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January 22, 2018

Dear Shareholder:

Carecana Management Corp. ("Carecana") is pleased to provide you with the following update regarding your investment in **CareVest Senior Mortgage Investment Corporation** (the "MIC").

### **2017 Overview**

Portfolio activities for 2017 include: (Figures as at December 31, 2017)

- Closed sales of \$4 million of non-performing assets
- Continued to fund retraction requests, in accordance with the terms of the MIC's share issue, resulting in \$13 million being paid out during 2017, and over \$100 million since 2013

Examples of 2017 recovery efforts include:

#### **British Columbia**

- Closed sales of an additional 15 condominium units (93 units closed to date) from a 98 unit condominium project. The remaining 5 units have been sold with closing dates to occur in January and February 2018
- Closed sale of 1 parcel of raw land in August 2017
- Sale of 1 parcel of raw land is scheduled to close in January 2018

#### **Alberta**

- Closed sales of 4 single family lots out of 10 remaining in a country residential development
- Closed sales of 7 single family lots out of 96 serviced lots on a 44 acre site
- Closed sale of 1 parcel of raw land in March 2017
- Sale of 1 parcel of raw land is scheduled to close in June 2018

Following on the success of certain realizations in 2017, Carecana's management will continue to pursue opportunities to convert remaining non-performing assets within the MIC's portfolio at strong net realizable value to the MIC.

The recovery of each default loan and inventory position is complex, and is subject to market uncertainty. For these reasons, and any other unforeseeable factors, the process takes time and Carecana appreciates your patience.

### **2017 Net Asset Value Per Share**

After applying International Financial Reporting Standards (IFRS) at each reporting date the Net Asset Value per Class A Share of the MIC at December 31, 2017 has increased to \$8.36.

## **2018 Retraction Notice Period**

Shareholders wishing to submit a retraction request for all or a portion of their Class A shares may do so by submitting retraction forms during the next available retraction notice period scheduled for February 10th to 15th, 2018.

**If you made a request in 2017, you will need to submit a new request in 2018.**

The 2018 retraction forms are available online at Carecana's website under the '[Shareholder Administration](#)' section. Instructions for completing and submitting the forms are included. The MIC is not able to accept or act on a retraction request received outside of the MIC's retraction notice period so please make sure you submit the form to Carecana between **February 10 to 15, 2018**.

The MIC's shareholder approved monthly and annual retraction limits allow the MIC to avoid the need to liquidate longer term assets in the short term at potentially reduced prices. This approach permits the MIC to maximize the recovery on default mortgages and inventory assets and continue operations for the benefit of shareholders as a whole.

## **Electronic Document Delivery**

Electronic document delivery of MIC monthly Investor Statements has been in effect for almost two years. For investors who have not opted for this service, your **annual** MIC Investor Statement will be sent by mail. Annual statements will cover the period from May 1, 2017 to April 30, 2018.

For MIC investors who are interested in electronic document delivery but have yet to sign up, please refer to the Carecana E-Delivery Consent form located on Carecana's website at ([www.carecanacorp.com](http://www.carecanacorp.com)) under the MIC's '[Shareholder Administration](#)' section. If you have any questions related to signing up for this service, please contact Carecana Investor Relations by phone at 1-855-278-3611 or email [investor@carecanacorp.com](mailto:investor@carecanacorp.com).

## **Future Updates**

Carecana's website ([www.carecanacorp.com](http://www.carecanacorp.com)) continues to be the primary source for MIC shareholder news and updates. As always, shareholders wishing to be notified of updates may subscribe to Carecana's "E-mail Notification List" through the website which supplies broadcasts when certain updates to the website are made. Carecana encourages shareholders to subscribe to the list to receive timely delivery of these notices.

Yours truly,

**Carecana Management Corp.**  
Roy Goddard, President