



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

Trez Capital Mortgage Investment Corporation

Corporate name / Dénomination sociale

817131-9

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

2012-05-24

Date of Amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)



-
- 1 Corporate name
Dénomination sociale
Trez Capital Mortgage Investment Corporation
-
- 2 Corporation number
Numéro de la société
817131-9
-
- 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 \$ ou d'un emprisonnement maximal de six mois, ou de ces deux peines (paragraphe 250(1) de la LCSA).

Schedule / Annexe

Description of Classes of Shares / Description des catégories d'actions

1. to designate the common shares provided for in the articles of incorporation as Voting Shares;
2. to create an unlimited number of shares of a second class designated as Class A Shares;
3. to provide that the rights, privileges, restrictions and conditions attaching to the Voting Shares as a class and the Class A Shares as a class are as follows:

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 December each year, beginning in 2013;
 - (d) "Annual Redemption Notice Period" means the period from the first Business Day of November (annually, starting in 2013) until 4:00 p.m. (Toronto time) on the 15th day of November, or the immediately preceding Business Day in the event that the 15th day of November is not a Business Day;
 - (e) "Annual Redemption Payment Date" means the 15th day of January each year, beginning in 2014;
 - (f) "Annual Redemption Price" means the NAV per Class A 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 D;
 - (i) "Automatic Repurchase" has the meaning ascribed to it in Section D;
 - (j) "Business Day" means any day on which there is a regular trading session of the TSX;
 - (k) "Commitment Fee" means a one-time fee paid by a borrower to the Company 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. The amount paid to the Company will be the net amount after compensation to the originator for sourcing the transaction;
 - (l) "Distributions" means any distributions paid in any form by the Corporation on the

Class A Shares, including without limitation (a) dividends, (b) payments made on a reduction of stated capital, or (c) any combination of any such distributions;

(m) "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;

(n) "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;

(o) "Loan-to-Value" means the ratio, expressed as a percentage, determined by $A/B * 100$ where:

(i) A = the principal amount of 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;

(p) "Management Agreement" means the management agreement between the Manager and the Corporation, as it may be supplemented, amended and/or restated from time to time in accordance with its terms;

(q) "Management Fee" means a management fee equal to 1.35% per annum of the NAV of the Corporation, calculated daily, aggregated and paid monthly in arrears, together with an amount equal to the Trailer Fee, in each case plus applicable taxes;

(r) "Manager" means Trez Capital Limited Partnership, its successors or assigns, or such other manager appointed by the Corporation from time to time;

(s) "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;

(t) "MIC" means a "mortgage investment corporation" as defined under the Tax Act;

(u) "Monthly Redemption Date" means the last Business Day of each month (other than a month during which an Annual Redemption Date occurs);

(v) "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;

(w) "Monthly Redemption Payment Date" means the 15th day of the month following the applicable Monthly Redemption Date;

(x) "Monthly Redemption Price" means the lesser of:

(i) 95% of the Trading Price; and (ii) the Market Price on the applicable Monthly Redemption Date;

(y) "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;

(z) "NAV" means the net asset value of the Corporation, being the value of the assets of the Corporation less (1) the liabilities of the Corporation and (2) the stated capital of the Voting Shares of the Corporation;

(aa) "NAV per Class A Share" means the quotient obtained by dividing the NAV of the Corporation on a given day by the total number of outstanding Class A Shares (immediately before any subscriptions for or redemptions of Class A Shares) at the close of business on such day;

(bb) "Net Return" means, for a period, the interest income, Commitment Fees and any other income of the Corporation during such period, less the fees and expenses of the Corporation (other than the Performance Fee) during such period;

(cc) "Performance Fee" means an annual performance fee each calendar year equal to 20% of the amount by which the Net Return for that year exceeds the product of (i) the average month-end NAVs during such year, and (ii) the average of the two-year Government of Canada bond yield on the last day of each calendar month during the year plus 450 basis points and prorated for any partial years;

(dd) "Portfolio" means the portfolio of Mortgages owned by the Corporation from time to time;

(ee) "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;

(ff) "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;

(gg) "Repurchased Shares" has the meaning ascribed to it in Section D;

(hh) "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 or Performance 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 Class A Shares or Voting 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 Class A 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 Class A Shares, other than by way of a distribution paid in additional Class A Shares or pursuant to a distribution reinvestment plan, at a price per Class A Share, the net proceeds of which is less than the NAV per Class A 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 Class A 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;

(ii) "Tax Act" means the Income Tax Act (Canada);

(jj) "Trading Price" means volume weighted average trading price 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;

(kk) "Trailer Fee" means a servicing fee paid by the Manager to each registered dealer readily identifiable on the records maintained by or on behalf of the Corporation equal to 0.50% annually of the NAV per Class A Share held by clients of the registered dealer, calculated and paid at the end of each calendar quarter commencing on September 30, 2012, plus applicable taxes;

(ll) "Triggering Transaction" has the meaning ascribed to it in Section D;

(mm) "TSX" means the Toronto Stock Exchange or any successor thereto; and

(nn) "Valuation Date" means, for the purposes of calculating NAV and NAV per Class A Share, the last Business Day of each week and such other days as are determined by the Manager.

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, Voting Shares shall rank equally with each other, subsequent to the Class A Shares, but in priority to any other shares of the Corporation ranking junior to the Voting 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 fundamental 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, of the sum of \$1.00 per share. 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 D, 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 Corporation in its sole discretion.

5. Repurchase

(a) The Corporation may, at its option, repurchase all or, from time to time, any part of the outstanding Voting Shares held by one or more holders of Voting Shares on payment to the holders thereof, for each share to be repurchased, of the sum of \$1.00 per share. Before repurchasing any Voting Shares, the Corporation shall provide to each registered holder whose Voting Shares are to be repurchased (for clarification, the Corporation may select one holder to exercise this repurchase right without exercising the repurchase right in respect of another holder), notice of the intention of the Corporation to repurchase such Voting Shares. On or after the date so specified for repurchase, the Corporation shall pay the repurchase price to the registered holders of the Voting Shares to be repurchased in such manner as may be determined by the Corporation in its sole discretion. In case the outstanding Voting Shares are to be repurchased only in part at any time, the Voting Shares to be repurchased shall be

selected by the directors of the Corporation in their sole discretion. From and after the date specified for repurchase in such notice, the applicable Voting Shares shall be repurchased and cancelled and the holders of the Voting Shares called for repurchase shall not be entitled to any rights in respect thereof, except to receive the repurchase 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 repurchase of any of the Voting Shares to be repurchased 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 D, the Corporation shall repurchase only the maximum number of Voting Shares that the Corporation determines it is then permitted to repurchase, such repurchase to be made from the holder(s) of Voting Shares and at the time determined by the Corporation in its sole discretion.

6. Retraction

(a) Subject to Section B.6(b), a holder of Voting Shares shall be entitled to require the Corporation to retract at any time and from time to time all or any number of the Voting Shares registered in the name of such holder on the books of the Corporation at a price per share of \$1.00. A holder of Voting Shares exercising his option to have the Corporation retract, shall give notice to the Corporation in the form specified by the Corporation. The holder of any Voting Shares may, with the consent of the Corporation, revoke such notice prior to the date specified for retraction. Upon payment of the retraction price of the Voting Shares to be retracted by the Corporation, the holders thereof shall cease to have any rights in respect thereof and the Voting Shares so retracted shall be cancelled.

(b) If the retraction of any of the Voting Shares to be retracted 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 D, the Corporation shall be obligated to retract only the maximum number of Voting Shares that the Corporation determines it is then permitted to retract, such retractions to be made pro rata according to the number of Voting Shares requested by each such holder to be retracted by the Corporation.

7. Liquidation, Dissolution or Winding-up

Subject to the prior rights of the holders of Class A Shares, 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 holders of Voting Shares shall be entitled to receive only the amount received by the Corporation as the consideration for the issuance of the Voting Shares.

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, the Class A Shares shall rank equally with each other and in priority to the Voting Shares and any other shares of the Corporation

ranking junior to the Class A 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;

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

(ii) Items (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 an additional Distribution will be payable to holders of Class A Shares of record on December 31. Each such additional 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 additional Distribution in Class A Shares, the number of Class A Shares outstanding after the Distribution will be consolidated such that each shareholder will hold after the consolidation the same number of Class A Shares as the shareholder held before the additional 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

shareholder's participation in the additional Distribution, the consolidation will result in such shareholder holding that number of Class A Shares equal to (i) the number of Class A Shares held by such shareholder prior to the Distribution plus the number of Class A Shares received by such shareholder in connection with the additional 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 the Distribution by the aggregate number of Class A Shares that would be outstanding following the additional Distribution and before the consolidation if no withholding were made in respect of any part of the additional Distribution payable to any shareholder. Any such shareholder will be required to surrender the Class A Share certificate(s), if any, representing such shareholder's original Class A Shares, in exchange for a certificate representing such 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 D, the Corporation may at any time or times purchase Class A Shares for cancellation at a price per Class A Share not exceeding the NAV per Class A 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 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 first Redemption Payment Date after such Monthly Redemption Date except that if such deposit is made after the end of a 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 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 December 2013, 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), in priority to the Voting Shares, the holders of the Class A Shares shall be entitled to receive from the assets of the Corporation for each Class A Share an amount, in cash or property, equal to the pro rata portion of the NAV attributable to the Class A Shares. After payment to the holders of the Class A Shares of the amounts so payable to them, they 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) The Corporation may be terminated at any time with the approval of the shareholders in accordance with Section C.2(b)(i) and Item (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 of the Corporation in accordance with Section C.9. Prior to the date fixed for the termination of the Corporation (the "Corporation End Date"), the Manager will, to the extent practicable, convert the assets of the Corporation to cash.

D. 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 Class A Shareholder of a redemption right associated with the Class A Shares, or (ii) as determined by the board of directors of the Corporation in its sole discretion, any other transaction affecting any Class A Shares (each a "Triggering Transaction"), if completed, would cause any holder(s) of such Class A Shares (each an "Automatic Repurchase Shareholder"), together with Related Persons, to hold more than 25% of the Class A Shares, that portion of such Class A Shares held by each Automatic Repurchase Shareholder which constitutes in excess of 24.9% of the issued Class A Shares (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 the NAV per Class A Share in effect 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 within 60 days following the date of the Triggering Transaction.

Schedule / Annexe
Other Provisions / Autres dispositions

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 Mortgages that preserves capital and generates attractive returns in order to permit the Corporation to pay monthly distributions to its Class A 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 Mortgages on the security of Real Property situated within Canada and no more than 10% of the Corporation's assets will be invested in Mortgages on the same Real Property at the time of funding the Mortgages.

(d) At the time of funding each Mortgage: (i) its Loan-to-Value will not exceed 85%, and (ii) the weighted average Loan-to-Value of the entire Portfolio will not exceed 75%.

(e) Not more than 20% of the Corporation's assets will be invested in Mortgages of the same borrower at the time of funding the Mortgages.

(f) Not more than 30% of the principal amount of the Portfolio will be invested in Mortgages secured by non-income producing Real Property at the time of funding the Mortgages.

(g) The average term to maturity of Mortgages in the Portfolio will not exceed 36 months at the time of funding the Mortgages.

(h) Not more than 40% of the principal amount of the Portfolio will be secured by second Mortgages at the time of funding the Mortgages (for greater certainty, a junior position in a first ranking Mortgage is not considered a second Mortgage).

(i) The Corporation will not 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.

(j) 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).

(k) The Corporation will not borrow money in excess of 20% of the Corporation's NAV at any time.

(l) The Corporation will not guarantee securities or obligations of any person or corporation.

(m) The Corporation will not engage in securities lending.

(n) The Corporation will not engage in derivative transactions, other than derivative transactions to hedge interest rate risk and not for speculative purposes.