be advised that they have the right to withdraw such Class I Shares surrendered for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the rules and regulations promulgated by any governmental body having jurisdiction over the Corporation, any declaration of suspension made by the Manager shall be conclusive.

8. **Election Irrevocable**

Subject to Sections F.6(b), F.7(a) and F.7(c), the election of any holder to present and surrender any Class I Shares for redemption shall be irrevocable upon the receipt by or on behalf of the Corporation of the documentation and instruments required by the Corporation in connection therewith.

9. **Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Corporation, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, after satisfaction of all liabilities of the Corporation (or the establishment of reserves or other provisions therefor), the holders of the Class I Shares shall be entitled to receive from the assets of the Corporation and pari passu with the holders of the Class A Shares, Class B Shares, Class F Shares and Voting Shares, in cash or property, for each Class I Share an amount equal to its NAV per Share. After payment to the holders of the Class I Shares of the amount so payable to them, holders of Class I Shares shall be entitled to share in any further distribution of the assets of the Corporation together with any other class or series of Shares entitled to share therein.

10. **No Fractions**

The Corporation may not issue fractions of Class I Shares.

11. **Termination of the Corporation**

- (a) Subject to applicable law, the Corporation may be terminated at any time with the approval of the Class I Shareholders in accordance with Section F.2(b)(i) and paragraph (vi) of the definition of “Shareholder Matter”.
- (b) Upon the termination of the Corporation, the net assets of the Corporation will be distributed to the Shareholders in accordance with Section F.9. Prior to the date fixed for the termination of the Corporation, the Manager will, to the extent practicable, convert the assets of the Corporation to cash.

G. EXCHANGE FEATURE

Holders of Class B Shares, Class F Shares and Class I Shares may exchange all or any portion of such Shares for Class A Shares (the “**Exchange Feature**”) on the Monthly Exchange Date, provided that the Exchange Feature may not be exercised (i) to exchange less than 2,500 Shares in a single exchange transaction unless such holder of Shares tenders for exchange all Shares of such class beneficially owned by such holder, and (ii) before the date that is four months plus one day after the closing of issuance of such Shares under any private placement transaction.

The number of Class A Shares that will be issued to a Shareholder in exchange for Class B Shares, Class F Shares or Class I Shares upon exercise of the Exchange Feature will be determined as follows:

- (a) in the case of the exercise of the Exchange Feature in respect of Class B Shares, the product of the number of Class B Shares exchanged by such Shareholder and the Class B Exchange Ratio;
- (b) in the case of the exercise of the Exchange Feature in respect of Class F Shares, the product of the number of Class F Shares exchanged by such Shareholder and the Class F Exchange Ratio;
- (c) in the case of the exercise of the Exchange Feature in respect of Class I Shares, the product of the number of Class I Shares exchanged by such Shareholder and the Class I Exchange Ratio;

Shareholders who deposit their Shares pursuant to the Exchange Feature will continue to be holders of record of such Shares up to but not including the Monthly Exchange Date and will be entitled to receive distributions in respect of such Shares up to that date. The number of Class A Shares issuable pursuant to the Exchange Feature will be rounded down to the nearest whole number of Class A Shares. No fractional Class A Shares will be issued pursuant to the Exchange Feature, nor will any cash consideration be paid in lieu thereof.

H. RESTRICTIONS ON OWNERSHIP OF SHARES

No Shareholder of the Corporation is permitted to hold at any time, directly or indirectly, together with Related Persons, more than 25% of any class or series of the issued Shares of the Corporation.

In the event that (i) the exercise by any Shareholder of a redemption right associated with their class of Shares, or (ii) as determined by the board of directors of the Corporation in its sole discretion, any other transaction affecting any Shares (each a “**Triggering Transaction**”), if completed, would cause any holder(s) of such Shares (each an “**Automatic Repurchase Shareholder**”), together with Related Persons, to hold more than 25% of such class of Shares, that portion of such Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued Shares of such class (the “**Repurchased Shares**”) will, simultaneously with the completion of a Triggering Transaction, automatically be deemed to have been repurchased by the Corporation (an “**Automatic Repurchase**”) without any further action by the Corporation or the Automatic Repurchase Shareholder. The purchase price for any Repurchased Shares will be equal to 100% of their applicable NAV per Share (or, in the case of Voting Shares, their Voting Share Redemption Value) on the date of the Triggering Transaction, less any costs associated with such purchase. The proceeds of any Automatic Repurchase will be remitted to each applicable Automatic Repurchase Shareholder on the next Annual Redemption Date.

**SCHEDULE
OTHER PROVISIONS**

1. to remove the other provisions set out in article 7 of the articles of the Corporation; and
2. to add the following other provision to article 7 of the articles of the Corporation:

MANNER IN WHICH THE CORPORATION WILL CARRY ON ITS BUSINESS AND EXERCISE ITS POWERS

The investment objectives (the “**Investment Objectives**”) and investment restrictions (the “**Investment Restrictions**”) of the Corporation are set forth below.

1. **Investment Objectives**

The investment objectives of the Corporation are to acquire and maintain a diversified portfolio of first ranking Mortgages that preserves capital and generates attractive returns in order to permit the Corporation to pay monthly distributions to its Shareholders.

2. **Investment Restrictions**

- (a) The Corporation will not make any investment or conduct any activity that would result in the Corporation failing to qualify as a “mortgage investment corporation” within the meaning of the Tax Act.
- (b) The Corporation will not invest in securities other than: (i) Mortgages secured by Real Property, and (ii) Authorized Interim Investments.
- (c) The Corporation will invest only in first ranking Mortgages (for greater certainty, a junior position in a first ranking Mortgage is not considered a second Mortgage).
- (d) Not more than 30% of the Corporation’s total assets will be invested in junior positions in first ranking Mortgages at the time of funding the Mortgages.
- (e) The Corporation will invest only in Mortgages on the security of Real Property situated within Canada and no more than 10% of the Corporation’s total assets will be invested in Mortgages on the same Real Property at the time of funding the Mortgages.
- (f) At the time of funding each Mortgage, its Loan-to-Value will not exceed 70%.

- (g) Not more than 20% of the Corporation's total assets will be invested in Mortgages of the same borrower at the time of funding the Mortgages.
- (h) The aggregate principal amount of the Portfolio invested in Mortgages secured by non-income producing Real Property will not exceed 30% of the Corporation's total assets at the time of funding the Mortgages. For these purposes, "non-income producing Real Property" means Real Property where no income is being generated therefrom and the borrower and the Corporation have not established a cash reserve sufficient to fund the payment of all future principal and interest payments prior to maturity under the Mortgage secured by such Real Property.
- (i) The average term to maturity of Mortgages in the Portfolio will not exceed 36 months at the time of funding the Mortgages.
- (j) The Corporation will not directly invest in Real Property; however the Corporation may hold Real Property acquired as a result of foreclosure where such foreclosure is necessary to protect the Mortgage investment of the Corporation as a result of a default by the mortgagor. The Corporation will use its commercially reasonable best efforts to dispose of any such Real Property acquired on foreclosure.
- (k) The Corporation will not invest in ABCP or in securitized pools of Mortgage loans, including securitized pools of sub-prime Mortgage loans (being loans to borrowers with bad or no credit history).
- (l) The Corporation will not borrow money in excess of 40% of the Corporation's total assets at any time.
- (m) The Corporation will not guarantee securities or obligations of any person or corporation.
- (n) The Corporation will not engage in securities lending.
- (o) The Corporation will not engage in derivative transactions, other than derivative transactions to hedge interest rate risk and not for speculative purposes.

Notwithstanding the foregoing, the Corporation may, from time to time, exceed the limits prescribed described in paragraphs (d), (e), (g), (h) and (i) above on an exceptional basis provided that (i) each such exception is remedied by the Manager within 120 days from the date of funding of the relevant Mortgage, and (ii) in the aggregate at any given time, the assets of the Corporation invested in excess of such prescribed limits are not more than 15% of the total assets of the Corporation.