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November 18, 2022 - Shareholder Update

Consolidation of Caplink Mortgage Investors Corporation (“CMIC”) and Cedar II Mortgage Corporation (“Cedar II”) into Caplink Mortgage Trust (“CMT”)

Consolidation of Cedar II and CMIC into Caplink Mortgage Trust

As discussed in previous Shareholder Updates, Caplink Financial Corporation (“Management”) has been working with the Cedar II and CMIC Board of Directors (the “Board”) on consolidating Cedar II and CMIC into CMT. Unlike Cedar II and CMIC, which are both mortgage investment corporations, CMT is a mutual fund trust that has been structured to provide investors with access to a geographically diversified portfolio of quality mortgage investments. That consolidation is necessary to grant investors access to new and more diverse markets while simultaneously achieving operating efficiencies associated with running two independent funds as one.

The intended transaction is being achieved through the combination of Cedar II and CMIC’s mortgage portfolios followed by a transfer of the new combined mortgage portfolio to CMT. In that transfer existing Cedar II and CMIC shareholders will receive units in CMT at par (i.e. with no discount to value). Each CMIC shareholder and each Cedar II shareholder can elect to receive their proportionate interest in CMT in units or in cash (“Cash Consideration”) subject to a maximum Cash Consideration of \$3,700,000.00 as outlined in the Plan Of Arrangement (“POA”). If the amount of Cash Consideration elections is more than the maximum Cash Consideration of \$3,700,000.00, then the cash elections will be reduced, on a pro rata basis.

Following the POA, Cedar II and CMIC shareholders will have proportionally the same investment in CMT as they had in Cedar II and CMIC.

To be clear, Cedar II and CMIC are both corporations in which investors own shares. Shares represent equity ownership in a corporation. CMT is a trust so instead of owning shares investors own units. Thus, units represent equity ownership in a trust.

The multi-step process of combining the mortgage portfolios and transferring it to CMT is being implemented by way of a POA under the *Business Corporations Act* (Alberta). A POA is a court supervised and approved statutory procedure used to effect a wide variety of mergers and acquisitions (“M&A”). There are many advantages to using a POA, but the key advantage is flexibility. Unlike other M&A mechanisms, POAs offer parties a great deal of flexibility with respect to the changes that can be effected, thereby facilitating the completion of complex, multi-step transactions in a constructive and timely manner. In this transaction the proposed multi-step process would normally take several months to complete, but through a POA multiple steps are deemed to occur simultaneously thereby dramatically



shortening the entire transaction process. As importantly, a POA is court supervised and as such, investors can have greater comfort that they are being treated equitably in the transaction.

Plan of Arrangement Approved by Board of Directors

On November 8, 2022 the Board met and after considering the proposed POA structure, its related Arrangement Agreement, an independent fairness opinion and consulting with legal, accounting, and tax advisors the Board:

- (i) determined that the POA is in the best interests of both Cedar II and CMIC shareholders;
- (ii) determined that the POA is fair to Cedar II and CMIC shareholders;
- (iii) approved the Arrangement Agreement; and
- (iv) resolved to recommend Cedar II and CMIC shareholders vote in favour of the POA.

Key Dates and Next Steps

Following the Board's approval of the POA several key dates come into play, those being:

- 1) **On November 22** the POA application will be heard in the Court of King's Bench. The application is for an "Interim Order" that will give directions on calling and giving notice of a special meeting of Cedar II and CMIC shareholders and related matters;
- 2) **On November 24**, assuming the Interim Order is granted, a joint information circular will be mailed to all Cedar II and CMIC shareholders announcing the "Special Shareholder Meetings" for Cedar II and CMIC;
- 3) **Between November 27 and December 14**, Management will host a series of virtual town hall meetings with Cedar II and CMIC shareholders. At those meetings Management will further detail the purpose and process of the POA and Special Shareholder Meetings, while reviewing key aspects and benefits of CMT. Those meetings will include question and answer sessions;
- 4) **On December 15** the Special Shareholder Meetings for Cedar II and CMIC will be held. At the Special Shareholder Meetings, CMIC and Cedar II shareholders will each vote to approve the POA which must be approved by at least sixty-six and two-thirds percent (66⅔%) of the votes cast by all Cedar II and CMIC shareholders voting in person or by proxy;
- 5) **On December 16**, assuming the POA is approved by Cedar II and CMIC shareholders, legal counsel will make an application to the Court of King's Bench for a "Final Order" approving the POA;
- 6) **On or about December 21**, assuming the Final Order is granted by the Court of King's Bench, the transaction will be concluded with Cedar II and CMIC being wound up and dissolved prior to December 31, 2022.

Management will keep you apprised of the progress of the POA. If you have any questions or concerns please do not hesitate to contact either:

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or

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