



**NOTICE OF ANNUAL GENERAL MEETING
PENDER PRIVATE INVESTMENTS INC.**

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of the shareholders of Pender Private Investments Inc. (the "**Company**") will be held on August 17, 2022 at 1830 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, at the hour of 10:00 a.m. (local time in Vancouver, B.C.) for the following purposes:

1. To receive the audited annual financial statements of the Company for its fiscal year ended December 31, 2021, and accompanying report of the auditor.
2. To appoint KPMG LLP, Chartered Accountants, as the Company's auditor for the ensuing fiscal year and authorize the directors to fix the auditor's remuneration.
3. To elect the following persons as directors of the Company for the ensuing year:

 Maria Pacella
 Natalie Dakers
 Robert Napoli
4. To transact such further or other business as may properly come before the Meeting and any adjournments thereof.

Accompanying this Notice is an Information Circular and a form of Proxy. The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

Shareholders unable to attend the Meeting in person should read the notes to the enclosed Proxy, as applicable, and complete and return the Proxy to the Company within the time required by, and to the location set out in, the notes to the Proxy.

Due to continuing concerns regarding the coronavirus (COVID-19) and in consideration of the health and safety of shareholders, employees, other stakeholders and the broader community, **the Company encourages all shareholders to consider accessing the meeting by zoom or teleconference.** The Company strongly encourages all shareholders to vote their shares prior to the meeting. **Shareholders will not be able to vote through zoom or the conference call** and we encourage you to vote your shares by proxy ahead of the Meeting.

Details of Zoom and telephone conference:

Zoom link: <https://us06web.zoom.us/j/87506015860?pwd=cVVGSHRPSnlvVjE1S01tQlZlOVZlZz09>

Dial in number: (778) 907-2071

Webinar ID: 875 0601 5860

Passcode: 148397

We hope you will be able to participate in the Meeting. Your vote is important regardless of the number of shares you own. Please review the voting instructions set out in the Information Circular under the heading "Appointment of Proxyholder and Revocation of Proxies".

The enclosed Proxy is solicited by management of the Company and you may amend it, if you wish, by inserting in the space provided the name of the person you wish to represent you as proxy holder at the Meeting.

DATED at Vancouver, British Columbia, this 19th day of July, 2022.

BY ORDER OF THE BOARD

"Maria Pacella"

Maria Pacella
Chief Executive Officer & Director



PENDER PRIVATE INVESTMENTS INC.

Suite 1830 – 1066 West Hastings Street, Vancouver, B.C. V6E 3X2

Telephone: (604) 688-1511 Facsimile: (604) 563-3199

INFORMATION CIRCULAR

(containing information as at July 18, 2022, except as otherwise indicated)

GENERAL PROXY INFORMATION

This Information Circular is furnished in connection with the solicitation of proxies (each a “Proxy” and collectively, “Proxies”) by the management of PENDER PRIVATE INVESTMENTS INC. (the “Company”), for use at the Annual General Meeting of the shareholders of the Company, to be held on August 17, 2022 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notices of Meeting (the “Notice”). The Company is managed by PenderFund Capital Management Ltd. (the “Manager”). While the solicitation will be made primarily by mail, Proxies may be solicited personally or by telephone by the regular employees of the Company and the Manager at nominal cost. The cost of solicitation will be borne by the Manager

No person is authorized to give any information or to make any representations other than those contained in this Information Circular and, if given or made, such information or representations should not be relied upon as having been authorized.

The date of this Circular is July 19, 2022. Our directors have determined that shareholders of record on July 18, 2022 will be entitled to receive the Notice and to vote at the Meeting.

If you have questions about the procedures for voting your Shares, please contact TSX Trust Company (“TSX Trust”) at 1-800-387-0825 or via email at shareholderinquiries@tmx.com.

“You” in this Circular refers to registered holders of Shares. The registered holders of Shares are the individual holders of Legacy Shares, whether they hold them directly or beneficially.

Manner of Voting by Proxy and Appointment of Proxyholder

You may vote at the Meeting or you may appoint someone else to vote for you as proxy holder using one of the applicable methods set out below by no later than 10:00 a.m. (Pacific time) on August 15, 2022 or, if the Meeting is adjourned, 10:00 a.m.(Pacific time) on the business day preceding the adjourned meeting. If you choose to vote by proxy, you may still attend the Meeting. The Chair of the Meeting may also exercise his or her discretion to accept proxies delivered at any time prior to the commencement of the Meeting.

If a shareholder who has submitted a proxy and that shareholder or their proxy holder attends the Meeting, any votes cast on a specific ballot during the Meeting will be counted. This means that if you had already submitted a proxy and vote at the Meeting, your submitted proxy will be disregarded for the voting on that specific ballot.

Proxies are to be deposited at the office of TSX Trust Company, Attn: Proxy Department at P.O. Box 721, Agincourt, ON M1S 0A1. You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111 or scan and email to proxyvote@tmx.com.

Please see your enclosed form of Proxy for further voting instructions, including [how to vote over the Internet](#).

The individuals named in the enclosed form of proxy for the Meeting are officers or directors of the Company. If a shareholder appoints one of the persons designated in the accompanying form of proxy, then, in the absence of any contrary instructions on the proxy, the proxy will be voted in favour of all matters proposed by the Company at the Meeting. Shareholders have the right to appoint some other person, who need not be a shareholder, to act as their representative at the Meeting. To exercise this right, you may do so by internet or you may insert the other person's name in the blank space provided in the form of proxy or you may complete and submit a similar form of proxy and send in your proxy by mail or fax (as making such appointment is not available by telephone voting).

A vote cast in accordance with the terms of a proxy will be valid notwithstanding the previous death, incapacity or bankruptcy of the shareholder on whose behalf the proxy was given or the revocation of the appointment unless written notice of such death, incapacity, bankruptcy or revocation, as applicable, is received by the Chair of the Meeting at any time before the vote is cast.

The enclosed form of proxy when properly delivered and not revoked, confers discretionary authority upon those persons named with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

Revocation of Proxies

A shareholder may revoke a proxy on any matter on which it has not been previously exercised:

- (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer, with evidence of the authority of such attorney or officer, as applicable, accompanying the Proxy: (i) with the Company at any time up to and including the last business day before the day of the Meeting or any adjournment thereof at which the Proxy is to be used, or (ii) with the Chairman of the Meeting at the scheduled commencement of the Meeting or adjournment thereof at which time the Proxy is to be used, or
- (b) in any other manner permitted by law.

Revocation of Proxies may also be done electronically. Shareholders who wish to revoke Proxies electronically are urged to contact the Company to determine the availability, and instructions for the use, of this option.

Voting and Exercise of Discretion of Proxies

The securities represented by a Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon the securities will be voted accordingly.

In the absence of any instructions on how the securities represented by the Proxy are to be voted, the proxyholder will have discretionary authority to vote on such unspecified matters. The persons named in the enclosed form of Proxy intend to vote in favour of the motions proposed to be made at the Meeting as stated in the Notice and in this Information Circular.

The form of Proxy enclosed confers discretionary authority with respect to amendments or variations to the matters disclosed in the Notice and in this Information Circular, or any other matters, which may properly be brought before the Meeting. At the time of the printing of this Information Circular, the Company's management is not aware of any such amendments, variations or other matters to be presented for action at the Meeting. If, however, any amendments, variations or other matters which are not now known to the Company's management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the proxyholder on such matters. If a shareholder does not wish to confer discretionary authority on the proxyholder, the shareholder should

mark “against” under the item “*To approve the transaction of such other business as may properly come before the Meeting*” in the Proxy.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company’s authorized capital consists of an unlimited number of Class A Shares (the “**Shares**”), issuable in series in which there are two series outstanding, being the “Legacy Shares” and the “Commercialization (Series 2) Shares”. At the record date there are 7,077,109 Legacy Shares outstanding and 1,002,555 Commercialization (Series 2) Shares outstanding. Class A Shares entitle the holder to one vote per Class A Share at general meetings of the Company.

The Company’s authorized capital also includes an unlimited number of Class B Shares which are identified as “Exit Shares”. The Exit Shares entitle holders to vote only at meetings at which, in accordance with the *Business Corporations Act* (British Columbia), they are entitled to vote separately as a class. Accordingly, the Exit Shares do not carry the right to vote at the Meeting.

Unless otherwise permitted by law, only those Shareholders of record holding Shares on July 18, 2022 (the “**Record Date**”) shall be entitled to vote at the Meeting, or any adjournment thereof, in person or by Proxy. On any poll, each Shareholder of record holding Shares on the Record Date is entitled to exercise the voting rights attached to each Share registered in his or her name on the list of Shareholders as at the Record Date, which list will be available for inspection during normal business hours at the office of the Manager and at the Meeting.

To the knowledge of the directors and senior officers of the Company, the following persons beneficially own, directly or indirectly, or exercises control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares:

Legacy Shares

| Name and Municipality of Shareholder | Number of Shares | Percentage of Class |
|--|-------------------------|----------------------------|
| Pender Growth Fund Inc. Vancouver, British Columbia | 6,936,146 | 98% |

Commercialization (Series 2) Shares

| Name and Municipality of Shareholder | Number of Shares | Percentage of Class |
|--|-------------------------|----------------------------|
| Pender Growth Fund Inc. Vancouver, British Columbia | 1,002,555 | 100% |

APPOINTMENT AND REMUNERATION OF AUDITORS

The Shareholders of the Company will be asked to pass an ordinary resolution to approve the re-appointment of KPMG LLP (“**KPMG**”), located at 777 Dunsmuir Street, Vancouver, British Columbia, as auditors for the Company, to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board of Directors of the Company (the “**Board**”). KPMG was first appointed as the auditor of the Company effective November 14, 2019.

ELECTION OF DIRECTORS

The Company currently has three directors. The term of office of each of the present directors of the Company expires at the Meeting. **The persons named below will be presented for election as directors at the Meeting as management's nominees.** All of the nominees are current directors of the Company. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Shareholders of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of the British Columbia *Business Corporations Act* (the "BCBCA").

The following table sets out the names of management's nominees for election as directors, the country and province in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of Shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by each as at the Record Date.

| Name, Province or State and Country of Residence ⁽¹⁾ and Positions Held with the Company | Principal Occupation or Employment During the Past Five Years ⁽¹⁾ | Date Served as a Director | Number of Shares Beneficially Owned, or Controlled or Directed, as at Record Date |
|---|--|---------------------------|---|
| Maria Pacella ^{(2) (3)} British Columbia, Canada Director | Senior VP, Private Equity and Portfolio Manager, PenderFund Capital Management Ltd.; President & CEO of the Company | March 1, 2019 | 111 Legacy Shares |
| Natalie Dakers ⁽³⁾ British Columbia, Canada Director | Health Sciences Entrepreneur and Adjunct Professor, Faculty of Pharmaceutical Sciences, University of British Columbia | May 28, 2021 | Nil |
| Robert Napoli ⁽³⁾ British Columbia, Canada Director | CFO and director of Cascadia Seaweed and former VP and Co-Founder of First West Capital (mezzanine debt fund) | May 28, 2021 | 231 Legacy Shares |

Notes:

- (1) The information as to Province or State and Country of residence, principal occupation or employment and the number of voting securities beneficially owned, or controlled or directed, directly or indirectly, by the nominees is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Ms. Pacella is an officer and shareholder of PenderFund Capital Management Ltd., the Manager of the Company.
- (3) Member of the audit committee of the Company (the "**Audit Committee**").

The Board does not contemplate that any of management's nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of Proxy intend to exercise discretionary authority to vote the Shares represented by Proxy for the election of other persons as directors.

To the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or was within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted

from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular:

- (a) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Company, no proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company entered into an agreement dated effective December 21, 2018 with PenderFund Capital Management Ltd. (the "**Manager**"), amended on February 19, 2019 and amended and restated on May 28, 2021 (the "**Management Agreement**"), concurrent with the acquisition by Pender Growth Fund Inc. ("**PTF**") of 100% of the Commercialization (Series 2) Shares and 97% of the Legacy Shares (referred to in this Circular as the "**WOF Transaction**").

Pursuant to the Management Agreement, the Manager provides management services relating to the Company's investments and administration of the Company's affairs. These services include monitoring the financial and operating performance of investee companies, determining the timing, terms and method of disposing of the Company's investments in its investee companies; and ensuring that appropriate accounting, bookkeeping and clerical records are maintained with respect to the operations of the Company. See "Management Contracts".

Executive management services are provided to the Company through the Manager under the terms of the Management Agreement and paid for by the Manager from the fees paid to the Manager under the Management Agreement. In these circumstances, the Company considers that the compensation paid by the Manager to the individuals that act as the chief executive officer and chief financial officer of the Company are matters that are more appropriately determined by the Manager's Board of Directors (the "**Board of the Manager**"). The Board has not considered the implications of the risks associated with the Manager's compensation policies and practices. The Company does not have a policy preventing a Named Executive Officer (as defined below) or director of the Company from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. The Company does not grant equity securities as compensation.

Security Based Compensation

The Company does not currently have a security based compensation plan pursuant to which security based compensation may be granted and currently has no intention to adopt such a plan.

Summary Compensation Table

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers"):

- (a) the Company's chief executive officer ("CEO");
- (b) the Company's chief financial officer ("CFO");
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2021, the Company had two Named Executive Officers, Maria Pacella, Chief Executive Officer, and Gina Jones, Chief Financial Officer. The following table is a summary of compensation paid to the Named Executive Officers for the financial years ended December 31 for the years indicated:

| Name and Position of Principal | Year ⁽¹⁾ | Salary ⁽²⁾ | Share Based Awards | Option Based Awards | Non-equity incentive plan compensation (\$) | | Pension Value | All other compensation | Total Compensation |
|--|---------------------|-----------------------|--------------------|---------------------|---|---------------------------|---------------|------------------------|--------------------|
| | | | | | Annual incentive plans | Long-term incentive plans | | | |
| Maria Pacella, Chief Executive Officer | 2021 | \$46,080 | Nil | Nil | Nil | Nil | Nil | Nil | \$46,080 |
| | 2020 | \$40,173 | Nil | Nil | Nil | Nil | Nil | Nil | \$40,173 |
| | 2019 | \$33,333 | Nil | Nil | Nil | Nil | Nil | Nil | \$33,333 |
| Gina Jones Chief Financial Officer | 2021 | \$40,459 | Nil | Nil | Nil | Nil | Nil | Nil | \$40,459 |
| | 2020 | \$37,949 | Nil | Nil | Nil | Nil | Nil | Nil | \$37,949 |
| | 2019 | \$31,399 | Nil | Nil | Nil | Nil | Nil | Nil | \$31,399 |

Notes:

(1) Financial years ended December 31 of the years indicated.

(2) These salaries represent the compensation paid to the individual by the Manager in connection with services the Manager provided to the Company.

Incentive Plan Awards

The Company had no outstanding share options at December 31, 2021 or at any other time during the financial year ended December 31, 2021. Accordingly, no options vested or were exercised during the financial year ended December 31, 2021.

Pension Plan Benefits

The Company does not provide a pension plan for executive officers or directors.

Termination of Employment, Change in Responsibilities and Employment Contracts

There are no compensatory plans or arrangements with the Named Executive Officers resulting from the resignation, retirement or other termination of employment of the Named Executive Officers or from a change of control of the Company.

Director Compensation

Except as otherwise disclosed herein, there were no standard arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors were compensated by the Company or any subsidiary thereof for services in their capacity as a director (including any additional amounts payable for committee participation or special assignments), or for services as consultants or experts, during the most recently completed financial year.

The following table sets out the compensation received by the Directors of the Company during the financial year ended December 31, 2021:

Director Compensation Table

| Name | Fees Earned | Share-based awards | Option-based awards | Non-equity incentive plan compensation | Pension value | All other compensation | Total |
|----------------|--------------------|---------------------------|----------------------------|---|----------------------|-------------------------------|--------------|
| Maria Pacella | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Natalie Dakers | \$5,952 | Nil | Nil | Nil | Nil | Nil | \$5,952 |
| Robert Napoli | \$5,952 | Nil | Nil | Nil | Nil | Nil | \$5,952 |

During the most recently completed financial year, the independent directors' fees for the financial year ended December 31, 2021 were \$2,500 per quarter. These fees are paid quarterly, subject to the availability of funds. All directors are also entitled to be reimbursed for reasonable expenses incurred on behalf of the Company.

There are no arrangements for compensation with respect to the termination of directors in the event of a change or control of the Company.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, in relation to a securities purchase program or other program.

MANAGEMENT CONTRACTS

As disclosed under the heading "Compensation Discussion and Analysis" the Company and the Manager entered into the Management Agreement which was most recently amended and restated on May 28, 2021 concurrent with the completion of the WOF Transaction.

Management Services

In accordance with the Management Agreement, the Manager provides management services in connection with all aspects of the active monitoring and ultimate divestment of all investments of the Company. The Manager has a "divestment objective" under the Management Agreement and is tasked with seeking an orderly realization of value to achieve returns through the divestment of the Company's portfolio of investments.

Support Services

The Manager provides the Company with all services necessary to carry on its day to day operations (including, without limitation, accounting, shareholder recordkeeping, responding to shareholder enquiries and preparing regulatory reporting and adhering to continuous disclosure requirements) in exchange for an "all-in" management and operating fee. See "Management Fees".

Termination of the Management Agreement

The Management Agreement is in effect until the later of (a) May 28, 2026; and (b) the date on which there are less than ten holders of Legacy Shares and shall be renewed automatically for a further five years, unless the Shareholders resolve to terminate the engagement of the Manager. The Manager may terminate the Management Agreement in certain circumstances and the Company may terminate the Management Agreement on grounds such as material breach of the agreement by the Manager without remedy within 60 days of the Manager being notified of the breach.

The name, municipality of residence and position of each of the directors and certain employees of the Manager are:

| Name and Municipality of Residence | Position(s) with the Manager |
|--|--|
| Kelly Edmison Vancouver, B.C. | Director and Chair |
| Donald Campbell Winnipeg, M.B. | Director |
| David Barr North Vancouver, B.C. | Chief Executive Officer, Portfolio Manager, and Director |
| Felix Narhi North Vancouver, B.C. | Director, Chief Investment Officer and Portfolio Manager |
| Gina Jones ⁽¹⁾ Vancouver, B.C. | Chief Compliance Officer, Chief Financial Officer and Corporate Secretary |
| Carlo Desierto Vancouver, B.C. | President |

Notes:

(1) Ms. Jones is also the Chief Financial Officer of the Company.

Management Fees

Annual Management Fees

Under the Management Agreement, the Manager is entitled to be paid an annual management fee (the "**Management Fee**") equal to 2.50% of the Net Asset Value (as defined in the Management Agreement as available under the SEDAR profile of the Company on sedar.com) of the Legacy Shares. The Management Fee is accrued and only paid out of available cash when there is a divestment. The Manager will fund all the Company's operations out of the Management Fee other than fees paid to directors and reasonable costs incurred in connection with a divestment.)

Performance Fee

Following the disbursement to holders of Legacy Shares of net proceeds from divestments of Legacy Investments of an amount equal to the Effective Date Legacy NAV (as defined in the Management Agreement), the Manager will be entitled to 20% of the net proceeds from the Legacy Investments (the "**Performance Fee**").

The calculation of any Performance Fee and the determination as to whether such a fee is payable to the Manager is a complex process. Shareholders are advised to refer to the Company's most recent audited financial statements for more details.

Fees Earned and Paid in 2021

Performance fees of \$37,285,112 were accrued as at December 31, 2021 (December 31, 2020 - Nil), of which \$2,146,262 is the performance fee incurred for net divestment proceeds received for the divestment of two portfolio investments. This amount was paid to the Manager during the year. The remaining \$35,138,850 is the performance fee relating to valuation adjustments in the period, which is accrued but not payable until a divestment occurs.

For the year ended December 31, 2021, the Company accrued management fees of \$2,434,904 (December 31, 2020 - \$1,037,066). The Manager agreed to waive \$1,475,098 (December 31, 2020 - Nil) of the management fees, reducing the net management fee expense to \$959,806 (December 31, 2020 - \$1,037,066). As at December 31, 2021, the Company had a net balance due to related parties of \$34,966,619 (December 31, 2020 - \$96,819), all of which is due to the Manager, comprising \$35,138,850 (December 31, 2020 - Nil) in respect of accrued performance fees payable, offset by \$172,231 due from the Manager in respect of management fees waived by the Manager net of operating expenses paid by the Manager on behalf of the Company (December 31, 2020 - \$96,819 due to the Manager for management fees and operating expenses paid by the Manager on behalf of the Company).

As at December 31, 2020, the Company had accrued a contingent incentive participation dividend, in accordance with a management agreement with a former manager. During the year ended December 31, 2021, the Company paid that former manager total consideration of \$497,548 comprising cash in the amount of \$322,849 and the transfer of certain securities in the portfolio as well as other non-monetary consideration. Having satisfied the liability in full, the Company redeemed and cancelled the IPA Shares that had given rise to the accrual.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, proposed nominee, or informed person of the Company or any associate or affiliate of any such person has, since the commencement of the last fiscal year of the Company, had, directly or indirectly, any material interest in any transaction which materially affected the Company or has, directly or indirectly, any material interest in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, other than as set forth as follows.

Maria Pacella, the Chief Executive Officer and a director of the Company, is also an officer and a shareholder of the Manager and Gina Jones, the Chief Financial Officer of the Company, is also the Chief Financial Officer, Chief Compliance Officer and a shareholder of the Manager. Details on the fees paid by the Company to the Manager are included above under the heading "Management Contracts".

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, other than with respect to the election of the directors and the appointment of auditors, none of:

- (a) the directors or senior officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting, except for any interest arising from the ownership of Shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of Shares in the capital of the Company.

OTHER MATTERS TO BE ACTED UPON

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice accompanying this Information Circular. However, if any other matters properly come before the meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

AUDIT COMMITTEE

Pursuant to the provisions of National Instrument 52-110 Audit Committees ("NI 52-110") the Company is required to provide the following disclosure with respect to its Audit Committee.

Audit Committee Mandate

The text of the Audit Committee's Charter is attached as Appendix "A" to this AIF.

Composition of the Audit Committee

The Company's audit committee consists of Robert Napoli (Chairman), Natalie Dakers and Maria Pacella. Robert Napoli and Natalie Dakers are independent of the Company. Maria Pacella is an officer and shareholder of the Manager and is, therefore, not considered to be independent of the Company.

Relevant Education and Experience

Each member of the Audit Committee has considerable experience participating in the management of private and/or publicly traded companies and has the ability to read and understand financial statements that present the breadth and level of complexity of accounting issues that would generally be expected to be raised by the Company's financial statements.

Robert Napoli (Chair) – Mr. Napoli is CFO and director of Cascadia Seaweed, director of Montfort Capital Corp (TSX-V: MONT), and director of Zest Communities Inc. He is a former VP and Co-Founder of First West Capital, a mezzanine debt fund owned by First West Credit Union. He is also a qualified CPA-CA in Australia and Canada and graduated from the Monash University with a Bachelor of Commerce in Accounting and Finance.

Natalie Dakers – Natalie Dakers is an entrepreneur in the health sciences sector and serves on company and industry boards, as well as being an Adjunct Professor, Faculty of Pharmaceutical Sciences, University of British Columbia. She graduated from the University of Guelph with a Bachelor of Science in Marine Biology.

Maria Pacella – Ms. Pacella has over twenty years of investing and operational experience in emerging growth companies. She holds a BBA from Simon Fraser University and is a CFA Charter holder.

Each Audit Committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Company's business and has an appreciation for the relevant accounting principles for that business.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110;
- (b) the exemption in subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer) of NI 52-110;
- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110;
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- (e) an exemption from NI 52-110 in whole or in part, granted under Part 8 of NI 52-110.

The Company is relying on upon the exemption in section 6.1 (Venture Issuers) of NI 52-110.

Audit Committee Oversight

For the year ended December 31, 2021, the Board adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditor.

Pre-Approval Policy and Procedures

The Audit Committee has adopted specific policies for the engagement of non-audit services to be provided to the Company by the external auditor which require the auditor to submit to the Audit Committee a proposal for services to be provided and cost estimates for approval.

External Auditor Service Fees

The following table sets forth the fees paid by the Company and its subsidiaries to KPMG LLP for services rendered in the years ended December 31, 2021 and December 31, 2020:

| Category | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|---------------------------------|---------------------------------|
| Audit Fees ⁽¹⁾ | \$65,000 | \$145,000 |
| Audit Related Fees ⁽²⁾ | - | - |
| Tax Fees ⁽³⁾ | \$49,850 | 4,350 |
| All Other Fees ⁽⁴⁾ | \$41,000 | - |
| Total | \$155,850 | \$149,350 |

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audit related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that related to the review of the Company's financial statements and are not reported under "Audit fees" above.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above. Amounts for the year ended December 31, 2021 related to the audit and tax review of the Company's transaction with Pender Growth Fund Inc. and the related Business Acquisition Report filing.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101, Disclosure of Corporate Governance Practices, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating three individuals for election to the Company's Board at the Meeting, all of whom are current directors of the Company.

The definition of "independent" directors under NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship, which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. Of current members of the Board, Robert Napoli and Natalie Dakers are considered to be independent within the meaning of NI 52-110. Maria Pacella, who is the CEO of the Company and an officer and shareholders of the Manager, is not considered to be independent within the meaning of NI 52-110.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the Manager and the management team of the Company. The Board will give direction and guidance to the Manager and will keep the Manager informed of its evaluation of the Manager in achieving and complying with goals and policies established by the Board.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees. The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee.

Directorships

The following directors of the Company are also directors of other listed issuers as stated below:

- Robert Napoli is a director of Montfort Capital Corp. (TSX-V:MONT)

Orientation and Continuing Education

The Company does not have a formal orientation and education program for new directors. New directors will be given the opportunity to familiarize themselves with the Company's operations and the current directors and members of management. Directors are also encouraged and given the opportunity for continuing education.

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of its overall stewardship responsibility. In accordance with applicable corporate law, any director who is in a position of conflict must refrain from voting on any resolution of the Board with respect to the conflict. The Board may also require the director to excuse himself or herself from deliberations of the Board or may alternatively refer the matter for consideration by a committee of independent directors of the Board.

Nomination of Directors

The Board does not have a formal process for identifying possible nominees to the Board. In considering possible nominees, the Board generally considers the competencies and skills necessary for the Board as a whole, the skills of existing directors and the competencies and skills each new nominee will bring to the Board, as well as whether or not each nominee will devote sufficient time and resources to the Board.

Compensation

The Company does not have a compensation committee as the Board would be responsible for determining all forms of compensation to be granted to the senior officers and directors of the Company, however no such compensation is currently paid by the Company. The independent Board members review and negotiate the Management Agreement with the Manager and the Company's senior officers and directors are compensated as employees of the Manager.

Other Board Committees

The Board has no committees, other than the Audit Committee.

Assessments

The Board has not instituted a formal assessment process for its members. Given its small size, the Board believes its members can effectively monitor each other's effectiveness and contributions to the Board as a whole.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements for the year ended December 31, 2021, a copy of which, together with management's discussion and analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com or may be obtained from the Company by contacting the Company at 604-681-1511 or by email at email: info@penderfund.com.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board of Directors of the Company.

DATED at Vancouver, British Columbia, this 19th day of July, 2022.

By Order of the Board of Directors of

PENDER PRIVATE INVESTMENT INC.

"Maria Pacella"

Maria Pacella

Chief Executive Officer