

COURT FILE NUMBER QB No. 1455 of 2019

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF SECTION 204 OF *THE BUSINESS CORPORATIONS ACT*, RSS 1978, c B-10

AND IN THE MATTER OF THE VOLUNTARY LIQUIDATION AND DISSOLUTION OF
PRIMEWEST MORTGAGE INVESTMENT CORPORATION

ORIGINATING APPLICATION
(Court Supervision of Voluntary Liquidation)

NOTICE TO RECIPIENTS LISTED IN THE PRELIMINARY SERVICE LIST

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where: 520 Spadina Crescent East, Saskatoon, SK

Date: ~~Thursday~~ Friday, October ~~24~~ 25, 2019
Friday 25

Time: 9:00 a.m.

Go to the end of this document to see what you can do and when you must do it.

PARTICULARS OF APPLICATION

1. The applicant, PrimeWest Mortgage Investment Corporation ("**PrimeWest**"), seeks an order pursuant to sections 204(8), 210, 216, and 215 of *The Business Corporations Act*, RSS 1978, c B-10 (the "**SBCA**"):

- (a) abridging the time for service of notice of the application (to the extent required);
- (b) affirming and approving PrimeWest's Plan of Liquidation and Dissolution (the "**Liquidation Plan**"), including without limitation the appointment of;
 - (ii) KPMG Inc. as liquidator (the "**Liquidator**") of the Corporation without security; and
 - (iii) Tom Robinson, Wilson Olive, Francis Bast and Tom Archibald as inspectors of the Corporation's liquidation (the "**Inspectors**");
- (c) continuing the liquidation of PrimeWest under the supervision of the Court as provided in the Liquidation Plan and Division XVI of the SBCA;
- (d) specifying the Liquidator's powers;
- (e) exempting the applicant and the Liquidator from the requirements in sections 149 and 153 of the SBCA to provide any further audited financial statements to PrimeWest's shareholders;

- (f) relieving PrimeWest and the Liquidator of any obligation to call or hold a meeting of PrimeWest's shareholders until such time as the Liquidator determines such a meeting to be necessary or desirable;
- (g) imposing a duty upon all Persons (as that term is defined in the draft Order) to provide access and co-operation to the Liquidator;
- (h) providing for:
 - (i) a stay of proceedings against the Liquidator, PrimeWest, its assets, or any of PrimeWest's former or current directors or officers;
 - (ii) the continuation of necessary services to PrimeWest in the liquidation proceedings;
 - (iii) limitations on the liability of the Liquidator in discharging its obligations and duties pursuant to the Liquidation Plan;
 - (iv) the payment of the Liquidator's accounts and funding of the Liquidation in accordance with the Liquidation Plan; and
 - (v) such further and other relief as counsel may advise and this Honourable Court may permit.

2. The applicant's grounds for making this application are:

- (a) PrimeWest is solvent; however, its board of directors (the "**Board**") has determined that its business operations are no longer viable;
- (b) the Liquidation Plan was subsequently approved by the Board and an overwhelming majority of PrimeWest's shareholders by special resolution; and
- (c) the Liquidation Plan contemplates an application for Court supervision to facilitate, among other things, the implementation and conclusion of a claims process to determine and crystallize the claims against PrimeWest to be paid from the proceeds of the liquidation.

3. The applicant's summary of the material facts is as follows:

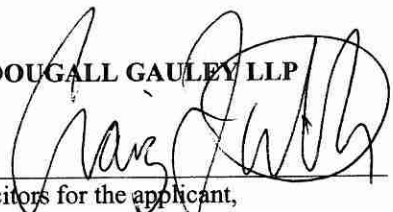
- (a) PrimeWest has undergone significant financial changes since 2016;
- (b) following the replacement of key personnel in 2016, PrimeWest conducted an in-depth review of, among other things, its mortgage portfolio, the results of which necessitated increases to its loan loss provisions and, ultimately, a restatement of its 2014 and 2015 financial statements to account for previous losses;
- (c) PrimeWest attempted to mitigate its mortgage portfolio losses and return to profitability in 2017 through a number of initiatives, and while it succeeded in reducing its operating expenses, liquidating assets, and reducing its liabilities, the corporation was unable to return to profitability; and
- (d) the Board and management of the corporation explored potential sales as an alternative to liquidation, but no *bona fide* offers were received, such that a voluntary liquidation was the best available option for winding up the corporation's affairs and returning any remaining capital to the shareholders.

4. In support of this application, the applicant relies on the following material or evidence:
- (a) this originating application;
 - (b) the Affidavit of Marlene Kaminsky sworn October 9, 2019;
 - (c) the draft Order filed along with this application;
 - (d) the brief of law to be served and filed in accordance with *The Queen's Bench Rules*; and
 - (e) such further and other material that this Honourable Court may allow.

DATED at Saskatoon, Saskatchewan, this 9th day of October, 2019.

McDOUGALL GAULEY LLP

Per:


Solicitors for the applicant,
PrimeWest Mortgage Investment Corporation

This notice is issued at the above-noted judicial centre on the 9th day of October, 2019.

JACKIE FREEBORN
DEPUTY LOCAL REGISTRAR

(Deputy) Local Registrar

NOTICE

You are named as a respondent because you have made or are expected to make an adverse claim with respect to this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form.

The rules require that a party moving or opposing an originating application must serve any brief of written argument on each of the other parties and file it at least 3 days before the date scheduled for hearing the originating application.

If you intend to rely on an affidavit or other evidence when the originating application is heard or considered, you must serve a copy of the affidavit and other evidence on the originating applicant at least 10 days before the originating application is to be heard or considered.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

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