

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF SECTION 60 OF THE TRUSTEE ACT, R.S.O. 1990, C. T. 23, AS  
AMENDED, AND RULE 10 OF THE ONTARIO RULES OF CIVIL PROCEDURE,  
R.R.O. 1990, REG. 194, AS AMENDED**

**AND IN THE MATTER OF HI-RISE CAPITAL LTD. AND IN THE MATTER OF  
ADELAIDE STREET LOFTS INC.**

**RESPONDING APPLICATION RECORD OF THE RESPONDENT,  
SUPERINTENDENT OF FINANCIAL SERVICES**

March 28, 2019

**Thornton Grout Finnigan LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7  
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Lawyers for the Respondent,  
Superintendent of Financial Services

**TO: THIS HONOURABLE COURT**  
**AND TO: THE APPLICANT, HI-RISE CAPITAL LTD.**

c/o Cassels Brock & Blackwell LLP  
Barristers and Solicitors  
2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2  
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Lawyers for the Applicant, Hi-Rise Capital Ltd.

**AND TO: THE RESPONDENT, ADELAIDE INVESTORS**

c/o MILLER THOMSON LLP  
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Representative Counsel for Adelaide Investors

**AND TO: ADELAIDE STREET LOFTS INC.**  
c/o MCCARTHY TÉTRAULT LLP  
Suite 5300, 66 Wellington Street West  
TD Bank Tower  
Toronto, ON M5K 1E6

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Fax: (416) 868-0673  
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**Junior Sirivar**

Tel: (416) 601-7750  
Email: [jsirivar@mccarthy.ca](mailto:jsirivar@mccarthy.ca)

**AND TO: JASDEEP BAL and DANIEL PERLIN**  
Guardian Legal Consultants LLP  
133 Richmond Street West, Suite 200  
Toronto Ontario  
M5H 2L3

**Jasdeep Bal**

Tel: (647) 983-3309  
Fax: (647) 499-4307  
Email: [jbal@guardianlc.com](mailto:jbal@guardianlc.com)

**Daniel Perlin**

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Email: [dperlin@guardianlc.com](mailto:dperlin@guardianlc.com)

Counsel to Investors

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B.	<b>Exhibit “B”</b> – Appendices to Exhibit I to the Affidavit of Noor Al-Awqati’s sworn March 19, 2019

# TAB 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF SECTION 60 OF THE TRUSTEE ACT, R.S.O. 1990, C. T. 23, AS  
AMENDED, AND RULE 10 OF THE ONTARIO RULES OF CIVIL PROCEDURE,  
R.R.O. 1990, REG. 194, AS AMENDED**

**AND IN THE MATTER OF HI-RISE CAPITAL LTD. AND IN THE MATTER OF  
ADELAIDE STREET LOFTS INC.**

**AFFIDAVIT OF JANET NAIRNE  
(Sworn March 28, 2019)**

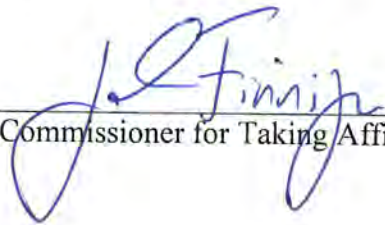
I, **JANET NAIRNE**, of the City of Mississauga, Regional Municipality of Peel, in the Province of Ontario, **MAKE OATH AND SAY/AFFIRM:**


1. I am a legal assistant at Thornton Grout Finnigan LLP (“**TGF**”), counsel for the Respondent, Superintendent of Financial Services, and as such I have knowledge of the facts hereinafter deposed to.

2. On March 25 2019, John Finnigan, counsel to Superintendent of Financial Service at TGF, requested from the applicant’s counsel, Cassels, Brock & Blackwell LLP (“**CBB**”), copies of the appendices to Exhibit H and I to the affidavit of Noor Al-Awqati’s affidavit, sworn on March 19, 2019.

3. Attached hereto as Exhibits "A" and "B" to my affidavit are the appendices provided by CBB in response to Mr. Finnigan's request.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 28th day of  
March, 2019.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

  
\_\_\_\_\_  
JANET NAIRNE



# **EXHIBIT “A”**

**Exhibit "A"**

This is Exhibit "A" to the Affidavit of Janet Nairne, sworn before me  
this 28th, day of March, 2019.

A handwritten signature in blue ink, appearing to read "J. Stinson", is written over a horizontal line.

Commissioner for Taking Affidavits

# **APPENDIX A**

**Adelaide Lofts**

**APPENDIX 'A'**

**Fees and Costs Payable by the Borrower Relating to this Transaction**

<b>Paid to</b>	<b>Purpose</b>	<b>Fee</b>	<b>Notes</b>
Hi-Rise Capital Ltd.	Mortgage Administration Fee	Annual fee of 0.5% of the principal outstanding	1
Hi-Rise Capital Ltd.	Mortgage Administration Fee	Annual fee of 8% of the principal outstanding	2
Hi-Rise Capital Ltd.	Offering Marketing Fee	2% of Lender/Investor investment	3
<i>HIMS Consulting Inc.</i>	Referral Fee*	\$ 0.00	4
-	Referral Fee*	-	4
Hi-Rise Capital Ltd.	Commission**	\$ 21,000.00	5

\* The referring party may receive additional monetary and non-monetary compensation as a result of this transaction.

\*\* Hi-Rise Capital Ltd. receives commissions totaling 14% of the amount invested. The amount disclosed above is the commission earned by Hi-Rise Capital Ltd. net of any referral fees, which are paid from the 14% commission fee earned by Hi-Rise Capital Ltd.

**Notes:**

1. Hi-Rise Capital Ltd., a related party, will earn a Mortgage Administration Fee of 0.5% of the principal outstanding on the mortgage.
2. Hi-Rise Capital Ltd., a related party, is entitled to a Mortgage Administration Fee of 8% of the principal outstanding on the mortgage. For greater clarity, the 18% in interest payments due to be paid by the Borrower to Hi-Rise Capital Ltd. encompass the 8% Mortgage Administration Fee.
3. Hi-Rise Capital Ltd., a related party, will be entitled to an Offering Marketing Fee of 2% of the Lender/Investor investment.
4. The referring party may receive additional monetary and non-monetary compensation as a result of this transaction.
5. The Commission Fee is calculated as 14% of the Lender/Investor investment less the Referral Fee.

Initial [REDACTED]

**Fees and Costs Payable by the Borrower to Related Parties**

<b>Paid to</b>	<b>Purpose</b>	<b>Fee</b>	<b>Notes</b>
Neilas Inc.	Development Fee	\$250,000.00 per quarter	1

**Notes:**

1. Neilas Inc., a related party, will earn a Development Fee of \$250,000.00 per quarter.

**Fees and Costs Previously Incurred by the Borrower**

<b>Paid to</b>	<b>Purpose</b>	<b>Fee</b>
Neilas Inc.	Assignment Fee	\$1,000,000.00
Neilas Inc.	Acquisition Fee	\$75,000.00
Hi-Rise Capital Ltd.	Step-Up Fee	\$140,000.00
Bousfields Inc.	Urban Planners	\$2,429.50
Fogler, Rubinoff LLP	Lawyers	\$18,299.01
KRCMAR Surveyors Ltd.	Surveyors	\$6,840.71
MacKenzie Ray Heron &	Appraisers	\$9,605.00
McClymont & Rak Engineers	Environmental Assessment	\$3,390.00
Pelican Woodcliff Inc.	Real Estate & Construction Consultants	\$3,277.00
Hi-Rise Capital Ltd.	Lender Fee	\$140,000.00
Bratty and Partners	Lender Legal Fees	\$20,000.00
Icon 1 Realty	Real Estate Broker Fee	\$412,500.00

**Conflict of Interest**

The brokerage declares to the participant that; the administrator Hi-Rise Capital Ltd., Neilas Inc., AW General Contractors Inc., Adelaide Street Lofts Inc., are companies owned by the same principal, Jim Neilas, and are entitled to profit from the project if it is successful.

Initial 

# **APPENDIX B**

**Adelaide**

## APPENDIX 'B'

### PROJECT SUMMARY

The project when completed will consist of 49 storeys located in downtown Toronto; 435 residential units, 48 units zoned as live/work.

### PROJECT STATISTICS

PROJECT ADDRESS	263 Adelaide Street West, Toronto, Ontario
ZONING STATUS	A re-zoning application for 42 storeys is pending with the City of Toronto. We are reviewing our current application for a possible amendment
SITE AREA	15,315 SF
NUMBER OF STOREYS	49
BUILDABLE	387,848 SF
RENTABLE	303,834 SF
AMENITY INDOOR	9,370 SF
RESIDENTIAL UNITS	435
AVERAGE UNIT SIZE	698 SF
PARKING STALLS	120
PARKING LEVELS	5
LOCKERS	435

### SUITE MIX

1 BEDROOM	12
1 BEDROOM + DEN	86
2 BEDROOM	117
2 BEDROOM + DEN	117
3 BEDROOM	55
LIVE/WORK	48

### PROJECT PROPERTY

PIN	21411 - 0162 LT
DESCRIPTION	Part Block B, Plan 216E Toronto as in E61538, S/T and T/W E561538, City of Toronto
ADDRESS	263 Adelaide Street West, Toronto, ON

Initial 

# **APPENDIX C**

**Adelaide**



**APPENDIX 'C'**

**Schedule of Advances**

<b>2011</b>	<b>\$7,391,500</b>
<b>2012</b>	<b>\$4,758,500</b>
<b>2013</b>	<b>\$8,322,000</b>
<b>2014</b>	<b>\$10,042,500</b>
<b>2015</b>	<b>\$10,053,000</b>

Initial



# **APPENDIX D**

**Adelaide Lofts**

## **ASSET HOLDER SECURITY DOCUMENTS**

### **APPENDIX "D"**

Section 3 Part E. Form 1 – Investor/Lender Disclosure Statement for Brokered Transaction list documents that may or may not be related to this investment. Enclosed in Appendix "D" are documents related to Part E. of Form 1

- 1) Copy of The Mortgage Charge
- 2a) Appraisal/Opinion of Value on the Property and/or Project
- 2b) Not applicable
- 3) Not applicable
- 4a) Adelaide Street Lofts Inc. Business Credit Report
- 4b) Not applicable
- 5) Not applicable
- 6) Mortgage Participation Agreement & Loan Participation Agreement
- 7) Form 1.1 Investor/Lender Disclosure Statement

In addition to the standard Investment Documents Hi-Rise Capital has enclosed the following documents as part of its disclosure to investors for review.

- 8) RSA Errors and Omissions Insurance Liability Policy
- 9) Certification of Incorporation

**Properties**

*PIN* 21411 - 0162 LT  
*Description* PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO  
*Address* 263 ADELAIDE ST W  
TORONTO

**Consideration**

*Consideration* \$2.00

**Applicant(s)**

The notice is based on or affects a valid and existing estate, right, interest or equity in land

*Name* ADELAIDE STREET LOFTS INC.  
*Address for Service* 200 Adelaide St. West  
Suite 401  
Toronto, ON  
M5H 1W7

I, John Neilas, A.S.O., have the authority to bind the corporation.  
This document is not authorized under Power of Attorney by this party.

**Party To(s)****Capacity****Share**

*Name* HI-RISE CAPITAL LTD.  
*Address for Service* 200 Adelaide Street West  
Suite 401  
Toronto, ON  
M5H 1W7

I, John Neilas, A. S. O., have the authority to bind the corporation  
This document is not authorized under Power of Attorney by this party.

*Name* CANADIAN WESTERN TRUST COMPANY  
*Address for Service* c/o William Scott  
McCarthy Tetrault  
Suite 4700, TD Bank Tower  
Toronto, ON  
M5K 1E6

I, Richard Tebb, Manager Policy Development & Regulatory Relations, and Jason Baker, Director, Business Development, have the authority to bind the corporation  
This document is not authorized under Power of Attorney by this party.

**Statements**

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, AT3522463 registered on 2014/02/18 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)AT3522463, AT3522464, AT3522631, AT3586925 and AT3591493

**Signed By**

Glynis Selina Huff 40 King St. W. acting for Signed 2015 07 15  
Toronto Applicant(s)  
M5H 3Y4

Tel 416-367-6000  
Fax 416-367-6749

I have the authority to sign and register the document on behalf of the Applicant(s).

**Submitted By**

Borden Ladner Gervais LLP

40 King St. W.  
Toronto  
M5H 3Y4

2015 07 15

Tel 416-367-6000

Fax 416-367-6749

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Applicant Client File Number : 032536.000001

**AGREEMENT AMENDING CHARGE**

THIS AGREEMENT made as of the 10<sup>th</sup> day of July, 2015.

**B E T W E E N:**

**HI-RISE CAPITAL LTD. and  
CANADIAN WESTERN TRUST COMPANY**  
(hereinafter, collectively, referred to as "Chargees")

**OF THE FIRST PART,**

- and -

**ADELAIDE STREET LOFTS INC.**  
(hereinafter referred to as "Chargor")

**OF THE SECOND PART,**

**WHEREAS:**

- A. By a Charge registered on February 18, 2014 in the Land Registry Office for the Land Titles Division of Toronto (No. 66), as Instrument No. AT3522463, the Chargor, mortgaged the lands described herein (the "Property") in favour of the Hi-Rise Capital Ltd., as chargor, to secure payment of the principal sum of Forty Million Dollars (\$40,000,000.00) with interest as therein set out upon the terms therein mentioned (the "Charge") (the "Loan").
- B. By a Transfer of Charge registered on May 22, 2014 in the Land Registry Office for the Land Titles Division of Toronto (No. 66), as Instrument No. AT3586925, a portion of the Charge was transferred to Canadian Western Trust Company upon the terms therein mentioned (the "Transfer of Charge") (the "Charge and the Transfer of Charge are hereafter collectively referred to as the "Charge").
- C. As additional and collateral security to the Charge, the Chargor gave to the Chargees other ancillary and collateral security documentation delivered by the Chargor to the Chargees in connection with the Charge (collectively, the "Additional and Collateral Security").
- D. The Charge and Additional and Collateral Security are collectively herein referred to as the "Chargees Security".
- E. The parties hereto signing as Chargor and Chargees have agreed to execute this Agreement Amending Charge to amend the terms of the Charge to increase the principal amount of the Charge from Forty Million Dollars (\$40,000,000.00) to Sixty Million Dollars (\$60,000,000.00).

WITNESSETH THAT in consideration of the premises and the sum of Two (\$2.00) Dollars now paid by each of the parties hereto to the other, (the receipt and sufficiency whereof is hereby acknowledged), it is agreed by the parties hereto that the Charge is hereby amended from and including the 10<sup>th</sup> day of July, 2015 (the "Effective Date"), as follows:

1. As of the Effective Date the principal sum of the Charge shall be increased from Forty Million Dollars (\$40,000,000.00) to Sixty Million Dollars (\$60,000,000.00);
2. The Chargor agrees that the following registrations previously executed and delivered to the Chargees as collateral to the Charge remain in full force and effect and shall continue as security for the repayment of the money secured by the Charge and the Chargor further agrees to be bound by the terms and conditions therein:

- (a) General Assignment of Rents relating to the Property registered on February 18, 2014 at the Land Registry Office for the Land Titles Division of Toronto (No. 66) as Instrument No. AT3522464.
3. The Schedule attached to the Transfer of Charge is hereby amended by deleting the reference to "Nine Million, Five Hundred Thousand Dollars (\$9,500,000.00)" and replacing it with "Twenty-Four Million, Five Hundred Thousand Dollars (\$24,500,000.00)".
  4. Except as amended by this Agreement Amending Charge, all terms and conditions of the Charge shall remain in full force and effect unamended, *mutatis mutandis*. In all other respects the parties hereto confirm the terms and conditions contained in the Charge.
  5. The parties agree that they shall execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement Amending Charge and every part of this Agreement Amending Charge.
  6. This Agreement Amending Charge shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
  7. Nothing contained herein shall create any merger or alter the rights of the Chargees as against any subsequent encumbrancer or other person interested in the Property and not a party hereto liable to pay the principal money or the rights of any such person, all of which rights are hereby reserved.
  8. The parties agree, that in construing this Agreement Amending Charge, that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor and the Chargees shall be equally secured to and exercisable by their respective successors and assigns. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor and the Chargees shall be equally binding upon their respective successors and assigns.
  9. In construing this Agreement, the words "Chargor", "Chargees" and all personal pronouns shall be read as the number and gender of the party or parties referred to herein requires and all necessary grammatical changes, as the context requires, shall be deemed to be made.
  10. This Agreement may be executed in counterpart, all such executed counterparts shall constitute the same agreement and the signature of any party to any counterpart shall be deemed to be signature to, and may be appended to, any other counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have duly executed this Agreement Amending Charge as of the date above first written.

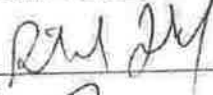
**HI-RISE CAPITAL LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have authority to bind the Corporation

**CANADIAN WESTERN TRUST COMPANY**

Per:  \_\_\_\_\_  
Name: Richard Tebb  
Title: Manager Policy Development  
& Regulatory Relations

Per:  \_\_\_\_\_  
Name: **JASON BAKER**  
Title: Director, Business Development

I have authority to bind the Corporation

**ADELAIDE STREET LOFTS INC.**

Per: \_\_\_\_\_  
Name:  
Title:


Per: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the Corporation



The parties have duly executed this Agreement Amending Charge as of the date above first written.

**HI-RISE CAPITAL LTD.**

Per:   
Name: John Neilas  
Title: ASO

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have authority to bind the Corporation

**CANADIAN WESTERN TRUST COMPANY**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the Corporation

**ADELAIDE STREET LOFTS INC.**

Per:   
Name: John Neilas  
Title: ASO

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the Corporation

**Properties**

*PIN* 21411 - 0162 LT  
*Description* PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO  
*Address* 263 ADELAIDE ST W  
 TORONTO

**Source Instruments**

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
AT3522463	2014 02 18	Charge/Mortgage

**Transferor(s)**

This transfer of charge affects all lands that the charge is against which are outstanding.

*Name* HI-RISE CAPITAL LTD.  
*Address for Service* 200 Adelaide Street West  
 Suite 401  
 Toronto, ON  
 M5H 1W7

I, Jim Neilas (President), have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Transferee(s)***Capacity**Share*

*Name* CANADIAN WESTERN TRUST COMPANY  
*Address for Service* c/o William Scott  
 McCarthy Tetrault  
 Suite 4700, TD Bank Tower  
 Toronto, Ontario  
 M5K 1E6

**Statements**

The chargee transfers the selected charge for see schedule

The chargee transfers a portion (see Schedule) of the selected charge.

Schedule: See Schedules

This document relates to registration no.(s)AT3522463 and AT3522464

**Signed By**

Barry Mitchell Polisuk	1 Adelaide Street E., Suite 801 Toronto M5C 2V9	acting for Transferor(s)	Signed	2014 05 22
------------------------	---	-----------------------------	--------	------------

Tel 416-869-1234

Fax 416-869-0547

I have the authority to sign and register the document on behalf of all parties to the document.

Barry Mitchell Polisuk	1 Adelaide Street E., Suite 801 Toronto M5C 2V9	acting for Transferee(s)	Signed	2014 05 22
------------------------	---	-----------------------------	--------	------------

Tel 416-869-1234

Fax 416-869-0547

I have the authority to sign and register the document on behalf of all parties to the document.

The applicant(s) hereby applies to the Land Registrar,

yyyy mm dd Page 2 of 2

**Submitted By**

GARFINKLE, BIDERMAN LLP

1 Adelaide Street E., Suite 801  
Toronto  
M5C 2V9

2014 05 22

Tel 416-869-1234

Fax 416-869-0547

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Transferor Client File Number: 028107.000001

## **SCHEDULE**

Hi-Rise Capital Ltd. (the chargee under the Charge) transfers to Canadian Western Trust Company (the transferee hereunder) a portion of the selected charge up to a maximum principal amount of Nine Million, Five Hundred Thousand Dollars (\$9,500,000) from time to time together with interest thereon (the "CWT Portion").

The CWT portion of the Charge shall in all respects and at all times have priority over the remainder of the Charge.

SCHEDULE "B"

STANDARD CHARGE TERMS AND CONDITIONS

1. DEFINED TERMS

Unless otherwise expressly defined or otherwise required by the context, the following words and phrases shall have the following meanings when used in the Charge:

- 1.1 "Borrower" means all Persons who have given the Charge and who have executed the same as Borrower;
- 1.2 "Charge" means the Charge/Mortgage of Land and all schedules attached to the Charge and all amendments thereto and replacements thereof from time to time;
- 1.3 "Costs" includes all costs, fees, charges and expenses of every nature and kind whatsoever incurred by the Lender or paid by the Lender to any other party in connection with the protection and preservation of the Property or any other security held by the Lender, or for the purpose of preserving and maintaining the enforceability and priority of the Charge and any such other security, or in connection with any and all demands and enforcement proceedings of every nature and kind made or carried out by or on behalf of the Lender under or pursuant to the Charge, and includes, without limitation, legal costs incurred by the Lender on a full indemnity basis;
- 1.4 "Commitment" means each and every letter of commitment, loan approval, term sheet or other similar agreement establishing or pertaining to the loan secured by the Charge or pursuant to which the Charge has been given, and all amendments thereto and renewals or replacements thereof from time to time;
- 1.5 "Condominium Corporation" means each corporation created or continued pursuant to the *Condominium Act, 1998* (Ontario) and pertaining to all or any part of the Property which are governed by the said Act;
- 1.6 "Covenantor" means any party to the Charge expressly defined as such and any and all Persons who have directly, indirectly, as principal debtor or as surety covenanted to pay or guaranteed payment of the whole or any part of the amount or amounts secured by the Charge or which are owing under the loan facilities referred to in this Commitment or who have covenanted to perform or guaranteed performance by the Borrower of its obligations under the Charge or under this Commitment or under any security given in connection therewith;
- 1.7 "Environmental Laws" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable directives, orders, codes, judgments and decrees of Governmental Bodies, whether now in existence or hereafter arising, intended to regulate and/or protect the environment and/or any living thing and/or relating to Hazardous Substances;
- 1.8 "Governmental Body" means any government, parliament, legislature, or any regulatory authority, bureau, tribunal, department, instrumentality, agency, commission or board of any government, parliament or legislature, or any court, and without limiting the foregoing, any other law, regulation or rule-making entity having or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) and "Governmental Bodies" means any one or more of the foregoing collectively;
- 1.9 "Hazardous Substance" means any hazardous or dangerous waste or substance, pollutant, contaminant, waste or other substance without limitation, whether solid, liquid or gaseous in form, which when released into the natural environment may, based upon reasonably authoritative information then available concerning such substance, immediately or in the future directly or indirectly cause material harm or degradation to the natural environment or to the health or welfare of any living thing and includes, without limiting the generality of the foregoing,
  - 1.9.1 any such substance as defined or designated under any Environmental Laws;
  - 1.9.2 asbestos, urea formaldehyde, poly-chlorinated byphenyl (PCB) and materials manufactured with or containing the same; and,
  - 1.9.3 radioactive and toxic substances;and "Hazardous Substances" means any one or more of the foregoing collectively;
- 1.10 "Lender" means all Persons in whose favour the Charge is given and who is or are named in the Charge as Lender;
- 1.11 "Person" means an individual, sole proprietorship, partnership, joint venture, syndicate, association, trust, body corporate, a natural person in its capacity as trustee, personal

representative or other legal representative, the Crown or any agency or instrumentality thereof, and/or any other entity recognized by law;

- 1.12 "Property" means the Property, tenements, hereditaments and appurtenances and any estate or interest therein described in the Charge, and all buildings and improvements now or hereafter situate or constructed thereon, and all easements, rights-of-way and other appurtenances thereto, and all structures, additions, improvements, machinery, equipment, decorations and other fixtures of every nature and kind (whether or not affixed in law) attached thereto or placed, installed or erected thereon or used in connection therewith;
- 1.13 "Receiver" means any receiver, receiver and manager, receiver-manager or trustee of the Property as may be appointed from time to time by the Lender pursuant to the provisions of the Charge or by any court of competent jurisdiction;
- 1.14 "Taxes" means all taxes, rates, assessments, local improvement charges, levies, penalties and other charges imposed upon or in respect of the Property by any Governmental Body having jurisdiction.

2. **STATUTORY REFERENCES**

Unless expressly stipulated or otherwise required by the context, all references in the Charge to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended or re-enacted from time to time.

3. **EXCLUSION OF STATUTORY COVENANTS**

The implied covenants deemed to be included in a charge under sub-section 7(1) of the *Land Registration Reform Act* (Ontario) shall be and are hereby expressly excluded and replaced by the terms hereof which are covenants by the Borrower, for and on behalf of the Borrower, with the Lender.

4. **SHORT FORMS OF MORTGAGES ACT**

If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Forms of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act, distinguished by the same number, and the Charge shall be interpreted as if the said Act was still in full force and effect.

5. **PROVISO FOR REDEMPTION**

Provided the Charge to be void upon payment of the principal sum hereby secured, in lawful money of Canada, with interest as herein provided and taxes and performance of statute labour and performance of all covenants and agreements contained in the Charge.

6. **RELEASE**

And the Borrower releases to the Lender all its claims upon the Property subject to the proviso for redemption herein.

7. **ADVANCE OF FUNDS**

The Borrower agrees that neither the preparation, execution nor registration of the Charge shall bind the Lender to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Lender to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of the Charge by the Borrower, and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the Property, and shall be without demand thereof, payable forthwith with interest at the rate provided for in the Charge, and in default the remedies herein shall be exercisable.

8. **BORROWER'S COVENANTS**

The Borrower covenants with the Lender that the Borrower will pay the principal sum herein and interest and observe the proviso for redemption herein, and will pay as they fall due all Taxes and when required by the Lender, shall transmit the receipts therefore to the Lender,

The Borrower further covenants with the Lender that the Borrower will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of the Charge including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for herein; all insurance premiums; the amount paid for the

supply of any fuel or utilities to the Property; all costs, commissions, fees and disbursements incurred by the Lender in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Property; all Costs incurred by the Lender with respect to the Charge or incurred by the Lender arising out of, or in any way related to the Charge; any amounts paid by the Lender on account of any encumbrance, lien or charge against the Property and any and all Costs incurred by the Lender arising out of, or in any way related to, the Lender realizing on its security by sale or lease or otherwise;

And that the Borrower has a good title in fee simple to the Property and has good right, full power and lawful and absolute authority to charge the Property and to give the Charge to the Lender upon the covenants contained in the Charge;

And that the Borrower has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Property, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose; and free from all encumbrances except as may be permitted by the Lender;

And that the Borrower will execute such further assurances of the Property as may be requisite;

And that the Borrower will produce the title deeds and allow copies to be made at the expense of the Borrower.

9. **COMPLIANCE WITH LAWS AND REGULATIONS**

The Borrower shall, in its ownership, operation and use of the Property, promptly and at all times observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every Governmental Body having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10. **CHANGE OF USE**

The Borrower will not change or permit to be changed the existing use or uses of the Property without the prior written consent of the Lender.

11. **REPAIR**

The Borrower will keep the Property including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Lender may, whenever it deems necessary, enter upon and inspect the Property, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Borrower neglects to keep the Property in good condition and repair, or commits or permits any act of waste on the Property (as to which the Lender shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the principal sum herein shall, at the option of the Lender, forthwith become due and payable, and in default of payment thereof with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Lender, upon five days notice to the Borrower and in the event that the Borrower does not in such period cause and diligently proceed with such repairs, may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Property prior to all claims thereon subsequent to the Charge.

12. **ALTERATIONS OR ADDITIONS**

The Borrower will not make or permit to be made any alterations or additions to the Property without the prior written consent of the Lender, which consent may be withheld in the Lender's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of the Borrower as the Lender may impose.

13. **PROPERTY INCLUDE ALL ADDITIONS**

The Property shall include all structures and installations brought or placed on the Property for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereon whether or not affixed in law to the Property including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and that the same shall become fixtures and an accession to the freehold and a part of the realty.

14. **ENVIRONMENTAL WARRANTY AND INDEMNITY**

The Borrower and each Covenantor jointly and severally represent, warrant, covenant and agree that:

- 14.1. They have not, and to the best of their knowledge, information and belief after making due inquiry, no other Person has caused or permitted any Hazardous Substance to be placed, discharged, stored, located or disposed of, on, under, at or near the Property nor to be released from the Property;
- 14.2. The Property have never been used as a land fill site, waste disposal site or coal gasification site, or to store Hazardous Substances either above or below ground in storage tanks, pipes, conduits or otherwise;
- 14.3. They and, to the best of their knowledge, information and belief after making due inquiry, the tenants, invitees and all other occupiers of the Property have at all times carried out all business and other activities upon the Property in strict compliance with all Environmental Laws;
- 14.4. They will at all times carry out all business and other activities upon the Property in strict compliance with all Environmental Laws, and they will at all times take all necessary measures to ensure that those for whom they are liable in law will also at all times carry out all business and other activities upon the Property in strict compliance with all Environmental Laws.
- 14.5. To the best of their knowledge, information and belief after making due inquiry, the use and occupation of the Property have at all times been in strict compliance with all Environmental Laws;
- 14.6. No notice, order, stop work order, inspection file, investigation, directive, enforcement action, regulatory action, suit, claim, action, proceeding or charge relating to any Hazardous Substance or to a breach or non-compliance with any Environmental Laws has been issued by any Governmental Body with respect to the Borrower or the Property, or is otherwise threatened to be issued;
- 14.7. They will provide the Lender with full and complete copies of all communications received from time to time from all Governmental Bodies with respect to the Property;
- 14.8. They will provide to the Lender on request and from time to time, information with respect to the status of the environmental matters referred to herein and will complete and deliver, on request, the Lender's standard form of report, if any, on environmental matters;
- 14.9. The representations and warranties contained in this Warranty and Indemnity are true and accurate in all respects as of the date of the first advance made pursuant to the Charge, and such representations and warranties shall remain true and accurate in all respects and shall survive the release and discharge of the Charge and the repayment and satisfaction of the indebtedness secured by the Charge; and,
- 14.10. The Lender may delay or refuse to make any advance to the Borrower if the Lender believes that any of the representations and warranties set out in this Warranty and Indemnity are not presently true and accurate or if such representations and warranties have become untrue or inaccurate at any time hereafter.

The Borrower hereby agrees to permit the Lender to conduct, at the Borrower's sole expense, from time to time as required, any and all tests, inspections, appraisals and environmental audits of the Property so as to determine and ensure continuing compliance with the provisions of this Warranty and Indemnity including, without limitation, the right to conduct soil tests and to review and copy any records relating to the Property and/or to the businesses and other activities conducted thereon.

The Borrower and each Covenantor jointly and severally agrees to indemnify and save fully and completely harmless the Lender and its officers, directors, employees, agents and shareholders from and against any and all losses, damages, demands, claims, actions, charges, orders, directives, undertakings, costs, legal fees and expenses, of every nature and kind, whatsoever and howsoever, which at any time or from time to time may be paid by, or incurred by, or suffered by, or asserted against, any of them as a direct or indirect result of:

- a) a breach of any of the representations, warranties or covenants hereinbefore set out;
- b) the presence of any Hazardous Substance in, on, under or about the Property;
- c) the breach of any Environmental Laws; and/or,



- d) the discharge, emission, release, spill or disposal of any Hazardous Substance from the Property into or upon any land, the atmosphere, any watercourse, body of water or wetland or any other property.

The representations, warranties, covenants, acknowledgments and indemnifications set out in this Warranty and Indemnity shall survive the release and discharge of the Charge and of any other security held by the Lender and the repayment and satisfaction of the indebtedness secured by the Charge.

**15. INSPECTION**

The Lender shall have access to and the right to inspect the Property at all reasonable times.

**16. TAXES**

**WITH** respect to Taxes, the Borrower covenants and agrees with the Lender that:

- 16.1. The Lender may deduct from any advance of the monies secured by the Charge an amount sufficient to pay all Taxes which have become due and payable during any calendar year.
- 16.2. The Lender may at its sole option estimate the amount of the Taxes payable in each year and the Borrower shall forthwith upon demand of the Lender pay to the Lender one-twelfth (1/12) of the estimated annual amount of such Taxes on the 1st day of each and every month during the term of the Charge commencing with the 1st day of the first full month of the term of the Charge. The Lender may at its option apply such payments to the Taxes so long as the Borrower is not in default under any covenant or agreement contained in the Charge, but nothing herein contained shall obligate the Lender to apply such payments on account of Taxes more often than yearly. Provided however, that if the Borrower shall pay any sum or sums to the Lender to apply on account of Taxes, and if before such payments have been so applied by the Lender, there shall be default by the Borrower in respect of any payment of principal or interest as herein provided, the Lender may at its option apply such sum or sums in or towards payment of the principal and interest in default. If the Borrower desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Borrower may pay to the Lender such additional amounts as are required for that purpose.
- 16.3. In the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Lender as aforesaid, the Borrower shall pay to the Lender, on demand, the amount required to make up the deficiency. The Lender may at its option, pay any of the Taxes when payable, either before or after they are due, without notice, or may make advances therefore in excess of the then amount of credit held by the Lender for Taxes. Any excess amount advanced by the Lender shall be secured as an additional principal sum under the Charge and shall bear interest at the rate as provided for in the Charge until repaid by the Borrower.
- 16.4. The Borrower shall transmit to the Lender all assessment notices, tax bills and other notices pertaining to the imposition of Taxes forthwith after receipt thereof.
- 16.5. The Borrower shall pay to the Lender, in addition to any other amounts required to be paid hereunder, the amount required by the Lender in its sole discretion for a reserve on account of future liability for Taxes.
- 16.6. In no event shall the Lender be liable for any interest on any amount paid to it on account of Taxes and the monies so received may be held with its own funds pending payment or application thereof as herein provided; provided that in the event that the Lender does not utilize the funds received on account of Taxes in any calendar year, such amount or amounts may be held by the Lender on account of any pre-estimate of Taxes required for the next succeeding calendar year, or at the Lender's option the Lender may repay such amount to the Borrower without any interest.
- 16.7. The Borrower shall in all instances be responsible for the payment of any and all penalties resulting from any arrears of Taxes or any late payment of current instalments thereof, and at no time shall such penalties be the responsibility of the Lender.
- 16.8. In the event the Lender does not collect payments on account of Taxes as aforesaid, the Borrower shall deliver to the Lender within thirty (30) days following the due date for each instalment of Taxes written evidence from all taxing authorities having jurisdiction to the effect that the then current instalment of Taxes and all other Taxes due in respect of the then current calendar year and any preceding calendar years have been paid in full, failing which, the Lender shall be entitled to charge a servicing fee for each written inquiry directed to such taxing authorities or the Borrower for the purpose of ascertaining the status of the Taxes together with any costs payable to such taxing authorities for such information.

17. **UTILITIES**

The Borrower covenants that it will pay all utility and fuel charges related to the Property as and when they are due and that the Borrower will not allow or cause the supply of utilities or fuel to the Property to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Borrower will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the Property shall constitute a default by the Borrower within the meaning of the Charge and in addition to all other remedies provided for herein, the principal sum of the Charge shall, at the sole option of the Lender forthwith become due and payable.

18. **INSURANCE**

The Borrower will insure and keep insured during the term of the Charge the buildings and other improvements on the Property (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money herein, with no co-insurance provisions and with the Lender's standard mortgage clause forming part of such insurance policy. The Borrower shall carry such liability, rental, loss of income, business interruption, boiler, plate glass and other insurance coverage as is required by the Lender to be placed with such insurance companies and in such amounts and in such form as may be acceptable to the Lender. All such policies shall provide for loss payable to the Lender and contain such additional clauses and provisions as the Lender may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been bound and/or extended for a minimum period of at least one year and that all premiums with respect to such term of such coverage have been paid for in full, shall be produced to the Lender prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Lender may provide therefore and charge the premium paid therefore and interest thereon at the aforesaid rate to the Borrower and any amounts so paid by the Lender shall be payable forthwith to the Lender and shall also be a charge upon the Property and secured by the Charge. It is further agreed that the Lender may at any time require any insurance on the said buildings to be cancelled and new insurance effected with a company to be named by it, and also may, of its own accord, effect or maintain any insurance herein provided for, and any amount paid by the Lender therefore shall be forthwith payable to it, together with interest at the rate aforesaid by the Borrower (together with any Costs of the Lender as herein set out), and shall be a charge upon the Property and secured by the Charge.

In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Lender within the required time, the Lender shall be entitled to a servicing fee for each written inquiry which the Lender shall make to the insurer or the Borrower pertaining to such renewal (or resulting from the Borrower's non-performance of the within covenant). In the event that the Lender pursuant to the within provision arranges insurance coverage with respect to the Property, the Lender, in addition to the aforesaid servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

In the event of any loss or damage, the Borrower shall forthwith notify the Lender in writing and notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Lender may, at its option, require the said monies to be applied by the Borrower in making good the loss or damage in respect of which the money is received, or in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the indebtedness hereby secured whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Lender in any event.

The Borrower, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Lender. The Lender shall have a lien for the indebtedness hereby secured on all the said insurance proceeds and policies, and may elect to have these insurance monies applied as it may deem appropriate, including payment of monies secured hereby, whether due or not, but the Lender shall not be bound to accept the said monies in payment of any principal not yet due.

19. **REMITTANCE AND APPLICATION OF PAYMENTS**

All payments of principal, interest and other monies payable hereunder to the Lender shall be payable at par in lawful money of Canada at the Lender's address for service as set out in the Charge or at such other place as the Lender shall designate in writing from time to time. In the event that any of the monies secured by the Charge are forwarded to the Lender by mail, payment will not be deemed to have been made until the Lender has actually received such monies and the Borrower shall assume and be responsible for all risk of loss or delay.

Notwithstanding anything herein to the contrary, in the event of any default under the Charge, the Lender may apply any payments received in whatever order the Lender may elect as between principal, interest, realty taxes, insurance premiums, repairs, Costs and any other advances or payments made by the Lender hereunder.

**20. RECEIPT OF PAYMENT**

Any payment received after 1:00 p.m. on any date shall be deemed, for the purpose of calculation of interest to have been made and received on the next bank business day and the Lender shall be entitled to interest on the amount due it, to and including the date on which the payment is deemed by this provision to have been received.

**21. NO DEEMED RE-INVESTMENT**

Except in the case where the Charge provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Lender shall not be deemed to reinvest any monthly or other payments received by it hereunder.

**22. PRE-AUTHORIZED CHEQUING PLAN**

If and when required by the Lender, all payments made under the Charge by the Borrower shall be made by a pre-authorized cheque payment plan as approved by the Lender. The Lender shall not be obligated to accept any payment other than payment made by pre-authorized cheque. Failure to make all payments by pre-authorized cheque shall be an act of default within the meaning of the Charge and the Lender shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option.

**23. POSTDATED CHEQUES**

The Borrower shall, if and when required by the Lender, deliver to the Lender upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of the Charge, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Borrower in delivery to the Lender of the postdated cheques as herein provided, the Charge shall be deemed in default and the Lender shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Lender upon the Borrower's failure to deliver such postdated cheques as required hereunder shall be entitled to a servicing fee for each written request that it makes to the Borrower for the purpose of obtaining such postdated cheques. Any step taken by the Lender hereunder by way of a request for further postdated cheques shall be without prejudice to the Lender's rights hereunder to declare the Charge to be in default in the event that such postdated cheques are not delivered within the required time.

**24. DISHONoured CHEQUES**

In the event that any of the Borrower's cheques are not honoured when presented for payment to the drawee, the Borrower shall pay to the Lender for each such returned cheque a servicing fee to cover the Lender's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Borrower, the Lender shall be entitled to a further servicing fee for each written request therefore which may be necessitated by the Borrower not forthwith replacing such dishonoured cheque.

**25. FINANCIAL AND OPERATING STATEMENTS**

The Borrower covenants that, within the periods of time hereinafter specified, or within such other period(s) of time as may be specified by this Commitment, the Borrower shall deliver or cause to be delivered to the Lender the following:

- 25.1. within one hundred and twenty (120) days after the end of each fiscal year of operation of the Property, an annual operating statement in respect of the Property for the immediately preceding fiscal year setting forth the gross rents and other income derived from the Property, the cost and expenses of operation and maintenance of the Property and such other information and explanations in respect of the same as may be required by the Lender;
- 25.2. within one hundred and twenty (120) days after the end of each fiscal year of each Borrower and Covenantor which is a corporation or partnership, the annual financial statements of each such corporation or partnership for its immediately preceding fiscal year including, without limitation, the balance sheet of the corporation or partnership as at its fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Lender; and
- 25.3. with respect to each Borrower and Covenantor who is an individual and within thirty (30) days after each anniversary of the date of this Commitment, an annual updated net worth statement of each such individual in such form and including such content and other information and explanations as may be required by the Lender.

All such operating and financial statements shall be prepared at the expense of the Borrower and in accordance with generally accepted accounting principles applied on a consistent basis and by a duly qualified chartered accountant or certified public accountant which is acceptable to the Lender, and shall be submitted in audited form if so required by the Lender in the event of a default occurring pursuant to the Charge, and the completeness and correctness of such statements shall be supported by an affidavit of an authorized officer of the Borrower or Covenantor, as the case may be.

The Lender reserves the right to disclose to third parties, any of the foregoing financial information or otherwise acquired in respect to the Loan as may be required in connection with the fulfillment of its rights and/or obligations under this Commitment or the Charge or to carry out its terms of to enforce its security for mortgage securitization purposes.

**26. ESTOPPEL ACKNOWLEDGEMENTS**

If and whenever the Lender requests an acknowledgement from the Borrower as to the statement of account with respect to the Charge or the status of the terms and conditions of the Charge, the Borrower shall execute such an acknowledgement in such form as may be required by the Lender provided that the contents of such form are correct, and the Borrower shall do so forthwith upon request and without cost to the Lender and shall return such acknowledgement duly executed within two (2) business days of such request.

**27. STATEMENTS OF ACCOUNT**

The Borrower shall be entitled to receive upon written request, a statement of account with respect to the Charge as of any payment date under the Charge and the Lender shall be entitled to a servicing fee for each such statement.

**28. RENEWAL OR EXTENSION OF TIME; ATTENTION SUBSEQUENT INTERESTS**

No renewal or extension of the term of the Charge given by the Lender to the Borrower, or anyone claiming under it, or any other dealing by the Lender with the owner of the equity of redemption of the Property, shall in any way affect or prejudice the rights of the Lender against the Borrower or any other Person liable for the payment of the monies hereby secured. The Charge may be amended, extended and/or renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount and notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. PROVIDED that nothing contained in this paragraph shall confer any right of amendment, extension or renewal upon the Borrower.

The terms of the Charge may be amended, extended and the Charge may be renewed from time to time by mutual agreement between the then current owner of the Property and the Lender and the Borrower hereby further covenants and agrees that, notwithstanding that the Borrower may have disposed of its interest in the Property, the Borrower will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to the Charge well and truly do, observe, fulfill and keep all of the covenants, provisos, conditions and agreements in the Charge and all amendment(s), extension(s) and renewal(s) thereof, and without limiting the foregoing, notwithstanding the amendment, extension and/or renewal of the Charge, and notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or of the rate of interest thereon, and notwithstanding any other indulgence by the Lender to the Borrower.

The Borrower covenants and agrees with the Lender that no agreement for amendment, extension and/or renewal hereof, or for extension of the time for payment of any monies payable hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Borrower to the Lender after the expiration of the original term of the Charge or of any subsequent term agreed to in writing between the Borrower and the Lender, and that no amendment, extension and/or renewal hereof or any extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Borrower and the then current owner of the Property.

**29. EXPROPRIATION**

If the Property or any part thereof which, in the reasonable opinion of the Lender is material to the viability and operations thereon shall be expropriated by any Governmental Body clothed with the powers of expropriation, the principal sum herein remaining unpaid shall at the option of the Lender forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus equal to the aggregate of (a) three months' interest at the said rate calculated on the amount of the principal remaining unpaid, and (b) one month's interest at the rate provided for herein calculated on the principal remaining unpaid, for each full year of the term of the Charge or any part of such year from the said date of payment to the date

the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of the Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Lender at its option in priority to the claims of any other party.

30. **LETTERS OF CREDIT**

The parties to the Charge hereby acknowledge and agree that, in addition to all other amounts advanced and/or secured hereby, the Charge shall stand as good and valid security with respect to any and all letters of credit, letters of guarantee or similar instruments (collectively the "Letters of Credit") issued by or on behalf of the Lender for the benefit of or on account of the Borrower and in favour of any other party as may be requested or directed by the Borrower from time to time, and that the total amount of the financial obligations under each Letter of Credit shall be deemed to have been advanced and fully secured under the Charge as of and from the date of issuance of each such Letter of Credit regardless of when the same may be called upon by the holder thereof. In the event that at any time the Lender is of the opinion, in its sole and unfettered discretion, that the Property or such part(s) thereof as remain undischarged are insufficient to secure the aggregate amount of all of the Lender's outstanding obligations under, pursuant to or in connection with such Letters of Credit from time to time outstanding, the Lender shall be entitled to retain out of any payment received under the Charge or out of the proceeds of any sale or revenue received in respect of the Property or any part(s) thereof or out of the proceeds of any amounts received by the Lender upon the enforcement of the Charge, an amount equal to the aggregate amount of all of the Lender's outstanding obligations under, pursuant to or in connection with Letters of Credit as remain from time to time outstanding without being obliged to apply any portion of such amount on account of any principal, interest or other monies otherwise outstanding and secured by the Charge; and the Lender shall be entitled to retain such amount for such period of time as any of the Letters of Credit remain outstanding and the Lender is hereby irrevocably authorized and directed to utilize the same in order to satisfy payment of any amounts called upon for payment pursuant to the Letters of Credit.

31. **SALE OR CHANGE OF CONTROL**

In the event of any sale, conveyance or transfer of the Property or any portion thereof, or a change in control or beneficial ownership of the Borrower or a change in the beneficial ownership of the Property or any portion thereof or a lease of the whole of the Property, all sums secured hereunder shall, at the Lender's option, become due and payable forthwith unless the prior written consent of the Lender has been obtained, which consent may be arbitrarily or unreasonably withheld. The rights of the Lender pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under the Charge from the Borrower or any Person claiming through or under it and the rights of the Lender hereunder shall continue without diminution for any reason whatsoever until such time as the Lender has consented in writing as required by this provision.

Provided further that no permitted sale or other dealing by the Borrower with the Property or any part thereof shall in any way change the liability of the Borrower or in any way alter the rights of the Lender as against the Borrower or any other Person liable for payment of the monies hereby secured.

32. **NO FURTHER ENCUMBRANCES**

In the event of that the Borrower enters into, creates, incurs, assumes, suffers or permits to exist any additional charge, encumbrance, pledge or other financing of the Property, or of the chattels, equipment or personal property related to the Property, all sums secured hereunder shall, at the Lender's option, become due and payable forthwith unless the prior written consent of the Lender has been obtained, which consent may be arbitrarily or unreasonably withheld.

33. **EVENTS OF DEFAULT**

Without limiting any of the provisions of the Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon shall immediately become due and payable at the option of the Lender exercised by notice in writing to the Borrower:

- 33.1 Failure by the Borrower to pay any instalment of principal, interest and/or Taxes under the Charge or under any charge or other encumbrance of the Property, on the date upon which any of the payments for same become due;
- 33.2 Failure by the Borrower or any Covenantor to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application or Commitment for the loan secured by the Charge, the provisions of the Charge, or any other document creating a contractual relationship as between them or any of them or if it is found at any time that any representation to the Lender with respect to the loan secured by the Charge or in any way related thereto is incorrect or misleading;

- 33.3 Default by the Borrower in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or other encumbrance affecting the Property, whether or not it has priority over the Charge;
- 33.4 Upon the registration of any construction lien against the Property which is not discharged or vacated within a period of ten (10) days after the date of registration thereof;
- 33.5 In the event that any Hazardous Substance is discovered in, on or under the Property or any part thereof and the same is not completely removed therefrom to the entire satisfaction of the Lender within ten (10) days after demand therefore by the Lender;
- 33.6 In the event that the Property are abandoned or there is any cessation of the business activities or any material part thereof now being conducted upon the Property by the Borrower or the beneficial owner of the Property or any of their respective officers, agents, employees, tenants or invitees;
- 33.7 If the Borrower or any Covenantor commits an act of bankruptcy or becomes insolvent or has a receiver or receiver and manager appointed for it or over any of its assets or if any creditor takes possession of any of its assets or if any execution, distress or other like process is levied or enforced upon the Property or any part thereof or if any compromise or arrangement with creditors is made by any of them; or,
- 33.8 Default by the Borrower, its successors or assigns, or any of the Covenantor(s) in the observance or performance of any representation, warranty, covenant, proviso, agreement or condition contained in any charge or encumbrance or document securing, evidencing or relating to any indebtedness owing by the Borrower, its successors or assigns, to the Lender from time to time whether or not related to or affecting the within Loan and the Property or any other loan and property given as security therefor.

34. **DEFAULT**

The Lender may, on default of payment or in the performance of any covenant in the Charge contained or implied by law or statute, enter on and lease the Property, or in default of payment or in default in performance of any covenant in the Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days' notice sell the Property. Such notice shall be given to such Persons and in such manner and form and within such time as provided under the *Mortgages Act* (Ontario). In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Property, if occupied, or by placing it on the Property if unoccupied, or at the option of the Lender, by mailing it in a registered letter addressed to the Borrower at the Borrower's last known address, or by publishing it once in a newspaper published in the city, county or district in which the Property are situate; and such notice shall be sufficient although not addressed to any Person or Persons by name or designation; and notwithstanding that any Person to be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Borrower on the death of the Borrower, such notice may, at the option of the Lender, be given in any of the above modes or by personal service upon such representatives.

Without prejudice to the statutory powers of the Lender under the preceding proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continues for two months after any payment of either principal or interest falls due, the Lender may exercise the powers given under the preceding proviso with or without entry on the Property without any notice, it being understood and agreed, however, that if the giving of notice by the Lender shall be required by law then notice shall be given to such Persons and in such manner and form and within such time as so required by law. The Lender may sell the whole or any part or parts of the Property by public auction or private contract, or partly one or partly the other, and the proceeds of any sale hereunder may be applied in payment of any Costs incurred in taking, recovering or keeping possession of the Property or by reason of non-payment or procuring payments of monies secured hereby or otherwise. The Lender may sell any of the Property on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefore and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Lender shall be bound to pay the Borrower only such monies as have been actually received from purchasers after the satisfaction of the claims of the Lender and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any Person damnified by an unauthorized, improper or irregular exercise of the power shall have its remedy against the Person exercising the power in damages only.

It is hereby agreed that the Lender may pay all premiums of insurance and all Taxes which shall from time to time fall due and be unpaid in respect of the Property, and that such payments together with all Costs which may be incurred in taking, recovering and keeping possession of the Property, and of negotiating this loan, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security, (including legal fees, real estate commissions, appraisal costs and other Costs incurred in leasing or selling the Property or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid and shall be a charge upon the Property in favour of the Lender and that the Lender may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Property, and that any amount paid by the Lender shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default the Charge shall immediately become due and payable at the option of the Lender and all powers in the Charge conferred shall become exercisable. In the event of the Lender paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of the Charge or otherwise, the Lender shall be entitled to all the rights, equities and securities of the Person or Persons so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Lender shall deem it proper to do so.

Whenever a power of sale is hereby conferred upon the Lender, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the Persons to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of the Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of the Charge shall remain unchanged.

The Lender may lease or sell as aforesaid without entering into possession of the Property.

The Lender may distrain for arrears of interest and the Lender may distrain for arrears of principal and arrears of Taxes in the same manner as if the same were arrears of interest.

Upon default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Lender, together with interest thereon.

Upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Lender. Upon default under the Charge, the Lender shall be entitled and shall have full power to assume control of, manage, operate and carry on the business of the Borrower being conducted at or upon the Property on the date of the Charge or at any time thereafter.

Until default hereunder the Borrower shall have quiet possession of the Property.

On default the Lender shall have quiet possession of the Property.

The Lender may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Lender unless made in writing.

It is further agreed that the Lender may at its discretion at any time, release any part or parts of the Property or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefore, without responsibility therefore, and without thereby releasing any other part of the Property or any Person from the Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Property are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no Person shall have the right to require the principal secured hereunder to be apportioned; further the Lender shall not be accountable to the Borrower for the value thereof, or for any monies except those actually received by the Lender. No sale or other dealing by the Borrower with the equity of redemption in the Property or any part thereof shall in any way change the liability of the Borrower or in any way alter the rights of the Lender as against the Borrower or any other Person liable for payment of the monies hereby secured.

It is further agreed that the Lender may exercise all remedies provided for in the Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in the Charge.

Without limiting any other provision of the Charge, the Borrower acknowledges and agrees that, upon the occurrence of any default under the Charge and whether or not the monies hereby secured have been fully advanced, the Lender may, at any time and from time to time as the

Lender shall determine at its sole option and discretion, advance such further sums under the Charge as are necessary to pay any arrears of Taxes, utilities or other charges capable of constituting a lien upon the Property *pari passu* with or in priority to the Charge, to pay all amounts due under any encumbrance having priority over the Charge, to pay all amounts required to discharge or vacate any construction lien registered against the Property whether or not priority is claimed over the Charge, to maintain in good standing any policies of insurance in respect of the Property, to maintain, repair, operate and/or manage the Property and any or all improvements thereon, to complete construction or renovation of any improvements on the Property, to realize upon any security held by the Lender for the loan secured by the Charge and generally to enforce all of the Lender's rights, title and interest hereunder and to protect the Property and to preserve the enforceability and priority of the Charge, and to pay any and all Costs; and all amounts advanced by the Lender for any of the purposes as aforesaid shall bear interest at the rate applicable under the Charge from the date so advanced until repaid in full and shall be secured by the Charge in the same priority as the principal amount hereof.

35. **RIGHT OF LENDER TO REPAIR, ETC.**

The Borrower covenants and agrees with the Lender that in the event of default in the payment of any instalment or other monies payable hereunder by the Borrower or on breach of any covenant, proviso or agreement herein contained after all or any of the monies hereby secured have been advanced, the Lender may, at such time or times as the Lender may deem necessary and without the concurrence of any Person, enter upon the Property and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Property or for inspecting, taking care of, leasing, collecting the rents of and generally managing the Property, as the Lender may deem expedient; and all Costs including, but not limited to, allowances for the time and services of any employee of the Lender or other Person appointed for the above purposes and a servicing fee shall be forthwith payable to the Lender by the Borrower and shall be a charge upon the Property and shall bear interest at the rate applicable under the Charge until paid.

36. **APPOINTMENT OF A RECEIVER**

It is agreed that at any time and from time to time when there shall be default under the provisions of the Charge, the Lender may at such time and from time to time and with or without entering into possession of the Property appoint in writing a Receiver of the Property, or any part thereof and of the rents and profits thereof and with or without security, and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower. The Borrower hereby irrevocably agrees and consents to the appointment of such Receiver of the Lender's choice and without limitation whether pursuant to the Charge, the *Mortgages Act* (Ontario), the *Construction Lien Act* (Ontario), or the *Trustee Act* (Ontario), as the Lender may at its sole option require. Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Property or any part thereof and the Borrower hereby consents to a court order for the appointment of such Receiver, if the Lender in its discretion chooses to obtain such order, and on such terms and for such purposes as the Lender at its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the Property and/or to complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Borrower, and if required by the Lender, in priority to any existing encumbrances affecting the Property, including without limitation, charges and construction lien claims.

Upon the appointment of any such Receiver from time to time the following provisions shall apply:

- 36.1. A Statutory Declaration made by the Lender or by any authorized representative of the Lender as to default under the provisions of the Charge shall be conclusive evidence thereof;
- 36.2. Every such Receiver shall be the irrevocable agent or attorney of the Borrower for the collection of all rents falling due in respect to the Property, or any part thereof, whether in respect of any tenancies created in priority to the Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;
- 36.3. The Lender may from time to time fix the remuneration of every such Receiver which shall be a charge on the Property, and may be paid out of the income therefrom or the proceeds of sale thereof;
- 36.4. The appointment of every such Receiver by the Lender shall not incur or create any liability on the part of the Lender to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Lender a mortgagee in possession in respect of the Property or any part thereof;



- 36.5. The Receiver shall have the power to lease any portion of the Property for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Property or any part thereof in the name and on behalf of the Borrower and the Borrower undertakes to ratify and confirm, and hereby ratifies and confirms, whatever acts such Receiver may do on the Property;
- 36.6. In all instances, the Receiver shall be acting as the attorney or agent of the Borrower;
- 36.7. The Receiver shall have full power to complete any unfinished construction upon the Property;
- 36.8. The Receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part thereof in the name of the Borrower for the purposes of securing the payment of rental from the Property or any part thereof;
- 36.9. The Receiver shall have full power to assume control of, manage, operate and carry on the business of the Borrower being conducted at or upon the Property on the date of the Charge or at any time thereafter;
- 36.10. The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Lender's interest in the Property including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges, mortgages and other encumbrances which may be registered against the Property from time to time, whether or not any of the same are prior to the interest of the Lender in the Property; selling of the Property; borrowing money on the security of the Property; applying for and executing all documents in any way related to any re-zoning applications, severance of Property pursuant to the provisions of the *Planning Act* (Ontario), as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the Property, including grants of Property or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent Governmental Body, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the Property as a condominium; completing any application for first registration pursuant to the provisions of the *Land Titles Act* (Ontario) or pursuant to the *Certification of Titles Act* (Ontario); and for all and every of the purposes aforesaid the Borrower does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Property, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the Property, as fully and effectually to all intents and purposes as the Borrower itself could do if personally present and acting therein.
- 36.11. The Receiver shall not be liable to the Borrower to account for monies or damages other than cash received by it in respect of the Property or any part thereof and out of such cash so received every such Receiver shall pay in the following order:
- i) its remuneration;
  - ii) all payments made or incurred by it in the exercise of its powers hereunder;
  - iii) any payment of interest, principal and other money which may from time to time be or become charged upon the Property in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Property or any part thereof.

The Borrower hereby irrevocably appoints the Lender as its attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Lender and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Borrower and all parties dealing with the Borrower, the Lender and/or the Receiver and/or with respect to the Property in the same manner as if such documentation was duly executed by the Borrower itself.

**37. LENDER NOT TO BE DEEMED LENDER IN POSSESSION**

It is agreed that the Lender in exercising any of the rights given to the Lender under the Charge shall be deemed not to be a Lender or mortgagee in possession.

**38. ENFORCEMENT OF ADDITIONAL SECURITY**

In the event that, in addition to the Property charged hereby, the Lender holds further security on account of the monies secured hereby, it is agreed that no single or partial exercise of any of the Lender's powers hereunder or under any of such security, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such security. The Lender shall at all times

have the right to proceed against all, any, or any portion of such security in such order and in such manner as it shall in its sole discretion deem fit, without waiving any rights which the Lender may have with respect to any and all of such security, and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Borrower under the remaining security, provided however, that upon payment of the full indebtedness secured hereunder the rights of the Lender with respect to any and all such security shall be at an end.

39. **TAKING OF JUDGMENT NOT A MERGER**

The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Lender's right to interest at the rate and times herein provided; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

40. **BANKRUPTCY AND INSOLVENCY ACT**

The Borrower hereby acknowledges and agrees that the security held by the Lender is not all or substantially all of the inventory, accounts receivable or other property of the Borrower acquired for or used in relation to any business carried on by the Borrower. The Borrower hereby further acknowledges and agrees that notwithstanding any act of the Lender by way of appointment of any Person or Persons for the purposes of taking possession of the Property as agent on behalf of the Borrower or otherwise or by taking possession of the Property itself pursuant to any rights that the Lender may have with respect thereto shall not constitute the Lender or any such Person, a receiver within the meaning of subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), and that any and all requirements of Part XI of the BIA as it may pertain to obligations of receivers shall not be applicable to the Lender with respect to the transaction pursuant to which the Charge has been given or with respect to enforcement of the Charge or any other security held by the Lender. The Borrower hereby acknowledges and agrees that no action shall lie against the Lender as a receiver and manager or otherwise for any loss or damage arising from non-compliance with any obligations of a receiver pursuant to the provisions of the BIA whether or not the Lender had reasonable grounds to believe that the Borrower was not insolvent.

The Borrower further acknowledges and agrees that any and all Costs as may be incurred from time to time by the Lender in order to effect compliance or avoid any adverse ramifications of the BIA shall be entirely for the account of the Borrower. The Lender shall be entitled to incur any such Costs, including any costs of its personnel in administering any requirements of the BIA and to add the same to the indebtedness owing pursuant hereto and the same shall be secured hereunder and under any and all security held by the Lender for the indebtedness owing to the Lender in the same manner and in the same priority as the principal secured hereunder.

41. **PERMISSIBLE INTEREST RATE**

It is not the intention of the Charge to violate any provisions of the *Interest Act* (Canada), the *Criminal Code* (Canada) (the "Code") or any other statute dealing with permitted rates of interest in the Province of Ontario or in Canada. Notwithstanding any provisions set out herein, in no event shall the "interest" (as that term is defined in the Code) exceed the "criminal rate" (as defined therein) of interest on the "credit advanced" (as defined therein) lawfully permitted under the said legislation. In the event that it is determined at any time that, by virtue of this Commitment, the Charge or any other document given as security for the herein contemplated loan, the payments of interest required to be made by the Borrower exceed the "criminal rate", then the Borrower shall only be required to pay interest at the highest rate permitted by law. Nothing herein shall invalidate any requirements for payment pursuant to this Commitment, the Charge or such other security documents, and any excess interest paid to the Lender shall be refunded to the Borrower and the provisions of the Charge shall in all respects be deemed to be amended accordingly.

42. **INDEMNIFICATION**

The Borrower and Covenantor hereby agree to indemnify and save harmless the Lender, its officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature and kind whatsoever and howsoever arising out of the provisions of this Commitment and the Security, any letters of credit or letters of guarantee issued, sale or lease of the Property and/or the use or occupation of the Property including, without limitation, those arising from the right to enter the Property from time to time and to carry out the various tests, inspections, management and other activities permitted by the Commitment and the Security.

In addition to any liability imposed on the Borrower and Covenantor under any instrument evidencing or securing the Loan indebtedness, the Borrower and Covenantor shall be jointly and severally liable for any and all of the Lender's costs, expenses, damages or liabilities, including, without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under

or about the Property of any hazardous or noxious substances. The Borrower and the Covenantor(s) shall be further bound by the representations, warranties and indemnity set out herein.

The representations, warranties, covenants and agreements of the Borrower and Covenantor set forth in this Section:

- 42.1. are separate and distinct obligations from the Borrower's and Covenantor's other obligations;
- 42.2. survive the payment and satisfaction of their other obligations and the discharge of the Security from time to time taken as security therefore;
- 42.3. are not discharged or satisfied by foreclosure of the charges created by any of the Security; and
- 42.4. shall continue in effect after any transfer of the Property including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.

**43. NON-MERGER**

The Borrower's obligations as contained in this Commitment shall survive the execution and registration of the mortgage and other security documentation and all advances of funds under the mortgage, and the Borrower agrees that those obligations shall not be deemed to be merged in the execution and registration of the mortgage and other security. All terms and conditions of the mortgage and other security documentation shall be deemed to be incorporated in and form part of the Commitment, except to the extent provided for herein. In the event of conflict, the terms of this Commitment shall prevail.

**44. NOTICES**

All notices or other communications to be given pursuant to or in connection with the Charge shall be in writing, signed by the party giving such notice or by its solicitors, and shall be personally delivered or sent by registered mail or facsimile transmission to the party or parties intended at its or their respective addresses for service as set out in the Charge. The date of receipt of such notice or demand, if served personally or by facsimile, shall be deemed to be the date of the delivery thereof, or if mailed as aforesaid, the date of mailing thereof. For the purposes hereof, personal service on the Borrower or any Covenantor shall be effectively given by delivery to any officer, director or employee of such Borrower or Covenantor. Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

**45. PRIORITY OVER VENDOR'S LIEN**

The Borrower hereby acknowledges that the Charge is intended to have priority over any vendor's lien, whether in favour of the Borrower or otherwise, and the Borrower covenants that it has done no act to give priority over the Charge to any vendor's lien, nor is it aware of any circumstances that could create a vendor's lien. Further, the Borrower covenants to do all acts and execute or cause to be executed all documents required to give the Charge priority over any vendor's lien and to give effect to the intent of this clause.

**46. CONSENT OF LENDER**

Whenever the Borrower is required by the Charge to obtain the consent or approval of the Lender, it is agreed that, subject to any other specific provision contained in the Charge to the contrary, the Lender may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Lender shall not be liable to the Borrower in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Borrower.

**47. DISCHARGE**

The Lender shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of the Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Lender; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Lender's fee for providing same, be borne by the Borrower. The discharge shall be prepared and executed by such Persons as are specifically authorized by the Lender and the Lender shall not be obligated to execute any discharge other than a discharge which has been so authorized.

If the Charge, this Commitment or any other document provides for the giving of partial discharges of the Charge, it is agreed that, notwithstanding any other provision to the contrary, the Borrower shall not be entitled to request or receive any such partial discharge if and for so long as the Borrower is in default under the Charge, this Commitment or such other document.

48. **FAMILY LAW ACT**

The Borrower shall forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Borrower, (b) the qualification of the Property or any part thereof as a matrimonial home within the meaning of Part II of the *Family Act* (Ontario), (c) the ownership of the equity of redemption in the Property or any part thereof, and (d) a shareholder of the Borrower obtaining rights to occupy the Property or any part thereof by virtue of shareholding within the meaning of Section 18(2) of the *Family Law Act* (Ontario), the Borrower will advise the Lender accordingly and furnish the Lender with full particulars thereof, the intention being that the Lender shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the Property by virtue of Section 19 of the *Family Law Act* (Ontario). In furtherance of such intention, the Borrower covenants and agrees to furnish the Lender with such evidence in connection with any of (a), (b), (c) and (d) above as the Lender may from time to time request.

49. **INDEPENDENT LEGAL ADVICE**

The Borrower and each Covenantor acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide to the Lender a Certificate of Independent Legal Advice as and when same may be required, regarding their knowledge and understanding of this transaction.

50. **SERVICING FEES**

All servicing fees as herein provided are intended to and shall be in an amount sufficient in the sole opinion of the Lender to compensate the Lender for its administrative costs and shall not be deemed a penalty. The amount of such servicing fees if not paid shall be added to the principal amount secured hereunder, and shall bear interest at the rate aforesaid and the Lender shall have the same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law.

51. **CONSENT TO REGISTRATION OF A PLAN OF CONDOMINIUM**

Provided the Borrower is not in default of the provisions of this Commitment or any loan documents and provided that there are no costs or financial obligations to the Lender, the Lender hereby agrees that it will consent to the Borrower registering a plan of condominium and declaration (the "Condominium") pursuant to the *Condominium Act, 1998* (Ontario), as amended, with respect to the Property or any part thereof provided that the Lender has received and approved the draft plan of condominium and the declaration and provided further that the Borrower, if requested by the Lender, shall deliver to the Lender prior to the registration of the Condominium, a further charge of the Property (the "Replacement Charge") on the same terms and conditions save and except for the new legal description of the Property. It is agreed that the Replacement Charge shall secure the same indebtedness as the original Charge. In connection with the provision of the Replacement Charge, the Borrower shall also provide a replacement general assignment of rents (the "Replacement Assignment of Rents"), and together with and each Covenantor, where applicable, shall provide a re-confirmation of all existing security and such further and other documentation as may then be required by the Lender's solicitors.

Provided further that the original Charge and the original assignment of rents and leases relating thereto shall not be released or discharged from the Property (save and except for any partial discharge provisions provided for therein) until the expiration of ninety (90) days immediately following the later of the registration of the Condominium and the registration of the Replacement Charge and Replacement Assignment of Rents. Provided further that at the time of the request for a discharge of the Charge and the original assignment of rents and leases the Borrower shall not be in default of the provisions of the Charge, the Replacement Charge and/or this Commitment, failing which the Lender shall not be obliged to discharge same.

52. **CONDOMINIUM PROVISIONS**

If all or any part of the Property is or becomes a condominium unit pursuant to the provisions of the *Condominium Act, 1998* (Ontario) (the "Act"), the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in the Charge:

- 52.1. For the purposes of all parts of the Property comprising one or more such condominium units, all references in the Charge to the Property shall include the Borrower's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
- 52.2. The Borrower shall at all times comply with the Act and shall forward to the Lender proof of such compliance as the Lender may request from time to time including, without limitation, status certificates issued by the Condominium Corporation; and if the Borrower fails to so

comply in any respect; the Lender may do so at its option and all Costs incurred by the Lender in connection therewith shall be secured by the Charge and payable by the Borrower to the Lender forthwith upon demand, together with interest thereon as herein provided;

- 52.3. The Borrower shall pay, when due, all monies payable by the Borrower or with respect to the Property in accordance with the provisions of the Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Lender upon request; and if the Borrower fails to make any such payment, the Lender may do so at its option and all amounts so paid by the Lender shall be secured by the Charge and shall be payable by the Borrower to the Lender forthwith upon demand, together with interest thereon as herein provided;
- 52.4. The Borrower hereby irrevocably appoints, authorizes and empowers the Lender to exercise the rights of the Borrower to vote or to consent as an owner within the meaning of the Act with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
  - 51.4.1. the Lender may at any time and from time to time give notice in writing to the Borrower and to the Condominium Corporation that the Lender does not intend to exercise such right to vote or to consent, in which case the Borrower may exercise its right to vote or to consent for so long as such notice remains effective or until such notice is revoked by the Lender; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
  - 51.4.2. the Lender shall not be under any obligation to vote or to consent or to protect the interests of the Borrower; and,
  - 51.4.3. the exercise by the Lender of its right to vote or to consent or to abstain from doing so shall not constitute the Lender as a mortgagee or Lender in possession and shall not give rise to any liability on the part of the Lender;
- 52.5. The Borrower shall forward to the Lender by delivery or by prepaid registered mail copies of every notice, assessment, claim, demand, by-law, rule, request for consent and other communication relating to all or any part of the Property or the common elements or affairs of the Condominium Corporation on or before the date which is the earlier of:
  - 51.5.1. fourteen (14) days after receipt of the same by the Borrower;
  - 51.5.2. seven (7) days prior to the date set for any meeting of the Condominium Corporation or any committee thereof;
  - 51.5.3. seven (7) days prior to the due date of any claim or demand for payment; and,
  - 51.5.4. within twenty-four (24) hours after becoming aware of any information concerning termination of any insurance policy, insurance trust agreement or management agreement relating to the Condominium Corporation or any of its assets;
- 52.6. The Borrower hereby authorizes and directs the Condominium Corporation to permit the Lender to inspect the records of the Condominium Corporation at any reasonable time;
- 52.7. In addition to and notwithstanding any other provisions of the Charge, the outstanding principal amount and all accrued interest and other charges secured by the Charge shall, at the Lender's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:
  - 51.7.1. the government of the Condominium Corporation or the government of the Property by the Condominium Corporation is terminated;
  - 51.7.2. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Property, or any part of the same is expropriated;
  - 51.7.3. the Condominium Corporation fails to comply with any provision of the Act or its declaration or any of its by-laws and rules;
  - 51.7.4. the Condominium Corporation fails to insure its assets, including the Property, in accordance with the Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

53. **ASSIGNMENT OF RENTS**

As additional primary security for the monies secured by the Charge, the Borrower transfers and assigns to the Lender all rents, income, profits, rights and other benefits (collectively the "Rents") now or hereafter due or arising pursuant to all present and future oral or written leases, agreements to lease, tenancies or other agreements for the use or occupancy of the whole or any part of the Property and all extensions and renewals thereof (collectively the "Leases" and individually a "Lease") granted to any and all tenants, licensees and other occupiers thereof (collectively the "Tenants" and individually a "Tenant"); and in furtherance thereof, the Borrower covenants and agrees as follows:

- 53.1. the Leases and details thereof heretofore provided by the Borrower to the Lender are in full force and effect and have not been assigned or pledged to any other party except as disclosed by registered title to the Property;
- 53.2. except with the prior written consent of the Lender, the Borrower shall not amend, terminate, release or accept a surrender of any Lease or any guarantee thereof or waive, release, reduce, discount, discharge or otherwise compromise any Rents payable thereunder, and any attempt to do any of the foregoing without such prior written consent shall be null and void as against the Lender;
- 53.3. except for the last month's rent and any security deposit, the Borrower has not received and shall not accept payment of any Rents more than thirty (30) days in advance;
- 53.4. except with the prior written consent of the Lender, the Borrower shall not further assign the Rents, the Leases or any interest therein or consent or agree to any postponement or subordination of the same in favour of any mortgage or other encumbrance now or hereafter affecting the Property;
- 53.5. except with the prior written consent of the Lender, the Borrower shall not consent to or permit any assignment or subletting of the interest of any Tenant under any Lease or exercise any right of election thereunder which would in any way lessen the liability of any Tenant or shorten the stated term of any Lease;
- 53.6. the Borrower shall diligently and in good faith observe and perform all of the landlord's covenants contained in the Leases and shall likewise require that the Tenants and other parties to the Leases fully observe and perform the covenants and agreements imposed upon them by the Leases, failing which, the Lender may, at its option, require the same at the expense and in the name of the Borrower, and all such expenses incurred by the Lender shall be a charge upon the Property and be paid by the Borrower to the Lender forthwith upon demand;
- 53.7. the Borrower shall give prompt written notice to the Lender of default by any Tenant and any notice of default received from any Tenant, including a copy of such notice;
- 53.8. all of the Leases are and shall be bona fide and at rental rates and upon terms which are commercially reasonable and consistent with comparable space in the municipality within which the Property are situate;
- 53.9. the Borrower shall, at its own expense, execute and deliver to the Lender all such further assurance and assignments with respect to the Rents and the Leases and enforce and do all other acts with respect to the Leases as may be required from time to time by the Lender.

Upon default hereunder by the Borrower, the Lender shall be entitled, as agent and attorney of the Borrower, to collect, sue for, waive or compromise the Rents and to enforce performance of the Leases or amend, terminate, release or accept a surrender of the same as the Lender may determine in its sole discretion;

The Lender shall not be obligated to perform or discharge any obligation or liability under the Leases, or under or by reason of the assignment herein contained, and the Borrower agrees to save and hold harmless the Lender of and from any and all actions, proceedings, claims, demands, liability, damages, Costs or expenses which the Lender may incur under or by reason of the Leases or the assignment herein contained; and all Costs incurred by the Lender in connection therewith shall be a charge upon the Property and be paid by the Borrower to the Lender forthwith upon demand.

In the event that the Lender collects any Rents by reason of the Borrower's default, the Lender shall be entitled to payment from the same of an administration fee equal to 5.0% of the gross amount of Rents collected, and the Borrower acknowledges and agrees that such administration fee is just and equitable having regard to the circumstances.

**54. MATERIAL ADVERSE CHANGES**

In the event that at any time while any indebtedness remains outstanding pursuant to the provisions of the Charge, the Lender discovers a discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Lender by or on behalf of the Borrower or any Covenantor concerning the Property or the financial condition and responsibility of the Borrower or any Covenantor in the event of any material adverse change in the value of the Property or the financial status of the Borrower or any Covenantor or any lessee on which the Lender relied upon in making any advances hereunder, which material change, discrepancy or inaccuracy cannot be rectified by the Borrower or such Covenantor (if applicable) within thirty (30) days after written notification thereof by the Lender to the Borrower or such Covenantor, the Lender shall be entitled to decline to advance any further funds pursuant hereto and/or to declare any and all amounts advanced pursuant hereto together with interest thereon to be forthwith due and payable.

**55. PROFESSIONAL MANAGEMENT**

The Property must at all times be professionally managed by property managers acceptable to the Lender, failing which the Lender reserves the right, in its sole discretion, to appoint new or other property managers at the sole expense of the Borrower. A change in the property managers for Property shall require the prior written consent of the Lender. No management fee shall be payable to the manager of the Property, other than to a professional arm's-length manager approved by the Lender, without the prior written consent of the Lender. No management fees in excess of market fees for similar properties in the general location of the Property shall be payable without the prior written consent of the Lender.

**56. PREPAYMENTS**

The Borrower, when not in default, shall have the right to prepay, at any time or times, all or any part of the amount outstanding under the Charge without penalty and/or bonus.

**57. PARTIAL DISCHARGES**

The Borrower may partially discharge the loan if the Borrower elects to pay part of the loan, the proceeds received by the Lender shall be applied first to the portion of the principal earning interest only, and then to pay principal on the portion of the loan where the Lender has elected to receive distributions. In which case the Lender will no longer be entitled to receive the distributions from those units, however, the Lender will still be entitled to receive its proportionate share of the profit.

**58. ADDITIONAL FEES**

All advances, in addition to legal fees and disbursements of the Lender's solicitors, shall be subject to an administrative processing fee of Five Hundred Dollars (\$500.00) for each advance made under the Loan in favour of the Lender. The Borrower shall be permitted one advance per month. If the Lender, in its sole discretion, agrees to make an advance in an amount not less than the minimum amount per advance as specified in this Commitment, an additional processing fee of Five Hundred Dollars (\$500.00) for any such advance so made shall be payable by the Borrower.

**59. ABANDONMENT**

In the event of abandonment of the Project for a period in excess of fifteen (15) consecutive days, the Lender shall be entitled, after giving the Borrower written notice of any abandonment and provided the Borrower fails to rectify same within ten (10) days after such notice, has been given, to forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds as the case may be and in addition to declare any funds advanced to forthwith become due and payable plus interest all at the Lender's option.

**60. INTERPRETATION**

It is hereby agreed that, in construing the Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, personal representatives, successors and assigns, as the case may be, of each and every of the parties hereto, and where any of the Borrower, the Lender and any Covenantor is more than one Person, their respective covenants shall be deemed to be joint and several, and the provisions of the Charge shall be read and construed with all changes of gender and number as required by the context.

**61. HEADINGS**

The headings with respect to the various paragraphs of the Charge are intended to be for identification of the various provisions of the Charge only and the wording of such headings is not intended to have any legal effect.

**62. INVALIDITY**

If any of the covenants or conditions in the Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

**63. COUNTERPARTS**

The Charge may be executed and/or registered in counterparts, each of which, so executed, and/or registered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, and notwithstanding their date of execution shall be deemed to bear date as of the date above written.



The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

*PIN* 21411 - 0162 LT  
*Description* PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO  
*Address* 263 ADELAIDE ST W  
TORONTO

**Applicant(s)**

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

*Name* ADELAIDE STREET LOFTS INC.  
*Address for Service* 263 Adelaide Street West, Suite 350, Toronto, Ontario M5H 1Y2

I, Jim Neilas (President), have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Party To(s)** *Capacity* *Share*

*Name* HI-RISE CAPITAL LTD.  
*Address for Service* 200 Adelaide Street West, Suite 401, Toronto, Ontario M5H 1W7

**Statements**

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT3522463 registered on 2014/02/18 to which this notice relates is deleted

Schedule: See Schedules

**Signed By**

Barry Mitchell Polisuk 1 Adelaide Street E., Suite 801 acting for Signed 2014 02 18  
Toronto Applicant(s)  
M5C 2V9  
Tel 416-869-1234  
Fax 416-869-0547

I have the authority to sign and register the document on behalf of all parties to the document.

Barry Mitchell Polisuk 1 Adelaide Street E., Suite 801 acting for Signed 2014 02 18  
Toronto Party To(s)  
M5C 2V9  
Tel 416-869-1234  
Fax 416-869-0547

I have the authority to sign and register the document on behalf of all parties to the document.

**Submitted By**

GARFINKLE, BIDERMAN LLP 1 Adelaide Street E., Suite 801 2014 02 18  
Toronto  
M5C 2V9  
Tel 416-869-1234  
Fax 416-869-0547

The applicant(s) hereby applies to the Land Registrar:

yyyymmdd Page 2 of 2

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Applicant Client File Number : 9230-002

## GENERAL ASSIGNMENT

THIS AGREEMENT made as of the 5<sup>th</sup> day of February, 2014.

BETWEEN:

**ADELAIDE STREET LOFTS INC.**

(hereinafter called the "Assignor"),

OF THE FIRST PART,

- and -

**HI-RISE CAPITAL LTD.**

(hereinafter called the "Assignee"),

OF THE SECOND PART.

### WHEREAS:

- A. Adelaide Street Lofts Inc. is the registered and beneficial owner of the lands described as Part Block B, Plan 216E, Toronto as in ES61538. City of Toronto, and municipally known as: 263 Adelaide Street West, Toronto, Ontario (the "Lands");
- B. Pursuant to the Mortgage, the Assignor mortgaged and charged in favour of the Assignee all of its right, title and interest in and to the Project as security, *inter alia*, for the due payment of all principal, interest and other monies payable under the Mortgage;
- C. As additional security for the Assignor's covenants and obligations as set out in the Mortgage and set out in all other agreements, documents, instruments, undertakings and commitments entered into between the Assignor and the Assignee, made by the Assignor in favour of the Assignee or assigned by the Assignor to the Assignee pursuant to the Mortgage, the Assignor agreed to assign to the Assignee the Rents and the Leases, together with all benefits, powers and advantages of the Assignor to be derived therefrom.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the sum of Ten Dollars (\$10.00) paid by the Assignee to the Assignor (the receipt and sufficiency of which are hereby acknowledged) the parties covenant and agree with each other as follows:

1. **Recitals Correct:** The Assignor confirms the validity and truth of the above-noted recitals, which have the same force and effect as if repeated herein at length.
2. **Definitions:** In this Agreement the following capitalized terms have the respective meanings set out below:
  - (a) **Agreement, this Agreement, the Agreement, hereto, hereof, hereby, hereunder** and similar expressions mean or refer to this entire agreement as amended from time to time and any agreement or instrument supplemental or ancillary hereto or in implementation hereof;
  - (b) **Building** means any construction, erection or structure located on, placed upon or erected in, under or on the Lands, any additions, alterations, expansions, improvements and replacements thereof and includes, without limitation, all equipment, chattels and fixtures which may be owned by the Assignor and may now or hereafter be located in the Building or in any additions, alterations, expansions, improvements and replacements of the foregoing;
  - (c) **Default** has the meaning ascribed thereto in Section 8 hereof;
  - (d) **Dispute** has the meaning ascribed thereto in Sub-section 8(b) hereof;

- (e) **Indebtedness** has the meaning ascribed thereto in Section 3 hereof;
  - (f) **Lands** means the lands so defined in the recitals contained herein;
  - (g) **Leases** means any and all present and future leases or subleases, offers to lease or sublease, letters of intent to lease or sublease and all other agreements to lease or sublease including, without limitation, all other occupancy agreements relating to the whole or any part of parts of the Project made by the Assignor or any predecessor in title of the Assignor, as landlord, and all present and future licences or concessions whereby the Assignor gives any person the right (other than an easement or a right in the nature of an easement) to use or occupy the whole or any part or parts of the Project, in each case for the time being in effect, and all revisions, alterations, modifications, amendments, changes, extensions, renewals, replacements or substitutions thereof or therefor which may hereafter be effected or entered into and **Lease** means any of the Leases;
  - (h) **Mortgage** means that certain mortgage or charge of land made by the Assignor wherein the Assignor did grant and mortgage unto the Assignee the Lands and which mortgage or charge was registered on title to the Lands on the same (or nearly the same) date as this General Assignment, as same may be supplemented, amended or modified from time to time;
  - (i) **Interest Rate** means the rate of interest specified in the Mortgage;
  - (j) **Project** means the Lands and the Building;
  - (k) **Rents** means all present and future income, rents, issues, profits and any other monies including rental insurance proceeds and expropriation awards to be derived from, reserved or payable under the Leases; and
  - (l) **Tenant** means any person who is hereafter a party to a Lease or has any right of use or occupancy to all or any part of the Project, whether as a tenant, licensee or concessionaire under a Lease, and **Tenants** means all such persons.
3. **Assignment:** As continuing and additional security for:
- (a) the repayment to the Assignee of all amounts (the Indebtedness) owing from time to time by the Assignor to the Assignee under, in connection with or arising out of or from any agreement entered into by the Assignor with the Assignee with respect to the Project, made by the Assignor in favour of the Assignee with respect to the Project or assigned by the Assignor to the Assignee including, without limitation, the Mortgage; and
  - (b) the due performance by the Assignor of the terms, agreements, provisions, conditions, obligations, and covenants on the part of the Assignor to be performed under the Mortgage and all other agreements, documents, instruments, undertakings and commitments entered into between the Assignor and the Assignee with respect to the Project, made by the Assignor in favour of the Assignee with respect to the Project or assigned by the Assignor to the Assignee;
- the Assignor, upon and subject to the terms of this Agreement, assigns, sets over and transfers to the Assignee all its rights, benefits, title and interest under, in and to, and all claims of whatsoever nature or kind which the Assignor now has or may hereafter have under or pursuant to:
- (a) the Leases;
  - (b) the Rents;

- (c) the benefit of any and all present and future guarantees of and indemnities with respect to any Lease and the performance of any or all of the obligations of any Tenant thereunder; and
- (d) all books, accounts, invoices, letters, papers, drawings and documents in any way evidencing or relating to the Leases, the Rents and any guarantees or indemnities of any Lease;

all of the foregoing described in Subsection 3(a) to and including 3(d) together with all proceeds therefrom are hereinafter collectively called the Premises Hereby Assigned.

4. **Acknowledgement of Assignor:** The Assignor acknowledges that neither this Agreement nor the assignment constituted hereby:

- (a) shall in any way lessen or relieve the Assignor from:
  - (i) the obligation of the Assignor to observe, satisfy and perform each and every term, agreement, provisions, conditions, obligation and covenant set out in any of the Premises Hereby Assigned; and
  - (ii) any liability of the Assignor to each Tenant, the Assignee or to any other person, firm or corporation;
- (b) imposes any obligation on the Assignee to assume any liability or obligations under, or to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in, any of the Premises Hereby Assigned;
- (c) imposes any liability on the Assignee for any act or omission on its part in connection with this Agreement or the assignment constituted hereby including, without limitation, the fulfillment or non-fulfillment by the Assignee of the obligations, covenants and agreements of the Assignor set out in the Premises Hereby Assigned;
- (d) obligates the Assignee to give notice of this Agreement and the assignment constituted hereby to any Tenant or any other person, firm or corporation whatsoever; provided that the Assignee may, in its absolute discretion, give any such notice at any time or from time to time without further notice to the Assignor; and
- (e) authorizes the Assignor to dispose of or transfer by way of conveyance, mortgage, lease, assignment or otherwise, the Project, the Assignor's interest in the Project or any part of either, except as specifically approved herein.

5. **Positive Covenants of Assignor:** The Assignor covenants and agrees:

- (a) to observe, perform and satisfy each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed, performed and satisfied by the Assignor under or pursuant to, the Premises Hereby Assigned;
- (b) to deliver to the Assignee a copy of all written notices, demands or requests given under, in connection with or pursuant to the Premises Hereby Assigned that are:
  - (i) received by the Assignor, forthwith upon receipt of same; and
  - (ii) delivered by the Assignor, contemporaneously with the delivery of same;
- (c) to indemnify and save the Assignee harmless from and against any liabilities, losses, costs, charges, expenses (including legal fees and disbursements on a solicitor and his own client basis) damages, claims, demands actions, suits, proceedings, judgments and forfeitures suffered or incurred by the Assignee in connection with, on account of or by reason of:

- (i) the assignment to the Assignee of the Premises Hereby Assigned;
  - (ii) any alleged obligation of the Assignee to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in any of the Premises Hereby Assigned;
  - (iii) any failure of the Assignor to observe, perform or satisfy its covenants, agreements, warranties and representations set out in this Agreement including without limitation, subparagraphs 5(a), (b), (d), (e), (f), (g), (h), (i), (j) and (k) hereof; and
  - (iv) the enforcement of the assignment constituted by this Agreement;
- (d) to notify the Assignee in writing as soon as the Assignor becomes aware of any Dispute, claim or litigation in respect of any of the Premises Hereby Assigned or of any breach or default by the Assignor or any other person, firm or corporation in the observance, performance or satisfaction of any of the terms, agreements, provisions, conditions, obligations or covenants set out in the Premises Hereby Assigned;
  - (e) to obtain such consents from third parties including, without limitation, Tenants as may be necessary or required by the Assignee in connection with the assignment constituted by this Agreement;
  - (f) upon the written request of the Assignee, to execute and deliver to the Assignee specific assignments of any of the Leases duly acknowledged by the respective Tenants under such Leases, which specific assignments shall be in form and substance acceptable to the Assignee;
  - (g) to use its best efforts to ensure that each Lease shall be entered into by it in good faith, at arm's length, at a rent and otherwise upon such terms and conditions as are reasonable and proper in the circumstances and are upon prevailing market terms and conditions;
  - (h) to deliver to the Assignee, at the request of the Assignee from time to time, a notarial copy of any Lease and of any guarantee or indemnity in respect of the obligations of any Tenant under a Lease;
  - (i) to execute and deliver to each Tenant and the Assignee, at the request of the Assignee from time to time, a written notice to each Tenant directing such Tenants to pay the Rents and all other sums owing under the Leases to the Assignee;
  - (j) that each of the warranties and representations of the Assignor set out in this Agreement is now and will continue to be true and correct until the Indebtedness is paid in full; and
  - (k) that it will pay or cause to be paid to the Assignee or pursuant to the Assignee's direction, upon demand, all costs, charges, fees and expenses including, without limitation, legal fees and disbursements on a solicitor and his own client basis, court costs and any other out-of-pocket costs and expenses incurred by the Assignee in connection with or arising out of or with respect to this Agreement including, without limitation, any one or more of the following:
    - (i) the negotiation, preparation, execution and enforcement of this Agreement and all documents, agreements and other writings incidental or ancillary hereto;
    - (ii) any act done or taken pursuant to this Agreement including, without limitation, recovering the Indebtedness and registering, discharging and reassigning this Agreement;

- (iii) the preservation, protection, enforcement or realization of the Premises Hereby Assigned including, without limitation, retaking, holding, repairing, preparing for disposition and disposing of the Premises Hereby Assigned;
- (iv) any action or other proceeding instituted by the Assignor, the Assignee or any other person, firm or corporation in connection with or in any way relating to:
  - (1) this Agreement or any part hereof;
  - (2) the preservation, protection, enforcement or realization of the Premises Hereby Assigned; or
  - (3) the recovery of the Indebtedness; and
- (v) all amounts incurred or paid by the Assignor pursuant to paragraph 8 hereof;

together with interest thereon from the date of the incurring of such expenses at the then Interest Rate calculated monthly and adjusted daily, whether any action or any judicial proceedings to enforce the aforesaid payments has been taken or not, the amount owing to the Assignee under this subparagraph shall be added to the Indebtedness.

6. **Negative Covenants of Assignor:** The Assignor covenants and agrees that it shall not:

- (a) sell, assign, transfer, dispose of, collect, receive or accept any of the Premises Hereby Assigned including, without limitation, the Rents except as may be permitted in this Agreement, nor do, nor permit to be done, any act or thing whereby the Assignee may be prevented or hindered from so doing;
- (b) pledge, charge, mortgage, hypothecate, create a security interest in or otherwise encumber the Premises Hereby Assigned or any part thereof in any manner whatsoever other than to the Assignee;
- (c) cancel, terminate or forfeit or take any action to cancel, terminate or forfeit or suffer or permit anything allowing any Tenant under any Lease to cancel, terminate, forfeit any of the Premises Hereby Assigned, or accept or agree to the surrender of, or take any action or suffer or permit anything allowing the surrender of any of the Premises Hereby Assigned;
- (d) waive, amend, modify or vary any of the terms, agreements, provisions, conditions, obligations and covenants set out in the Premises Hereby Assigned, or otherwise agree or consent to any waiver, amendment, modification or variation of any of them, whether by way of collateral agreement or otherwise; or
- (e) waive or agree to waive any failure of any party to any of the Premises Hereby Assigned including, without limitation, any Tenants, to observe, perform or satisfy any of the terms, agreements, provisions, conditions, obligations or covenants set out in any of the Premises Hereby Assigned;

however, the Assignor may do those matters referred to in Subsections 6(c), (d) and (e) hereof, if:

- (f) the Tenant has been declared or adjudged bankrupt; or
- (g) the action taken is in accordance with good business practice, on an arm's length basis and in good faith and the action is one which a prudent owner of property similar to the Project would take, considering all the relevant circumstances including, without limitation, the then current leasing practices and market conditions.

7. **Representations and Warranties of Assignor:** The Assignor represents and warrants to the Assignee that:
- (a) each of the Premises Hereby Assigned including, without limitation, each of the Leases in effect as of the date hereof, is valid and subsisting, is in full force and effect, unamended, in good standing and there are no defaults thereunder;
  - (b) the Assignor has good, valid and legal right to absolutely assign and transfer to the Assignee the Premises Hereby Assigned, free and clear of all assignments, mortgages, charges, pledges, security interest and other encumbrances other than those in favour of the Assignee;
  - (c) the Assignor has taken all necessary action, corporate or otherwise, to authorize the execution and delivery of this Agreement and the performance of its obligations set out in this Agreement and in each of the Leases;
  - (d) the execution, delivery and performance of this Agreement and the assignment constituted hereby will not conflict with, be in or contribute to a contravention, breach or default under the Assignor's constating documents, by-laws, resolutions or the provisions of any indenture, instrument, agreement or undertaking to which the Assignor is a party or by which it is bound, or under any valid regulation, order, writ or decree of any court, tribunal, arbitration panel or governmental authority;
  - (e) this Agreement has been duly executed and when delivered, will be in full force and effect and constitutes a legal, valid and binding obligation of the Assignor, enforceable in accordance with its terms;
  - (f) there is no pending or threatened litigation, action, claim or fact known to the Assignor and not disclosed to the Assignee in writing which adversely affect or could adversely affect any of the Premises Hereby Assigned or the rights of the Assignor or any other party thereunder or the rights of the Assignee under this Agreement;
  - (g) none of the Premises Hereby Assigned in existence on the date hereof is incapable of assignment to the Assignee in accordance with the provisions of this Agreement, nor is any of the Premises Hereby Assigned incapable of further assignment by the Assignee or by any receiver or receiver and manager, nor is the consent of any third party required for any assignment set out in this Agreement or in connection with any further assignment by the Assignee; and
  - (h) no Rents, payments, proceeds, receipts or other distributions due or to become due on any date subsequent to the date of this Agreement have been collected in advance of the time when the same become due under the terms of any of the Premises Hereby Assigned.
8. **Enforcement Upon Default:** Without limiting in any manner whatsoever the Assignee's rights, remedies, and recourses pursuant to this Agreement, by operation of law or otherwise, if the Assignor has defaulted in the performance, fulfillment or satisfaction of any of the terms, agreements, provisions, conditions, obligations or covenants set out in this Agreement, the Mortgage or any other agreement, document, instrument, commitment or undertaking entered into between the Assignor and the Assignee, made by the Assignor in favour of the Assignee or assigned by the Assignor to the Assignee or if the Assignor is otherwise in breach of or in default (hereinafter collectively called a Default) under this Agreement, the Mortgage or any other agreement, document, instrument, commitment or undertaking entered into between the Assignor and the Assignee, made by the Assignor in favour of the Assignee or assigned by the Assignor to the Assignee, then the Assignee and any receiver or any receiver and manager appointed by the Assignee, may from time to time and at any time, in its own name or in the name of the Assignor and without notice to the Assignor, do any one or more of the following:



- (a) observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant which, pursuant to any of the Premises Hereby Assigned, could or should be observed, performed or satisfied by the Assignor;
- (b) exercise any of the rights, powers, authority and discretion which, pursuant to any of the Premises Hereby Assigned, by operation of law or otherwise, could be exercised, observed, performed or satisfied by the Assignor including, without limitation, amending and renewing the Leases and otherwise dealing with the Tenants and others and participating in all settlement negotiations and arbitration proceedings resulting from a dispute (the Dispute) arising out of, in connection with or pursuant to any of the Premises Hereby Assigned; and
- (c) collect any Rents, proceeds, receipts or income arising from or out of the Premises Hereby Assigned including, without limitation, the institution of proceedings, whether in the name of the Assignor or the Assignee or both, for the collection of same.

The Assignor further acknowledges and agrees that all costs, charges and expenses incurred by the Assignee in connection with doing anything permitted in this paragraph 8 including, without limitation, legal fees and disbursements on a solicitor and his own client basis, shall be forthwith paid by the Assignor to the Assignee.

9. **Assignee Not Liable:** The Assignee shall not be bound to exercise any of the rights afforded to it hereunder nor to collect, dispose of, realize, preserve or enforce any of the Premises Hereby Assigned. The Assignee shall not be liable or responsible to the Assignor or any other person for the fulfillment or non-fulfillment of this Agreement or the terms, obligations, covenants or agreements set out in this Agreement or for any loss or damage incurred or suffered by the Assignor or any other person, firm or corporation as a result of:

- (a) any delay by, or any failure of, the Assignee to:
  - (i) exercise any of the rights afforded to it under this Agreement; or
  - (ii) collect, dispose of, realize, preserve or enforce any of the Premises Hereby Assigned; or
- (b) the negligence (but not the wilful misconduct) of any officer, servant, agent, counsel or other attorney or substitute employed by the Assignee in the exercise of the rights afforded to the Assignee hereunder, or in the collection disposition, realization, preservation or enforcement of the Premises Hereby Assigned.

10. **Application of Funds:** Any amount received by the Assignee arising out of or from the collection, disposition, realization or enforcement of any of the Premises Hereby Assigned, after all costs, charges and expenses incurred by the Assignee in connection therewith have been deducted therefrom, shall be applied in reduction of the Indebtedness. Notwithstanding the generality of the foregoing, the Assignee shall be entitled to apply all or any part of such amounts received by it on account of such part or parts of the Indebtedness, in such manner and at such times or from time to time, as the Assignee deems best and the Assignee may at any time and from time to time change any such application.

11. **Further Assurances:** The Assignor covenants and agrees to execute all such further assignments and other documents and to do all such further acts and things including, without limitation, obtaining any consent which are required by the Assignee, from time to time, to more effectively assign, set over and transfer the Premises Hereby Assigned to the Assignee including, without limitation, execute and deliver one or more specific assignments of the Assignor's rights, benefits, title and interest in any of the agreements, documents, commitments and other writings that constitute the Premises Hereby Assigned in form, substance and execution satisfactory to the Assignee, to perfect and keep perfected the security interest constituted hereby and to assist in the collection, disposition, realization or enforcement thereof, and the Assignee is hereby irrevocably constituted the true and lawful attorney of the Assignor, with full power of substitution, to execute in the name of the Assignor any assignment or other document for such purposes.

12. **Information:** The Assignor covenants and agrees that from time to time forthwith upon the request of the Assignee it shall furnish to the Assignee in writing all information requested by the Assignee relating to the Premises Hereby Assigned.
13. **Payment of Rent Under Leases:** Until a Default occurs the Assignor shall have the authority:
- (a) to collect any Rents and other moneys properly payable or arising out of or from the Premises Hereby Assigned; and
  - (b) subject to Section 6 hereof, to exercise in good faith all of the benefits, advantages and powers as landlord under the Premises Hereby Assigned;

and upon the occurrence of a Default such authority shall immediately cease without further notice and thereafter any monies received by the Assignor arising out of or from any of the Premises Hereby Assigned shall be received and held in trust for the Assignee and forthwith remitted to the Assignee. The Assignee may, at any time or times, by notice to any Tenant, direct such Tenant to pay Rent and other moneys to the Assignee and such notice shall be good and sufficient authority for any Tenant so doing. Any payment of Rents and other moneys by a Tenant to the Assignee shall not constitute a default under such Tenant's Lease. The receipt by the Assignee of Rent or other moneys from a Tenant shall constitute and be deemed receipt thereof by the Assignor.

14. **No Novation:** This assignment and transfer to the Assignee of the Premises Hereby Assigned:
- (a) is continuing security granted to the Assignee without novation or impairment of any other existing or future security held by the Assignee in order to secure payment to the Assignee of the Indebtedness and the due performance of the Assignor's obligation's under the Mortgage and all other agreements, documents, instruments, undertakings and commitments entered into between the Assignor and the Assignee, made by the Assignor in favour of the Assignee or assigned by the Assignor to the Assignee relating to the Project;
  - (b) is in addition to and not in substitution for any other security now or hereafter granted to or held by the Assignee in connection with the Indebtedness; and
  - (c) shall remain in full force and effect without regard to and shall not be affected or impaired by:
    - (i) any amendment or modification of or addition or supplement to the Mortgage or any other security or securities (the Additional Securities) now or hereafter held by or on behalf of the Assignee in connection with the Indebtedness or any part thereof;
    - (ii) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Agreement, the Mortgage or the Additional Securities;
    - (iii) any waiver, consent, extension, indulgence or other action, inaction or omission under or in respect of this Agreement, the Mortgage or the Additional Securities;
    - (iv) any default by the Assignor under, or any invalidity or unenforceability of, or any limitation on the liability of the Assignor or on the method or terms of payment under, or any irregularity or other defect in, the Mortgage or the Additional Security;
    - (v) any merger, consolidation or amalgamation of the Assignor into or with any other company or corporation; or

- (vi) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Assignor.
15. **Re-assignment:** Upon the Indebtedness being paid in full, the Assignee shall, within a reasonable time following its receipt of a written request from the Assignor and at the sole cost and expense of the Assignor, reassign the Premises Hereby Assigned to the Assignor including, without limitation, all of the Assignee's rights, benefits, title and interest in and to the Premises Hereby Assigned.
16. **Enurement:** This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.
17. **Notices:** Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if served personally upon the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail:
- (a) if to the Assignor, addressed to it at:
- Adelaide Street Lofts Inc.  
263 Adelaide Street West, Suite 350  
Toronto, Ontario M5H 1Y2
- Attention: Jim Neilas
- (b) if to the Assignee, addressed to it at:
- Hi-Reise Capital Ltd.  
200 Adelaide Street West, Suite 401  
Toronto, Ontario M5H 1W7
- Attention: Jim Neilas
- Any of the parties hereto may, from time to time, change its address or stipulate another address from the address described above in the manner provided in this paragraph. The date of receipt of any such notice, demand, request, consent, agreement or approval, if served personally, shall be deemed to be the date of delivery thereof, or if mailed as aforesaid, the fourth business day following the date of mailing. For the purposes hereof, personal service on the Assignor shall be effectively given by delivery to an officer, director or employee of the Assignor.
18. **Waiver:** No consent or waiver, express or implied, by the Assignee to or of any breach or default by the Assignor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by the Assignor of its obligations hereunder. Failure on the part of the Assignee to complain of any act or failure to act of the Assignor or to declare the Assignor in default, irrespective of how long such failure continues, shall not constitute a waiver by the Assignee of its rights hereunder.
19. **Amendments:** This Agreement may not be modified or amended except with the written consent of the Assignee and the Assignor.
20. **Entire Agreement:** This Agreement constitutes the entire agreement between the Assignee and the Assignor pertaining to the assignment of the Premises Hereby Assigned and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, relating thereto.
21. **Assignment:** The Assignee may assign, transfer, negotiate, pledge or otherwise hypothecate this Agreement, any of the Premises Hereby Assigned, any of its rights hereunder or any part thereof and all rights and remedies of the Assignee in connection with

the interest so assigned shall be enforceable against the Assignor as the same would have been by the Assignee but for such assignment.

22. **No Agency, Joint Venture or Partnership:** The Assignee is not the agent, representative, partner of or joint-venturer with the Assignor, and the Assignor is not the agent, representative, partner of or joint-venturer with the Assignee, and this Agreement shall not be construed to make the Assignee liable to any person or persons for goods or services furnished to, on behalf of or for the benefit of the Assignor nor for debts, liability or claims accruing therefrom against the Assignor.
23. **Rights, Powers and Remedies:** Each right, power and remedy of the Assignee provided for herein or available at law or in equity or in any other agreement shall be separate and in addition to every other such right, power and remedy. Any one or more and/or any combination of such rights, remedies and powers may be exercised by the Assignee from time to time and no such exercise shall exhaust the rights, remedies or powers of the Assignee or preclude the Assignee from exercising any one or more of such rights, remedies and powers or any combination thereof from time to time thereafter or simultaneously.
24. **Survival:** All covenants, undertakings, agreements, representations and warranties made by the Assignor in this Agreement and any instruments delivered pursuant to or in connection herewith, shall survive the execution and delivery of this Agreement and any advances made by the Assignee to the Assignor, and shall continue in full force and effect until the Indebtedness is paid in full. All representations and warranties made by the Assignor shall be deemed to have been relied upon by the Assignee.
25. **Severability:** Any term, condition or provision of this Agreement which is or is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions, and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.
26. **Governing Law:** This Agreement, and the interpretation, construction, application and enforcement of this Agreement, shall be governed by and construed, in all respects, exclusively in accordance with the laws of the Province of Ontario.
27. **Headings:** The insertion in this Agreement of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.
28. **Number and Gender:** All nouns and personal pronouns relating thereto shall be read and construed as the number and gender may require and the verb shall be read and construed as agreeing with the noun and pronoun.
29. **Registrations:** Neither the preparation, execution nor any registrations or filings with respect hereto, shall bind the Assignee to make an advance under the Mortgage.
30. **Receipt of Copy:** The Assignor acknowledges receipt of a copy of this Agreement.

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

*PIN* 21411 - 0162 LT *Interest/Estate* Fee Simple  
*Description* PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO  
*Address* 263 ADELAIDE ST W  
TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

*Name* ADELAIDE STREET LOFTS INC.  
*Address for Service* 263 Adelaide Street West, Suite 350, Toronto, Ontario M5H 1Y2

I, Jim Neilas (President), have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)***Capacity**Share*

*Name* HI-RISE CAPITAL LTD. *Trustee*  
*Address for Service* 200 Adelaide Street West, Suite 401, Toronto, Ontario M5H 1W7

**Statements**

Schedule: See Schedules

**Provisions**

*Principal* \$ 40,000,000.00 *Currency* CDN  
*Calculation Period*  
*Balance Due Date* 2019/03/01  
*Interest Rate* 18% per annum  
*Payments*  
*Interest Adjustment Date* 2013 03 01  
*Payment Date* 1st day of each and every month  
*First Payment Date* 2014 04 01  
*Last Payment Date* 2019 03 01  
*Standard Charge Terms* 200033  
*Insurance Amount* full insurable value  
*Guarantor*

**Signed By**

Bary Mitchell Polisuk 1 Adelaide Street E., Suite 801 acting for Signed 2014 02 18  
Toronto  
M5C 2V9  
Chargor(s)  
Tel 416-869-1234  
Fax 416-869-0547

I have the authority to sign and register the document on behalf of the Chargor(s).

**Submitted By**

GARFINKLE, BIDERMAN LLP

1 Adelaide Street E., Suite 801  
Toronto  
M5C 2V9

2014 02 18

Tel 416-869-1234

Fax 416-869-0547

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargor Client File Number : 9230-002



# Narrative Appraisal

263 Adelaide Street West

Toronto, Ontario

April 2015

**PREPARED BY:**

Matthew Bruchkowsky, AACI, P. App.  
Senior Director  
Valuation & Advisory Services

**PREPARED FOR:**

John Neilas  
Neilas Inc.

One Queen Street East  
Suite 2200  
Toronto, Ontario M5C 2Z2  
www.colliers.com

Phone: 416.777-2200  
Fax: 416.643.3470



(TOR-15-286)

April 20, 2015

Neilas Inc.  
263 Adelaide Street West, Suite 503  
Toronto, Ontario M5 H 1Y2

**Attention: John Neilas**

Dear Mr. Neilas:

**RE: FULL NARRATIVE APPRAISAL OF DEVELOPMENT SITE LOCATED AT 263 ADELAIDE STREET WEST, TORONTO, ONTARIO**

---

In accordance with your request, we have inspected the property described above and have carried out a Narrative Appraisal in order to estimate the current market value of the Subject, as at the effective date of the valuation.

Based on our analysis, the market value of the Subject property, subject to the Extraordinary Assumptions on page 3, and the Contingent and Limiting Conditions listed in Appendix A, and as at April 15, 2015, is estimated to be;

**FORTY ONE MILLION DOLLARS**  
**\$41,000,000**

The value estimates are based on an exposure time of one to three months, which is assumed to precede the valuation date. This report describes the methods and approaches to value in support of the final conclusion and contains the pertinent data gathered in our investigation of the market.

Yours very truly,

**COLLIERS INTERNATIONAL REALTY ADVISORS INC.**

A handwritten signature in blue ink, appearing to read "M. B." followed by a stylized flourish.

Matthew Bruchkowsky, AACI, P. App.  
Senior Director  
Valuation & Advisory Services, Toronto





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# Executive Summary

263 ADELAIDE STREET WEST  
TORONTO, ONTARIO

- Date of Appraisal**
  - April 15, 2015
- Property Type**
  - Current Use – Mixed use heritage building
  - Proposed Use – Mixed-use Development
- Rights Appraised**
  - Fee Simple Interest
- Purpose and Function**
  - The purpose is to estimate the current market value of the Subject as a redevelopment site.
  - The function of the report is to estimate the market value of the property for internal purposes.
- Registered Owner**
  - Adelaide Street Lofts Inc.
- Legal Description**
  - PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO
- Assessment Roll Number**
  - 1904062280002000000
- PIN Numbers**
  - 21411-0162

## Property Description

The Subject consists of a rectangular shaped site with frontage on the south side of Adelaide Street West, just east of John Street in Downtown Toronto. At the date of inspection, the Subject was improved with heritage listed mixed use building.

- Site Area**
  - 0.35 acres or 15,430 square feet (Source: Client)
- Frontage**
  - Approximately 129 feet on the south side of Adelaide Street West
- Configuration**
  - Rectangular
- Services**
  - Full municipal services available.

## Land Use Controls

- Official Plan**
  - Toronto Official Plan, as amended, designates the property as a Regeneration Area.

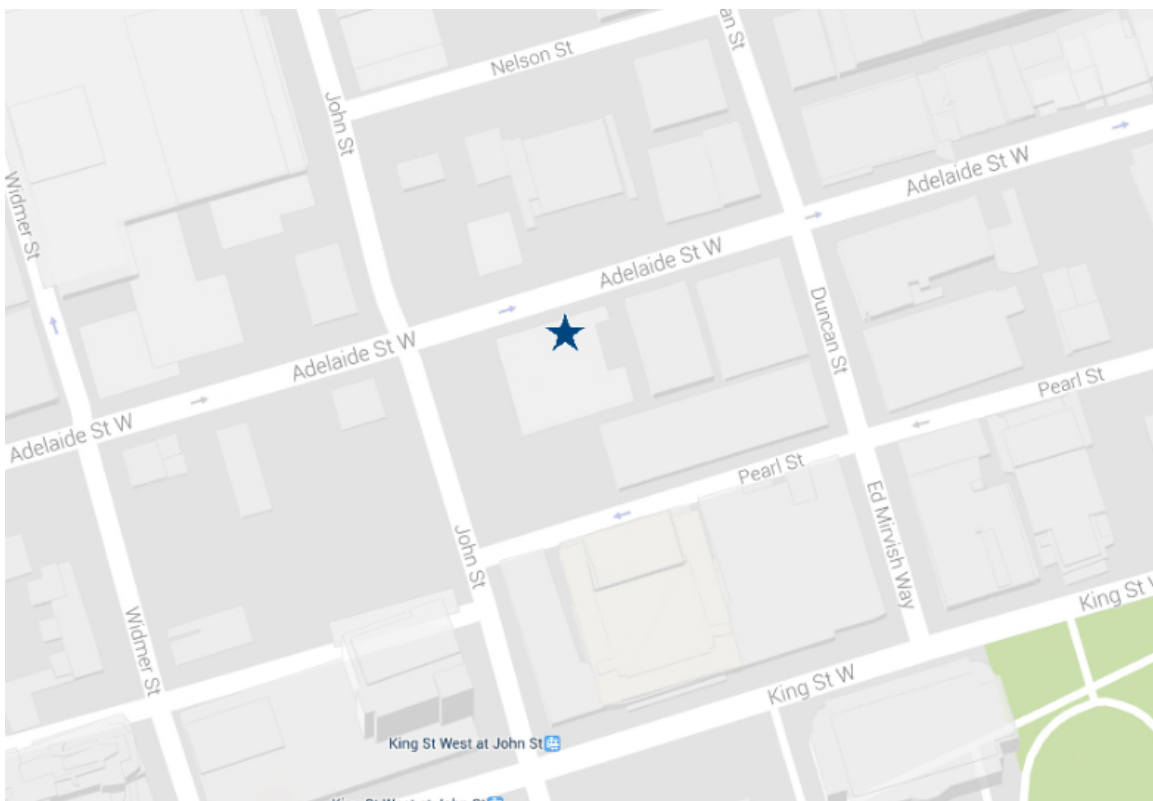


- The Subject falls within the King-Spadina North Secondary Plan.
  - The zoning by-law designates the Subject as being RA, which permits residential and commercial uses. The site requires rezoning to permit the proposed development.
  - As presently configured and used, the proposed development requires a rezoning application to permit the proposed density and height.
  - Development of the existing land uses for high density mixed use in compliance with the prevailing land use controls.
- Land Use Classification**
- Compliance**
- Highest and Best Use**
- Direct Comparison Approach**
- 15,430 square feet or 0.35 acres
  - 409,774 square feet (Client)
  - 409,774 square feet x \$100/sq. ft. buildable = \$41,000,000
- Final Value Conclusion**
- 15,430 square feet or 0.35 acres
  - 409,774 square feet (Client)
  - 409,774 square feet x \$100/sq. ft. buildable = \$41,000,000
  - April 15, 2015
  - \$41,000,000
  - One to three months
- Site Area**
- Proposed Gross Floor Area**
- Estimated Land Value**
- Effective Date**
- Value Estimate**
- Exposure Time**

## Regional Map



## Location Map



## Photographs of Subject Property



VIEW OF THE SUBJECT PROPERTY



VIEW OF THE SUBJECT PROPERTY



VIEW EAST ALONG ADELAIDE STREET WEST



VIEW WEST ALONG ADELAIDE STREET WEST



# Terms of Reference

## Purpose and Function of Report

The **purpose** is to estimate the Subject's current market value as a redevelopment site. The **function** is for internal purposes. **John Neilas of Neilas Inc.** has requested this report. This report has been prepared only for the party named above and only the specific use stated.

## Property Rights

The property rights appraised are those of Fee Simple Interest.

## Effective Date

The effective date of this valuation is April 15, 2015.

## Inspection Date

Matthew Bruchkowsky, AACI conducted an exterior inspection of the Subject property on April 15, 2015.

## Market Value Definition

For the purposes of this valuation, market value is defined as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of the specific date and the passing of title from seller to buyer under conditions whereby:*

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider to be in their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

*(Source: The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2012.*



## Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Exposure time is also a product of the function of the real property in question. The Subject is a downtown redevelopment site that is proposed for development with a high density mixed-use building. The downtown market is easily accessed from the Subject via public transit operated by the TTC and there are significant amenities in the area available to prospective residents.

Ongoing discussions with agents active within the real estate market have indicated that properties such as the Subject typically require a marketing period of one to three months, depending on a number of factors including location, condition and motivation of the purchaser/vendor. Therefore, it is concluded that for the Subject property to sell at the market value estimated herein as of the effective date of this report, an exposure period of approximately one to three months would be required.

## Scope of the Valuation

This is a ***Narrative Appraisal Report*** and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

Market information reviewed is available from publicly available sources including economic reports, Statistics Canada, the municipal economic development office, etc.

Market information was obtained from Colliers Research, commercially available information databases (RealNet, Geowarehouse and Marsh Report) and local real estate professionals knowledgeable about the local market.

During the course of preparing this valuation, the following was completed:

- An inspection of the property and the surrounding area.
- A review of available data regarding the local market.



- Verification of current land use and zoning regulations via discussions with the City of Toronto planning department.
- Review of the proposed development material provided by Neilas Inc.
- A review of sales and listing data on comparable properties.
- An examination of market conditions and analysis of their potential effects on the property.
- A review of the local competitive market.
- Interviews with market participants.
- An analysis of the highest and best use of the property.

### Contingent and Limiting Conditions

This report is subject to the Contingent and Limiting Conditions set forth within the Addenda to this appraisal in addition to any specific assumptions that may be stated in the body of the report. **These conditions are critical to the value stated herein and should be thoroughly read and understood before any reliance on this report is considered.**

### Extraordinary Assumptions

An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc.

It is an Extraordinary Assumption of this report that the Subject can be rezoned to permit a 409,774 square feet development.

### Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification or exclusion of an Appraisal Institute Standard Rule. Such special circumstances include the inability to complete a property inspection, the purposeful exclusion of a relevant valuation technique, etc.

No Extraordinary Limiting Conditions were invoked within this report.





# Property Data

## Municipal Address

263 Adelaide Street West, Toronto, Ontario

## Legal Description

PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO

## Ownership and History

### Current Ownership

The Subject last transferred on June 24, 2011 for a consideration of \$16,500,000 in what is believed to be an arm's length transaction. The property is currently registered to Adelaide Street Lofts Inc.

### Current Contracts

As of the effective date, the Subject site is not the object of an agreement of purchase and sale.

### Encumbrances

We are not aware of any easements or rights of way that adversely affect the market value of the Subject property. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. Additionally, the property has been valued as if it were free and clear of any financing.

## Assessment and Realty Tax Data

Roll No.	1904062280002000000
2015 Phased-In Assessment	\$17,452,000
Total per SF of land	\$1,131

It is reasonably expected that upon development the Subject will be reassessed and taxed accordingly.

## Site Description

### Area

- 0.35 acres or 15,340 square feet (Source: Client)

### Frontage

- Approximately 129 feet onto the south side of Adelaide Street West.

### Configuration

- Rectangular

### Topography

- The site appears to be at grade with the surrounding properties.

### Services

- Full municipal services available at street frontage.

### Access

- The Subject is accessed via Adelaide Street West.

### Title Instruments

- For the purposes of this analysis, the instruments registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of any existing encumbrances.
- For the purposes of this analysis, we assume the title is marketable without any encumbrances.

### Soil Conditions

- We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support future development.

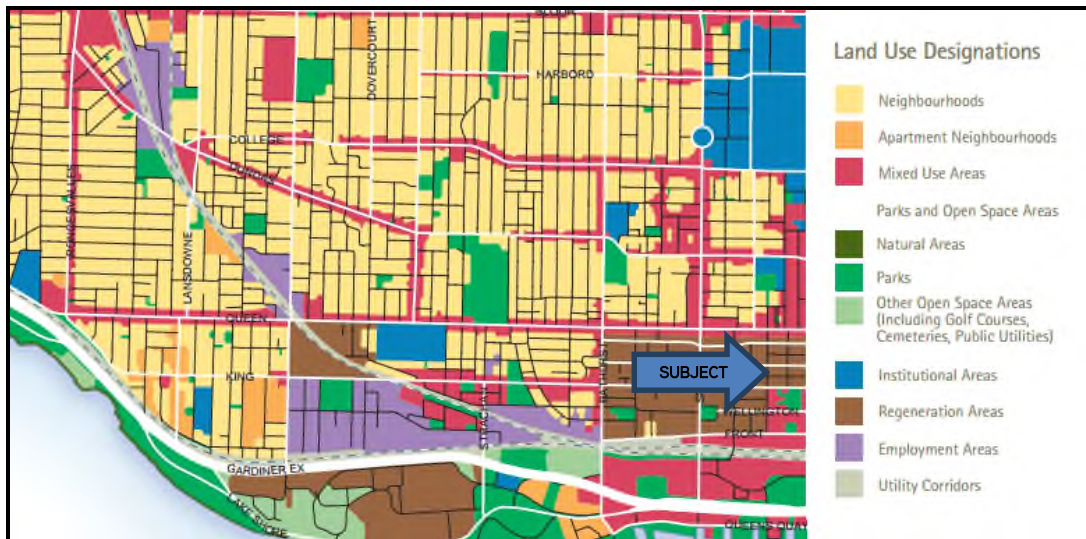
### Conclusion

- The Subject is well located within an area of Toronto that has experienced a significant increase in density over the last few years. The surrounding land uses have transitioned from low density commercial uses to high density residential and mixed uses. In addition, the Subject is in downtown Toronto with its associated amenities, which are easily accessed via bus and streetcar service, operated by the TTC.



## Land Use/Planning

### Official Plan Map



Regeneration Areas are key to the Plan's growth strategy, reintegrating areas of the City that are no longer in productive urban use due to shifts in the local or global economies. In Regeneration Areas, commercial, residential, live/work, institutional and light industrial uses can be mixed within the same block or even the same building." The intent being to rejuvenate under used areas.

The Subject falls within the King-Spadina Secondary Plan. Key objectives of the secondary plan include:

- Attract new investment to the area
- Provide a mixture of uses which are compatible with the area and can evolve along a similar timeline as the residential population stabilizes
- Retention and promotion of current commercial and industrial uses which provide for area employment
- Provide commercial activity which supports existing and new residents as well as surrounding communities
- Retention, restoration, and reuse of heritage buildings

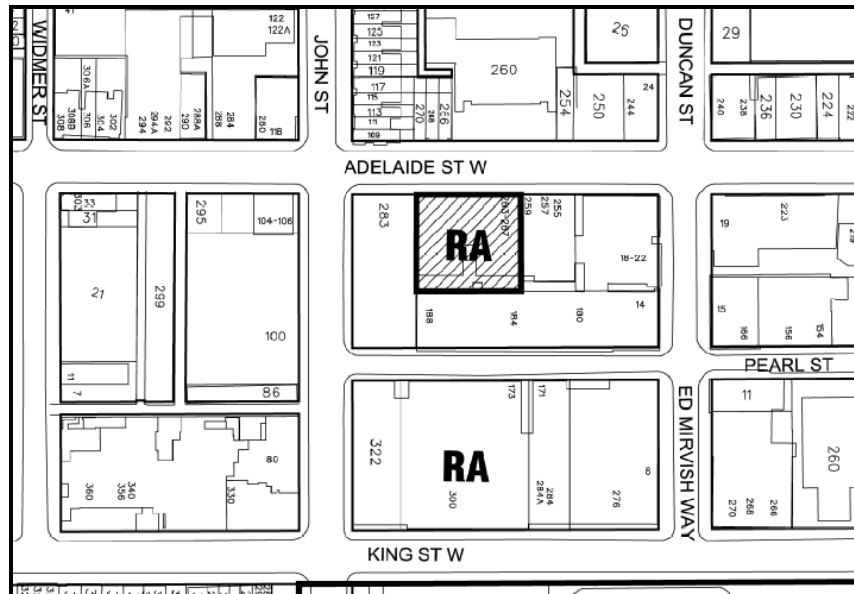
Permitted uses will include a mix of employment and residential, provided that employment uses are restricted to those compatible with adjacent and neighbouring residential uses in terms of emissions, odour, noise and generation of traffic.

### Zoning

The Subject property is designated as RA under By-law 438-86. Under the current zoning a wide array of uses including residential, office, retail, and employment uses. The zoning designation does not limit density, however, it does restrict high to 30 meters.

A rezoning application had been submitted to the City of Toronto to permit numerous aspects of the proposed development which do not conform to the in place zoning by-law, most notably its proposed height.

### Zoning Map



### Heritage

The Subject is currently improved with a five storey build which is listed on the City of Toronto's Inventory of Heritage Buildings. The redevelopment proposal would incorporate the street facing façade of the building into the new development.

### Application

A rezoning application was which proposed the redevelopment of the Subject with a 49 storey mixed use building with a gross floor area of 409,774 square feet. In addition, the new development would be required to make considerations for the replacement of the rental stock currently in place.

### Compliance

Under the current land use controls, the proposed development as described herein would require a rezoning application. The current application is being review by the City of Toronto Planning Department.

## Location Description



The Subject is located in an area which is transitioning from medium commercial and office uses to high density residential and mixed uses. The Subject's area of Toronto is known as the Entertainment District, which has in recent years due to the significant level of development had a large population increase. The Financial District, just east of the Subject, is readily accessible via public transit in the form of bus and streetcars operating along Adelaide Street West. The immediate area has seen significant levels of redevelopment in recent years, both along major arterials and immediately adjacent streets.

Recent development in the area has largely taken the form of high-density residential and mixed-use developments, which have primarily been located along major arterials, however, due to the rising cost of redevelopment sites, development has started to move to neighboring streets. The immediate area has in recent years has been transformed with numerous high density mixed use developments. Currently in close proximity of the Subject, there are 7 developments proposed for development including a 48 storey development immediately adjacent to the Subject on the corner of Adelaide Street and John Street.

Surrounding land uses include:

North: The north side of Adelaide Street is lined by low rise commercial buildings including a City of Toronto fire station. Further north, the



area is primarily developed with low to mid rise commercial buildings interspersed with new high density residential and mixed use developments.

- South: South of the Subject to Front Street is a mixture of office and commercial buildings of varying densities. South of Front Street is the entertainment node containing the Rogers Center and the CN Tower.
- East: East of the Subject, Adelaide Street is lined by a number of former industrial builds which have been repurposed for commercial, office, or residential use. Many of these buildings, which have heritage status, are the target of redevelopment proposals.
- West: Immediately west of the Subject is a development site which is proposed for development featuring a 48 storey residential tower with ground floor retail space. Further west, Adelaide Street is lined by medium density commercial buildings and sites proposed for redevelopment with residential or mixed use towers.

## Summary

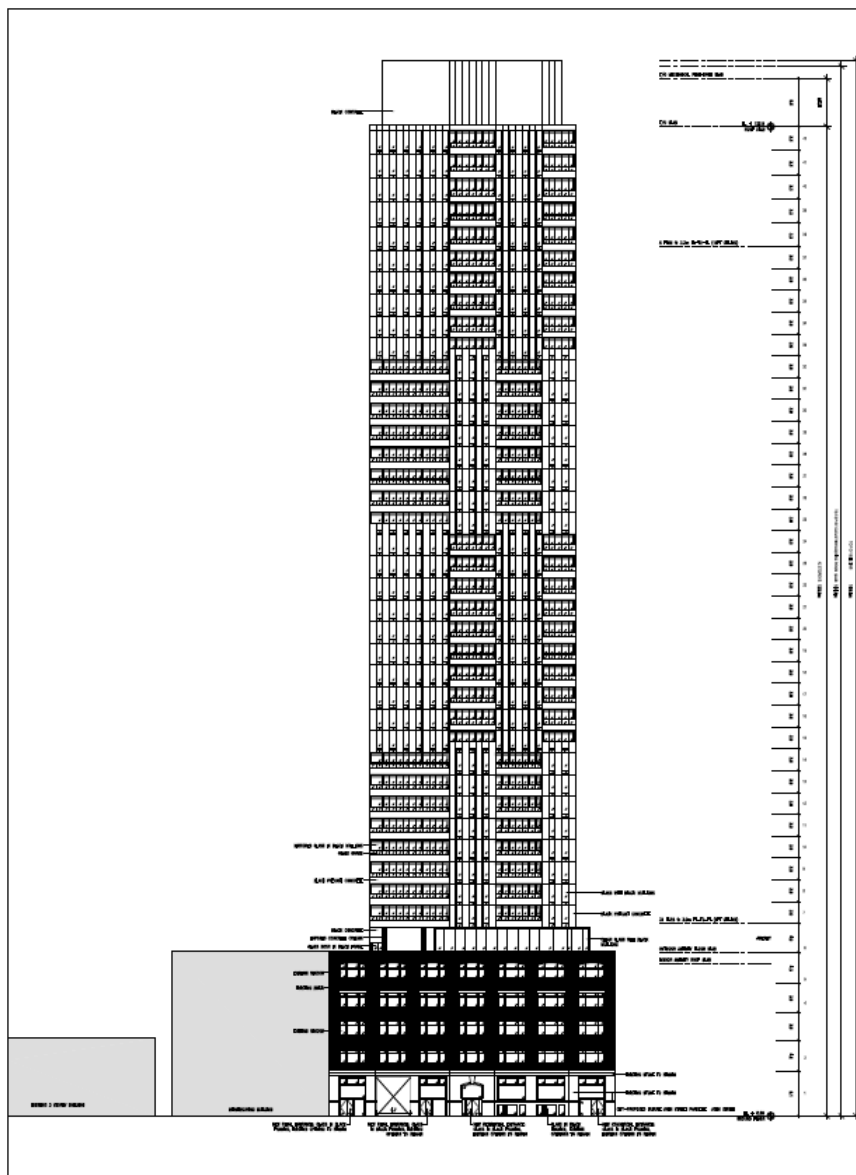
The Subject is located in an area which is transitioning from predominantly medium density commercial uses to high density residential uses with some commercial uses. Despite the significant supply, the demand for residential condominiums has been stable in response to the rising cost of commuting, traffic congestion and the high cost of single family dwellings. The outlook for this segment of the market is discussed in greater detail within the report.

## Development Description

The Subject site is proposed for development with a 49-storey mixed use building containing ground floor commercial/retail space and office space in addition to residential amenity space. The total proposed Gross Floor Area is 409,774 square feet and would feature bachelor, one bedroom, two bedroom, and three bedroom units. The street facing façade of the current improvements will be incorporated into the base of the new development.

Parking will consist of both vehicle and bicycle parking contained within an underground parking structure.

## Development Rendering





## Market Overview

### March 2015 Canadian Economic Overview

As a result of the decline in oil prices, the Bank of Canada became the first central bank in the larger Group of Seven to cut interest rates lowering its target for the overnight rate by one-quarter of one percentage point to  $\frac{3}{4}$  % in the first quarter of 2015. In addition, total CPI is beginning to reflect the change in oil prices and inflation has remained close to 2.0% in recent quarters. With growing angst about the sluggish pace of job creation, a second cut was a potential reality this month but the Bank of Canada held the rate steady at 0.75%. Canada's streak of unimpressive economic growth is expected to continue into 2015, with forecasts calling for 1.9% overall in 2015, a substantial downgrade from the September forecast. While the U.S. economy is gaining momentum, the drop in oil prices will cost producers more than US\$40 billion in lost revenue and result in a considerable decline in business investment.

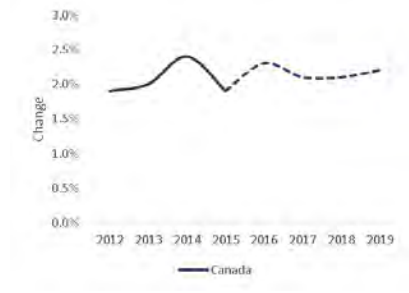
### Average Annual Compound Growth Rate

Economic Indicator	Historical 2012-2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	2.2%	1.9%	2.1%	↑
Employment	1.0%	1.0%	1.4%	↑
Unemployment	2.8%	1.4%	4.8%	↑
Personal Income per	2.6%	2.8%	2.9%	↑
Population	0.7%	1.1%	1.1%	↑
Retail Sales per capita	2.7%	1.6%	2.6%	↑
CPI	1.4%	1.2%	2.0%	↑
Housing Starts	-6.1%	-9.3%	4.7%	↑

### Forecast Risk

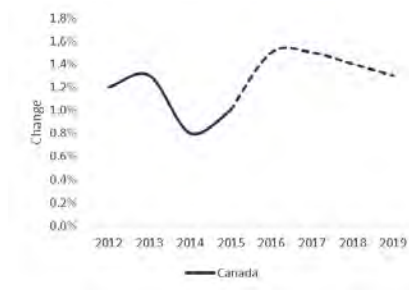
The most glaring risk to Canada's economic outlook stems from the recent decline in the price of oil and other commodities. While the most immediate impact will be positive- a boost to consumers' disposable incomes and spending, heightened manufacturing based on reducing production costs and increases in forestry and agriculture – lower oil prices if persistent, will discourage investment and exploration in the oil sector. Lower oil prices are typically accompanied by a weaker Canadian dollar, which we are already seeing. Over time, higher-cost oil is still likely to be needed to satisfy growing global demand; however, prices could potentially continue to decrease, or simply remain low through the first two quarters of 2015 before those medium-term forces really start to influence the market which could slow growth projections even further.

### Real Gross Domestic Product (GDP)



The economy is forecast to expand by just 1.9% in 2015, the fourth consecutive year of growth below 2.5%. The sharp drop in oil prices will cost more than US\$40 billion in revenue; however, what should help balance this is the U.S. economy's momentum which should further stimulate demand for Canadian exports, especially non-energy related exports, made more competitive by the lower value of the Canadian dollar.

### Employment



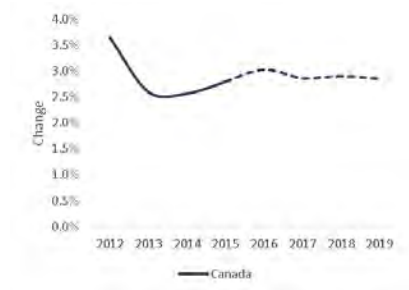
With overall economic growth in 2015 expected to be a substantial downgrade from the September forecast, job growth is expected to remain fairly tepid. After a dismal gain of 136,000 jobs in 2014, the labour market is expected to add just 187,000 jobs in 2015.

### Unemployment



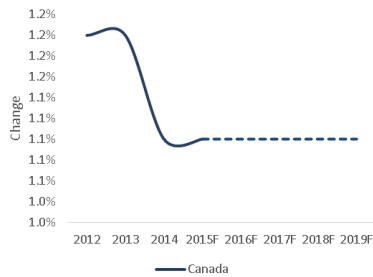
Business investment will be the weakest part of the Canadian economy in 2015. Capital budgets are already being significantly cut across the oil and gas industry. With the potential for layoffs very present and a soft domestic economy, the unemployment rate will remain stuck at approximately 6.8% this year.

### Personal Income per Capita



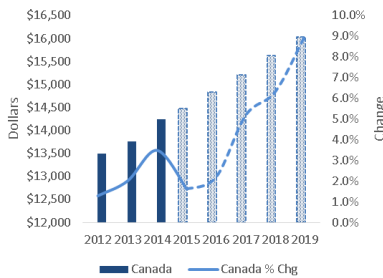
Canadians have received consecutive real wage gains since 2011 averaging 2.9% per annum. Personal income per capita is anticipated to exceed \$42,500 in 2015. By 2019, personal income per capita is forecast to exceed \$47,750 with growth averaging 2.9% from 2016 through 2019.

### Population



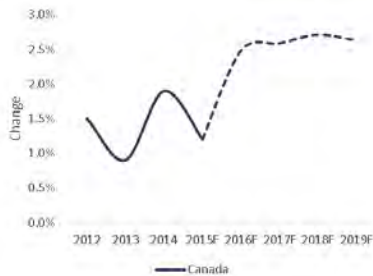
Canada's population growth rate has been averaging 0.7% from 2012 to 2014. The country's population is expected to grow 1.1% in 2015 to 35.8 million. The country's population growth is forecasted to remain consistent with 1.1% increases from 2016 through 2019 reaching over 37.5 million by 2019.

### Retail Sales per Capita



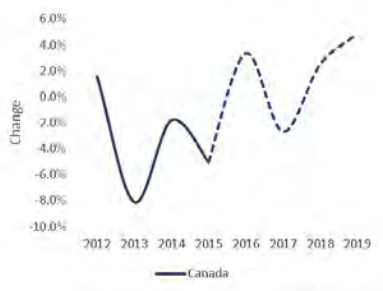
Consumer spending will be restrained by soft employment growth, including the threat of job losses in oil-rich provinces, weak wage gains, and high levels of household debt and easing real estate markets. While consumers should get a break on lower gasoline costs and consumer prices, it won't be enough to counter the trend of easing growth in household spending.

### Consumer Price Index



Canada's Consumer Price Index is projected to finish 2015 at 1.2% with future growth forecasted at 2.1% from 2016 through 2019. This is not surprising given that CPI has begun to reflect the decline in the price of oil.

### Housing Starts



Residential construction investment is also expected to cool this year. A combination of declining oil prices and oversupply in some cities' condominium markets will prompt a 9.3% decline in new home construction, as housing starts fall from 189,400 units in 2014 to 171,700 units in 2015.

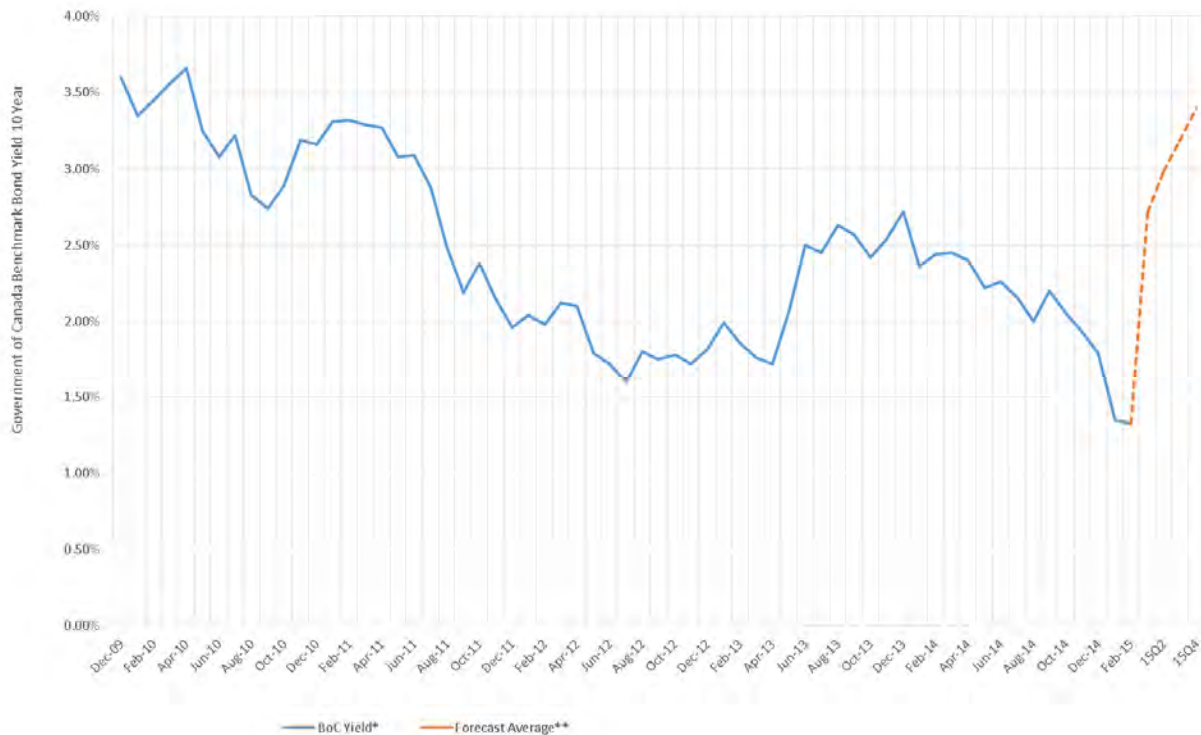
The information is sourced from:

- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on August 29, 2014 Canadian economic accounts
- b) Statistics Canada

## Bond Yields

In the near term, government bond yields will remain low however as evidence that the economy is coping with the oil price shock materializes, rates will begin to move up more aggressively according to the RBC Economic and Financial Market Update.

So far in 2015, oil prices and bond yields have continued to fall, and many central banks have enacted further monetary stimulus to stave off the risk of deflation. For Canada, the Bank of Canada's 25 basis point rate cut takes the cake as the biggest economic surprise of 2015. TD Economics February Update indicates that shorter maturity bonds have been adjusted after the Bank of Canada announced they are foregoing a second cut in March, indicating they are content with the way Canada's economy is responding to the surprise cut earlier this year.



The information is sourced from:

- Bank of Canada, Government of Canada benchmark bond yields 10 year Last updated March 9, 2015
- RBC Economics, Economic and Financial Market Outlook, February 2015
- TD Economics, Quarterly Economic Forecast, February 2015

## March 2015 Ontario Economic Overview

Ontario's economy took a step toward achieving a more convincing pace of expansion in 2014. Ontario is expected to take another step in that direction in 2015, placing it on top of the provincial growth rankings. Stronger exports, higher household spending, and brisk activity in the housing sector have re-invigorated the provincial economy since the spring of 2014, after real GDP growth slowed to a post-recession low of 1.2 % in 2013. It is believed that the recent turnaround in Ontario's exports is just the beginning of a powerful export-led push that will contribute to the fastest growth in five years for the province.

### Average Annual Compound Growth Rate

Economic Indicator	Historical 2012 - 2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	1.5%	2.6%	2.1%	↑
Employment	1.1%	1.4%	1.6%	↑
Unemployment (improvement)	2.6%	2.7%	-6.1%	↓
Personal Income per capita	2.2%	3.0%	2.9%	↑
Population	0.7%	0.9%	1.2%	↑
Housing Starts	-11.8%	0.8%	12.0%	↑
Retail Sales per capita	2.2%	2.8%	2.4%	↑
CPI	1.7%	2.0%	2.1%	↑

### Forecast Risk

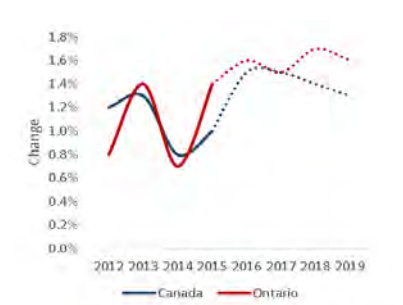
A further depreciation of the Canadian dollar could help Ontario's competitiveness and further boost foreign demand.

### Real Gross Domestic Product (GDP)



Ontario's real GDP grew by 1.8% in 2014, buoyed by strong demand from a resurging U.S. economy and the resiliency of Ontario consumers. This year, economic growth is expected to accelerate to 2.6% as business investment finally ends its two-year slump and posts solid growth. From 2016 to 2019, Ontario's economy is forecast to grow by an average of 2.1% (compared to 2.2% for Canada), this will be driven by growth in exports and an improving job market.

### Employment



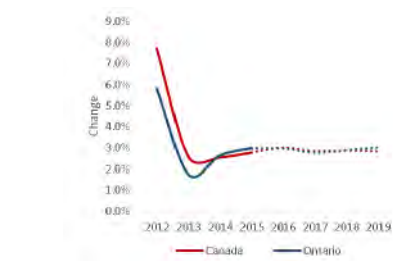
Job creation is expected to pick up its pace in the province in 2015. A 1.4% growth is forecast this year, up from a five-year low of 0.7% in 2014. In January, employment stagnated with an addition of 1,300 jobs recorded. The market will need to show more vitality for a longer period to change the current picture. From 2016 to 2019, employment in Ontario is forecast to grow by an average of 1.6%.

### Unemployment



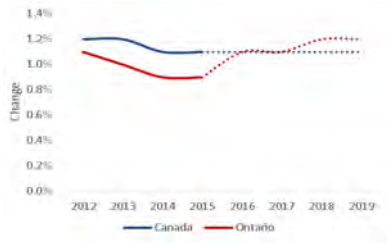
The unemployment rate in the province is forecast to be at 7.2% in 2015, after a 7.4% recorded at the end of 2014. Moreover it is expected to decrease below 6.4% for the next few years.

### Personal Income per Capita



Growth in employment will help increase Ontario's personal income per capita by 3.0% this year, bringing it to \$42,000. Stronger exports, the recent depreciation of the Canadian dollar, and continued government support should contribute to personal income per capita growth in 2015. Personal income per capita is expected to increase by 3.0% next year and by 2.9% in average until 2019.

### Population



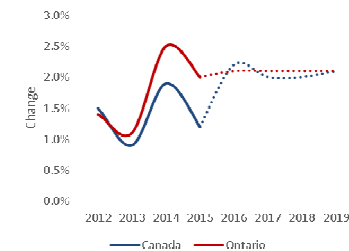
Ontario’s population has been stable at around 1.0% growth since 2011 and has been lagging behind the national average. This year, population growth should decrease slightly to 0.9%, similar to 2014. However, from 2016 to 2019, Ontario’s population growth is projected to average 1.2% annually exceeding the national average population growth rate of 1.1%. By the end of 2019, Ontario’s population is projected to be over 14 million.

### Retail Sales per Capita



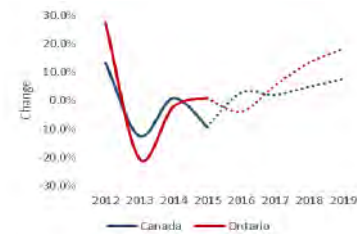
2015’s retail sales per capita are projected to increase by 2.8%. The province’s retail sales per capita are forecasted to continue to grow at an average rate of 2.5% from 2016 through 2019. Improving job prospects and lower gasoline prices resulting from the significant drop in oil prices should offer favourable conditions for further growth in household spending in the province, although there is room for only minimal acceleration in retail sales from an already-brisk pace of 3.2% in 2014.

### Consumer Price Index



Following CPI growth of 2.5% recorded last year in 2014, the province’s CPI is expected to slow by 2.0% which is still higher than the national CPI of 1.2%. However both CPI’s are expected to continue on their growth trajectory from 2016 to 2019 averaging 2.1% annually.

### Housing Starts



Ontario’s housing starts are expected to increase by 0.8%, which is an improvement from the 2.3% decline recorded in 2014. Following surprisingly solid activity in 2014, Ontario’s housing market is forecast to remain vibrant in 2015, with home resales being sustained near historical highs. A slight increase in housing starts from 59,700 units in 2014 to 60,200 units in 2015 is projected.









The information is sourced from:

- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on December 23, 2014 Canadian economic accounts.
- b) Statistics Canada.

## March 2015 Toronto Economic Overview

Economic growth in Toronto slowed in 2014. However, the manufacturing sector will continue to recover, benefitting from a lower Canadian dollar and a stronger U.S. economy. Oil prices should stay close to current levels in the months to come, as an ongoing global surplus will keep upside pressure on crude inventories. Moreover, the Bank of Canada lowered its key rate by 25 basis points in January, deeming the action was necessary given the decrease in oil prices. Overall, Toronto's economy is expected to expand by 2.8% in 2015. An improving manufacturing sector and a healthy services sector will contribute to this growth. Output in the construction sector is forecast to dip slightly this year, as several nonresidential projects wrap up. Fortunately, rising housing starts will provide a boost to construction output next year, helping lift overall economic growth to 2.9% in 2016.

### Average Annual Compound Growth Rates

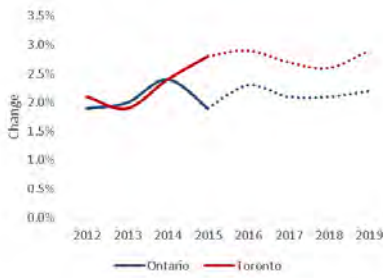
Economic Indicator	Historical 2012 - 2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	2.1%	2.8%	2.7%	
Employment	2.0%	1.8%	2.5%	
Unemployment (improvement)	3.6%	2.5%	5.7%	
Personal Income per capita	2.5%	2.2%	3.1%	
Population	1.1%	1.7%	1.8%	
Housing Starts	-19.9%	4.2%	8.6%	
Retail Sales per Capita	2.1%	2.3%	2.3%	
CPI	1.9%	2.0%	2.1%	

### Forecast Risk

A lower-than-expected Canadian dollar could boost exports even more this year, leading to stronger growth in the manufacturing sector.

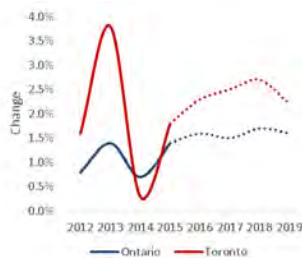


### Real Gross Domestic Product (GDP)



Real gross domestic product in Toronto advanced by 2.4% in 2014, with growth boosted by healthy gains in manufacturing, transportation and warehousing, and wholesale and retail trade. Construction output is expected to be weaker again this year, while public administration output and the manufacturing sector are expected to post modest gains. Fortunately, the manufacturing sector is forecast to expand at a faster rate this year, while the remaining sectors are projected to enjoy widespread growth. As a result, Toronto’s economy is forecast to increase by 2.8% in 2015, the strongest gain in five years, and by a similar pace in 2016, up by 2.9%.

### Employment



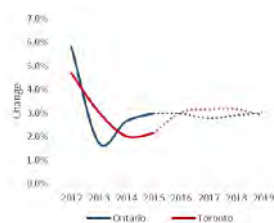
Employment rose by 3.8% in 2013, the largest annual increase since 2000. Employment growth slowed sharply to 0.3% last year, but is expected to improve to 1.8% for 2015. As a result, consumers are expected to keep spending this year.

### Unemployment



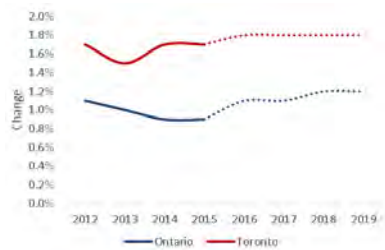
Toronto’s improving economic conditions are projected to reduce the unemployment rate to 7.8% by the end of this year. But overall the employment growth is slower. A relative lack of employment gains were identified in the retail and wholesale trade, transportation and warehousing, manufacturing and government services industries. On the contrary, financial-insurance-real-estate, professional-scientific-technical, education, health and food services are industries that are contributing to employment gains.

### Personal Income per Capita



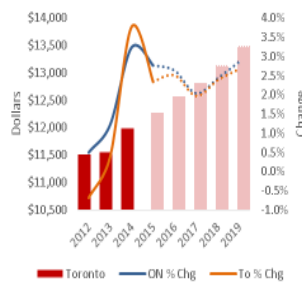
Toronto’s per capita personal income is expected to grow by 2.2% in 2015. Healthy employment growth should help personal income. By the end of 2019, the city’s per capita personal income is projected to reach over \$50,000, up from the \$44,700 expected this year.

### Population



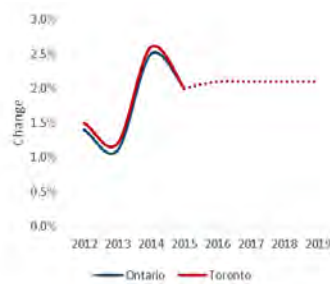
Population growth in Toronto is forecast to stagnate at 1.7% this year. Although immigration levels will remain high and the largest source of growth comes from the non-permanent resident category which is more volatile and therefore less predictable. A larger net outflow of population to other regions in the province by a growing portion of retirees is also expected.

### Retail Sales per Capita



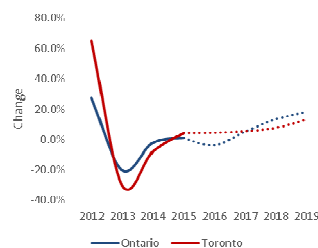
Toronto's per capita retail sales are forecast to slow slightly to 2.3% (compared to 3.8% in 2014) because of slower employment growth. Moreover, the retail industry continues to adapt to more American chains coming to Canada, expanding e-commerce, and the rise of discount retailers.

### Consumer Price Index



Toronto's CPI and the province's CPI growth are forecast to both slow to 2.0% in 2015 from 2.6% and 2.5%, respectively. Both CPI's are expected to continue on their growth trajectory from 2015 to 2018 averaging 2.1% annually.

### Housing Starts



Toronto housing starts dropped more than 35% over the past two years, after increasing sharply from 2010 to 2012, when the market was driven by the recovering economy, solid population growth, low interest rates, and a trend toward condominiums. However, this year housing starts are expected to increase by 4.2%.

The information is sourced from:

- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on December 23, 2014 Canadian economic accounts
- b) Statistics Canada

## Residential Condominium Sub-Market Overview

The following section comprises excerpts from Urbanation's Q4, 2014 condominium market report published on a quarterly basis.

### Toronto Condominium Market

The Toronto new condominium apartment market completed a full comeback in 2014 after a brief pause in activity in 2013. Sales rebounded by 51% in 2014 from a 10-year low to reach 21,605 in the GTA (20,736 units in the CMA) — the highest volume since the market peak in 2011 and the third best year on record. The 5,510 units sold in the fourth quarter were up 25% year-over-year. Price growth improved throughout the year, with sold index prices rising 3.6% year-over-year in Q4 to \$560 psf. Competitively priced new launches and hefty incentives at existing sites helped cut total unsold inventory by 10% to end the year at 17,972 units, elevating the share of total units in active development that are pre-sold to a near high of 83%.

The Toronto CMA saw 5,156 new condominium unit sales in Q4-2014, a seasonal increase of 20% from Q4-2013. The average sold index price for new condominium apartments in the Toronto CMA in Q4-2014 was \$562 psf, an increase of 1.0% over Q3-2014 and 3.7% annually. The average resale index price in the Toronto CMA rose 3.8% compared to a year ago to \$434 psf and 1.2% from the third quarter. The average unit size traded increased to 902 sf, up from 892 sf in the third quarter. Urbanation is currently tracking 285,212 units of future condominium supply in the Toronto CMA, up from 271,033 in Q4-2013 and 278,260 in Q3-2014.

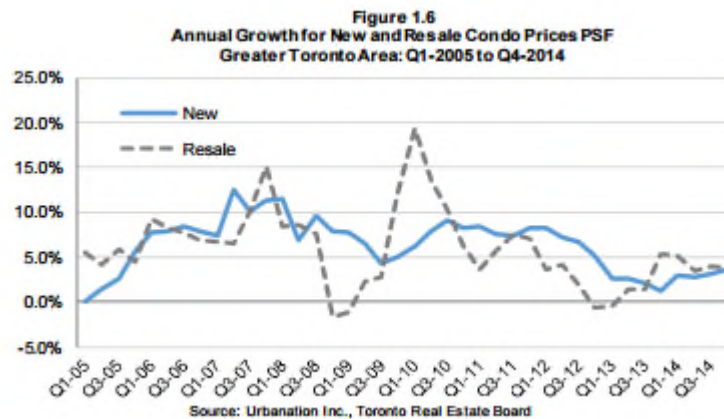
The largest development expected to launch in the first quarter is the Easton's Group' The Rosedale on Bloor at 387 Bloor Street East at Selby Street. The 49 and 12-storey towers will encompass 582 units in the East Bloor / Village submarket. The first phase of Freed Development's Art Shoppe Condos with 693 units is expected to be one of two new developments to launch in the North Midtown submarket in the first quarter, the other being Pemberton Group's Citylights on Broadway, the 34-storey north tower of a two building project at Broadway and Redpath Avenues. On the border of the Downtown West and Annex submarkets, Shiu Pong is launching a boutique 116-unit building at 231 College Street at Huron, the 17-storey Design Haus.

Toronto looks set to be very well supplied over the next year with existing and new condominium stock, however, demand is continuing to grow both in volume and price per square foot. Continuing low mortgage lending rates, high cost of single family dwellings and large amenity base in Toronto, the market for condominiums in Toronto is anticipated to remain strong in the short to medium term.

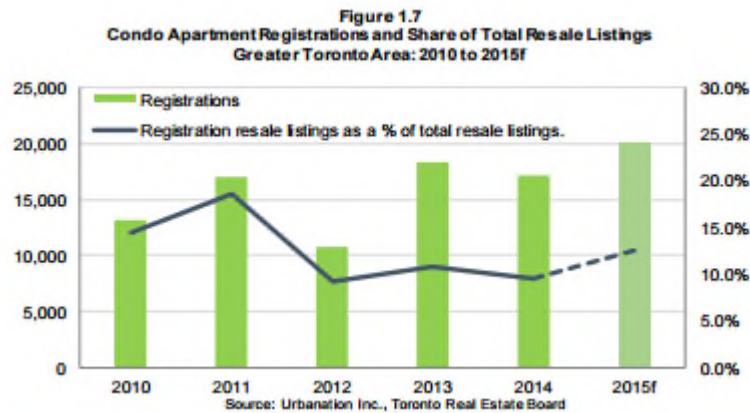
## Greater Toronto Area Condominium Market

### Prices to Hold Steady with No Oversupply in 2015

Ultimately, investor involvement in the market should stay in keeping with the standard set over the past couple years. Gone are the speculators expecting to earn a hefty profit within a few years as market appreciation has declined. New condo prices averaged 3% growth in 2014, ending the year up 3.6% from a year earlier, while resale prices have averaged approximately 4% during the year. It appears that for the first time in 10 years, new and resale condo price growth is aligning and settling below 5% (Figure 1.6). The high level of overall absorption in the new condo market and balanced sales-to-listings ratio for resale supports current price trends.

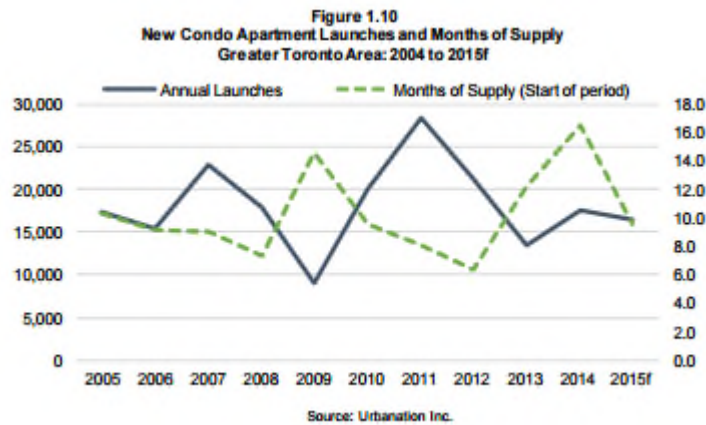


There is a limited chance that prices will decline in 2015. Despite a high of 20,809 units finished construction in 2014, the resale listings emanating from these buildings will continue to have a negligible bearing on overall market conditions. As a share of total resale listings, newly registered units represented an average of 10% from 2012-2014. Even if that share rises a few percentage points, it will translate into only an extra 3% or so more listings on the market.



### Subdued Launch Activity to Keep Market Balanced

A total of 18,375 units were launched in 2014, and Urbanation anticipates a slightly lower 16,500 launches for 2015. Activity should pick up a bit in the 905 after a substantial 14% reduction in inventory last year, while Toronto will be held back somewhat by fewer available and suitable sites to bring to market. As shown in Figure 1.10, there is a direct negative correlation between the supply/demand balance in the market and the number of launches. As market conditions soften (i.e. months of supply rises), launches pull back, and vice-versa to varying degrees. Note that the paths of these two variables converge every few years as market adjustments are made, with 2015 expected to see the next equilibrium point.



Urbanation tracked a total of 435 high-rise condominium apartment projects in the Greater Toronto Area in Q4-2014, including 404 active projects (CMA: 386) containing 104,589 units (CMA: 102,908) and 7,246 units in 31 sold out (and not registered) projects. Urbanation tracked a total of 271,101 resale units in 1,571 condominium apartment buildings in the Greater Toronto Area in Q4-2014. Sixteen new projects registered with a combined 3,484 units in the third quarter.

# Valuation

## Highest and Best Use

Fundamental to the concept of value is the principle of highest and best use which is defined as that use which would most likely produce the greatest net return to the land over a given period of time, bearing in mind that the reference to net return is not limited to monetary advantage but may be in the form of amenities.

The four essential tests of highest and best use are:

- Legally permissible;
- Physically possible;
- Financially feasible; and
- Maximally productive (market demand).

A full land use feasibility study was not performed. The highest and best use conclusion is based on the instructions of the client to value the Subject as an unimproved parcel of residential use development land.

## Highest and Best Use

Please note we have not performed a highest and best use analysis as we have been requested to value the subject site as though unimproved.

### Legal Permissibility

- Within the zoning by-law, the Subject property is classified as RA. It is an assumption of this report that the Subject can be rezoned to permit the proposed development.

### Physical Possibility

- The site is of a size/configuration that would accommodate the construction of a high-rise residential use development. While a soil analysis has not been conducted, nor are we qualified to comment on any complete soil studies, analysis of the surrounding land uses indicate that the Subject could adequately support development.

### Financial Feasibility

- Of the permitted uses, residential or mixed-use development would be feasible and marketable, based on the Subject's location and site area. The transition of the surrounding area indicates a high-demand for dwellings in this area.

### Maximum Productivity

- We have been requested to value the Subject as a redevelopment site and have therefore not determined the maximum productivity of the Subject.



## Conclusion

### As Vacant

The highest and best use, as vacant, is for redevelopment of the Subject for residential or mixed-use purposes.

### As Improved

As of the effective date of this report, the Subject is improved with a five storey heritage listed building, however, we have been requested to value the site as a redevelopment site. As such, it is assumed that the Highest and Best Use As-Improved is for redevelopment of the Subject for residential or mixed-use purposes.

## Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach
- Direct Comparison Approach
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) The **Income Approach** recognizes that for many market participants, the primary purchase criteria is the property's ability to generate income. In this approach, the potential income the property is capable of generating is analyzed and then converted into an expression of market value by the application of an appropriate technique. There are two main Income Approaches used by market participants.
  - The Income Approach via **Overall Income Capitalization** method is based solely upon the conversion of current earnings directly into an expression of market value in much the same way that stocks are valued through the use of a price-to-earnings multiplier. In this method, the net operating income for the forthcoming year is capitalized by an overall capitalization rate which represents a typical investor's expectations as witnessed in the sales and listings of similar properties.
  - The Income Approach via **Discounted Cash Flow Analysis** involves forecasting the future earnings for a prescribed time period and then discounting these annual amounts and the reversionary value of the asset to arrive at an expression of current market value. This technique is predicated upon a number of assumptions with respect to lease renewals and inflation, etc., and thus is considered somewhat less objective than the traditional Overall Income Capitalization method.





## Selection of Relevant Methodology (Development Site)

The highest and best use of the property is as a site for a residential or mixed use high rise development.

The Direct Comparison Approach is the most common technique used to value development sites and is the preferred method when sales of comparable properties are available.

We have analyzed sale activity in close proximity to the subject and have concluded the following:

- Prudent purchasers examine potential properties on the maximum per square foot buildable area rather than a price per square foot of site area.
- Limited recent transactions exist in the market for determining an estimated value based on a price per square foot buildable.

The cost or income approaches have not been employed because the property is assumed to be vacant land.

The valuation methodology employed in this report was limited to the Direct Comparison Approach.

## Direct Comparison Approach

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than the cost to purchase a suitable alternative property which exhibits similar physical characteristics, tenancy, location, etc. Within this approach, the property being valued is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the subject property. Typically, a unit of comparison (i.e. sale price per square foot, sale price per acre) is used to facilitate the analysis. In the case of properties similar to the subject, the sale price per square foot of permitted gross floor area ("**psf buildable**") is the most commonly used unit of comparison.

The overall site area of the Subject property is approximately 15,430 square feet (0.35 acres). The highest and best use of the property is deemed to be a site for high density residential or mixed use development.

## Selection of Comparable Sales

As one sale is not necessarily indicative of market value, an appraiser examines a number of market transactions. When properly reconciled, trends emerge, leading to the estimate of market value of the property being appraised.

A search of comparable land sales in the City of Toronto, with the potential for residential development, yielded five sales considered similar to the Subject. The sale prices ranged from \$7,500,000 to \$78,800,017. The sales ranged in size from 0.11 to 0.96 acres. When converted to a buildable rate per square foot, the prices ranged from \$78 to \$117.

## Sales of Development Lands

The chart identifies the sales we researched. In valuing the Subject property, we focused on sales most similar to the Subject in terms of neighbourhood location, potential development, timing and density. A detailed analysis of each of the key sales outlining our adjustments and reasoning follows.

The basis for comparison included the consideration of the following:

- Sale Date;
- Property Rights Conveyed;
- Financing Terms;
- Conditions of Sale;
- Location;
- Development Timeline.

## Analysis

### Sale Date

- Where the market is changing, it may be necessary to adjust prices to reflect the time difference between the date of sale of a comparable property and the date of valuation.

### Property Rights Conveyed

- When real property rights are sold, they may be the sole subject of the contract or the contract may include other rights. In the sales comparison analysis, it is pertinent that the property rights of the comparable sale be similar to the property rights of the subject property. All the sales considered were fee simple transfers, no adjustments were necessary.

### Financing Terms

- The transaction price of one property may differ from that of a similar property due to different financing arrangements. Financing arrangements may include existing mortgages at favourable interest rates or paying cash to a lender so that a mortgage with a below-market interest rate could be offered. While selected comparable sales had VTBs in their transactions, the terms of the mortgage were considered in making adjustments to the sale price.

### Conditions of Sale

- Adjustments for conditions of sale usually reflect the motivations of the purchaser and vendor. In some cases the conditions of sale significantly affect transaction prices. Sales that reflect unusual situations, require an appropriate adjustment for motivation or sale condition. For example, power-of-sale conditions involve a certain degree of urgency on part of the lender -



leading to a somewhat lower sale price than what would otherwise be expected. All the sales considered were normal market transactions with no undue motivation, no adjustments were necessary.

#### Location

- An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the subject property. Although no location is inherently desirable or undesirable, the market recognizes that one location is better than, similar to, or worse than another.

#### Development Timeline

- An adjustment for the anticipated time to development may be required when the site requires demolition, rezoning, and site plan approval. The time required to prepare the site for development may affect the sale price (a longer development timeline requires a downward adjustment). Development timeline adjustments were made when necessary.

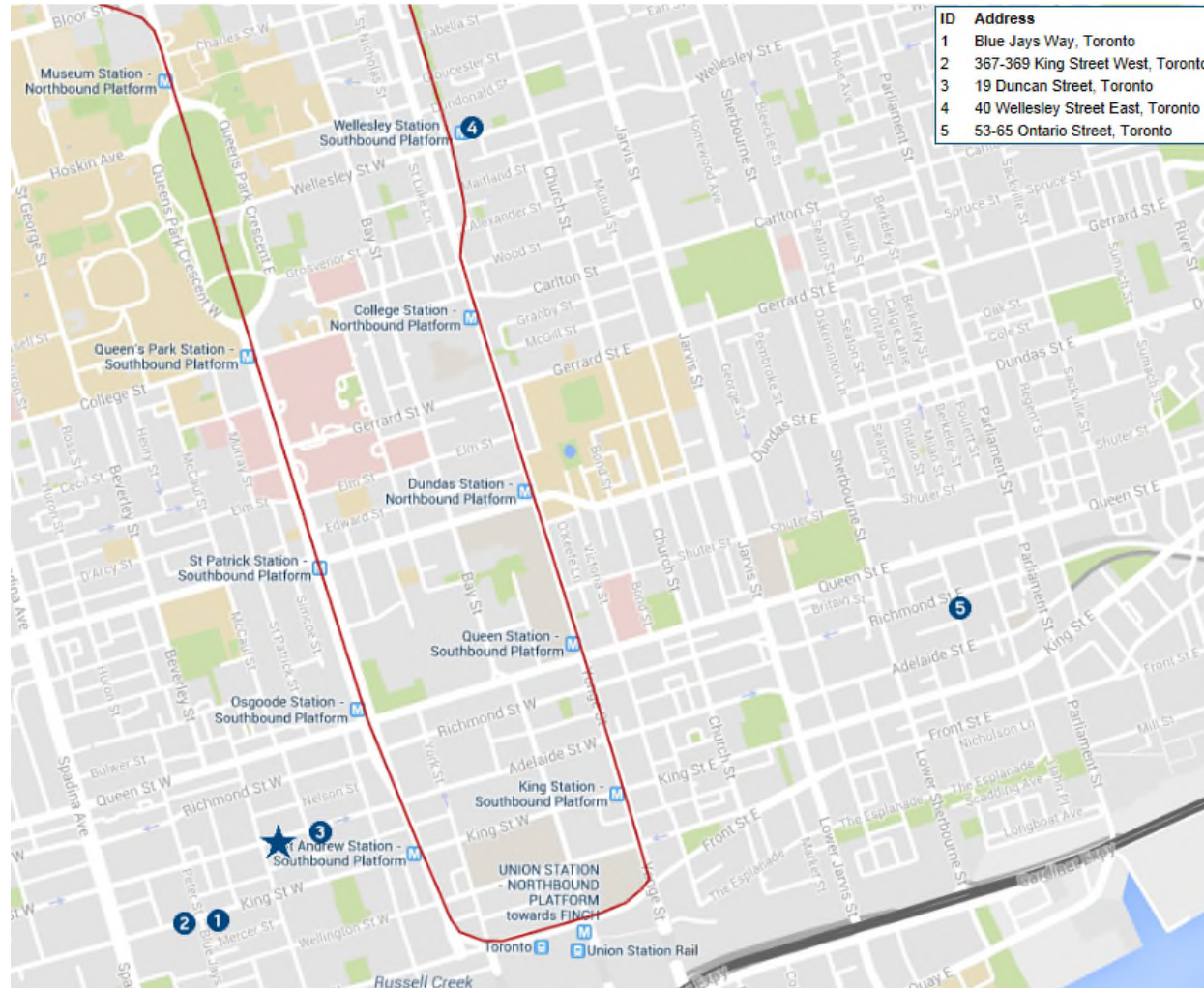
The Appraisal Institute of Canada recommends the use of "paired sales analysis" in the derivation of adjustments. This involves locating two very similar sales that sell in a similar time period. If the two sales differ in only one key feature, then the difference in sale price can be used as the "market indicator" for the adjustment for that feature. In practice, this concept usually only applies to newer homes in a subdivision. Commercial and industrial properties tend to be more unique and therefore, it is not usually possible to find paired sales to derive adjustments. In the absence of paired sales, it is the appraisers' experience and judgment (based on observation), which is used for adjustments. A table of the relative adjustments is presented on pages following a descriptive analysis of each of the key sales. Details of the comparable sales are included in the Appendix.



## Comparables

Land Transactions & Analysis											
	Subject	Transaction One		Transaction Two		Transaction Three		Transaction Four		Transaction Five	
Address	263 Adelaide Street West	Blue Jays Way		367-369 King Street West		19 Duncan Street		40 Wellesley Street East		53-65 Ontario Street	
Transaction Date	—	07-Aug-14		15-Jan-15		10-Feb-15		03-Nov-14		31-Jul-14	
Transaction Status	—	Closed		Closed		Closed		Closed		Closed	
Transaction Price	—	\$78,800,017		\$7,500,000		\$47,050,000		\$19,270,000		\$16,915,000	
Land Use/Zoning	Regeneration Area/RA	Regeneration Area/RA		Regeneration Area/RA		Regeneration Area/CRE		Mixed Use Area/R 3 Z 2.5		Regeneration Area/CRE	
Site Area (Acres)	0.35 Acres	0.96 Acres		0.11 Acres		0.59 Acres		0.33 Acres		0.71 Acres	
Square Foot Buildable	409,774 SF	724,148 SF		64,357 SF		470,000 SF		248,380 SF		200,220 SF	
Density	27.16 X	17.39 X		13.68 X		18.35 X		17.12 X		6.44 X	
Value Per Square Foot Buildable	—	\$109/BSF		\$117/BSF		\$100/BSF		\$78/BSF		\$84/BSF	
Transaction & Other Adjustment		Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.
Property Rights Conveyed	Fee Simple	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None
Financing	—	Assumed Market	None	Cash	None	Cash	None	Cash	None	Cash	None
Conditions of Sale	—	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None
Market Conditions (Time)	15-Apr-15	918 days	Upward	90 days	None	64 days	None	184 days	Upward	294 days	Upward
Location	Good	Very Good	} Downward	Very Good	} Downward	Good	} None	Good	} Upward	Good	} Upward
Access	Very Good	Very Good		Very Good		Very Good		Good		Good	
Physical Characteristics											
Site Configuration	Good	Very Good	Downward	Good	None	Very Good	Downward	Good	None	Good	None
Improvements	Improved	Improved	None	Improved	None	Improved	None	Improved	None	Improved	None
Development Characteristics											
Timing of Development	Application Submitted	Application Submitted	None	Application Submitted	None	No Application	Upward	Application Submitted	None	Application Submitted	None
Development Size	409,774	724,148 SF	Upward	64,357 SF	Downward	470,000 SF	None	248,380 SF	Downward	200,220 SF	Downward
Motivation	None	Purchaser Motivation	Downward	None	None	None	None	None	None	Purchaser Motivation	Downward
<b>Overall Comparability &amp; Adjust.</b>		Superior	Downward	Superior	Downward	Similar	None	Inferior	Upward	Inferior	Upward
<b>Conclusion</b>		Lower Than \$109/BSF		Lower Than \$117/BSF		Similar To \$100/BSF		Higher Than \$78/BSF		Higher Than \$84/BSF	

### Comparable Map



**Index 1 – Blue Jays Way, Toronto:** This index pertains to a land assembly situated on the southeast corner of King Street West and Blue Jays Ways. This index registered sold on August 7, 2014, for a total consideration of \$78,800,017 representing a buildable rate per square foot of \$109. The site was improved with an office building.

A Site Plan Application (No. 13 128023 STE 20 SA) was submitted on March 4, 2013 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of two mixed use towers of 44 and 48 storeys containing 1,035 units, which includes 122 proposed hotel units in the north tower podium. The development would have a total gross floor area of 724,148 square feet, including approximately 9,042 square feet of retail space, and would incorporate non-profit office space, a pedestrian pathway, museum, and hotel in 135,282 square feet of commercial space. The development would have 443 parking spaces.

The development proposed for this index of 724,148 square feet is larger to the Subject development of 409,774, requiring an upward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be situated in a superior location to the Subject given frontage onto the desirable retail corridor of King Street west. In this regard, a downward adjustment has been applied. This index is configured in a superior fashion to the Subject. In this regard, a downward adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on August 7, 2014, since which time it is felt the residential development market has improved, requiring an upward adjustment. Finally, a downward adjustment is required to account for the purchaser's extra motivation to complete the property assembly. Overall, it is felt that the Subject would reasonably command a unit rate below the \$109 per square foot of GFA, as indicated by this index.

**Index 2 – 367-369 King Street West, Toronto:** This index pertains to the sale of a high-density residential development site situated on the south side of King Street west, east of Spadina Avenue. This index registered sold on January 15, 2015, for a total consideration of \$7,500,000 representing a buildable rate per square foot of \$117. The property was improved with a two storey retail building.

A Rezoning Application (No. 12 272708 STE 20 OZ) and A Site Plan Application (No. 12 272712 STE 20 SA) were submitted on November 2, 2012 pertaining to the land in this transaction. The Applications proposed the development of a 15 storey, 62 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 64,357 square

feet, including approximately 10,170 square feet of retail space and would have 0 parking spaces and 69 bicycle spaces.

The development proposed for this index of 64,357 square feet is smaller to the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be situated in a superior location to the Subject given frontage onto the desirable retail corridor of King Street west. In this regard, a downward adjustment has been applied. This index is configured in a similar fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on January 15, 2015, since which time it is felt the residential development market has remained stable, requiring no adjustment. Overall, it is felt that the Subject would reasonably command a unit rate below the \$117 per square foot of GFA, as indicated by this index.

**Index 3 – 19 Duncan Street, Toronto:** This index pertains to the sale of a high-density residential development site located on the south side of Adelaide Street West, just east of the Subject. This index registered sold on February 10, 2015, for a total consideration of \$47,050,000 representing a buildable rate per square foot of \$100. The property was improved with a five storey office building.

No application had been submitted to the City of Toronto Planning Department as of the date of this sale, however, we have estimated, based on development densities in the area, that a development of approximately 470,000 square feet would be possible.

The development proposed for this index of 470,000 square feet is similar to the Subject development of 409,774, requiring no adjustment for size. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be similar in terms of location characteristics given that it is situated just east of the Subject. In this regard, no adjustment has been applied. This index is configured in a superior fashion to the Subject. In this regard, a downward adjustment has been applied. This index was not the object of a development application as of the date of sale, which is felt to be inferior to the Subject, requiring an upward adjustment.

The index registered sold on February 10, 2015, since which time it is felt that demand for residential development parcels has remained stable, requiring no adjustment. Overall, it is



felt that the Subject would reasonably command a unit rate generally in line with the \$100 per square foot of GFA, as estimated for this index.

**Index 4 – 40 Wellesley Street East, Toronto:** This index pertains to the sale of a high density residential development site situated on the north side of Wellesley Street, east of Yonge Street. This index registered sold on November 3, 2014, for a total consideration of \$19,270,000 representing a buildable rate per square foot of \$78. The site was improved with a four storey office building.

An Official Plan Amendment and Rezoning Application (No. 05 212275 STE 27 OZ) was submitted on December 28, 2005 pertaining to the land in this transaction. The subsequently revised Application proposed the development of a 37 storey, 265 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 248,380 square feet, including approximately 6,232 square feet of retail space and would have 109 parking spaces on 4 levels of underground parking.

The development proposed for this index of 248,380 square feet is smaller than the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This index is considered to be in an inferior location to the Subject, given it is situated further north and is further removed from desirable amenities. In this regard, an upward adjustment has been applied. This index is configured in a comparable fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on November 3, 2014, since which time it is felt the market has improved, requiring an upward adjustment. Overall, it is felt that the Subject would reasonably command a unit rate higher than the \$78 per square foot of GFA, as indicated by this index.

**Index 5 – 56-65 Ontario Street, Toronto:** This index pertains to a land assembly situated south of Richmond Street, west of Parliament Street. This index registered sold on July 31, 2014, for a total consideration of \$16,915,000 representing a buildable rate per square foot of \$84. The property was improved with a four storey office building.

A Rezoning Application (No. 15 113777 STE 28 OZ) was submitted on February 9, 2015 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of a 25 storey, 277 unit residential condominium development with retail at grade. The existing building at 102 Berkeley Street would



remain as is and is not part of the development. The development would have a total gross floor area of approximately 200,220 square feet, including approximately 6,674 square feet of retail space and would have 176 parking spaces and 282 bicycle spaces.

The development proposed for this index of 200,220 square feet is smaller to the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This index is considered to be in an inferior location to the Subject, given it is further removed from desirable amenities. In this regard, an upward adjustment has been applied. This index is configured in a comparable fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on July 31, 2014, since which time it is felt that demand for mixed-use development parcels has improved, requiring an upward adjustment. Finally, a downward adjustment is required to account for the purchaser's extra motivation to complete the property assembly. Overall, it is felt that the Subject would reasonably command a unit rate higher than the \$84 per square foot of GFA, as indicated by this index.



The key comparable sales transacted between July 2014 and February 2015 for rates between \$78 and \$117 per square foot of estimated gross buildable area with an average rate of \$96. The Subject features a strong location in proximity to downtown Toronto and convenient access to the amenities and transit options located along Adelaide Street West.

Although all the indices provide good comparisons of buildable rates for improved development sites in Downtown Toronto, Index 3 is the felt to be the best comparable given its close proximity to the Subject, similar improvements, and development potential. Overall due to the location, development timeline and size of the Subject, it is our opinion that the Subject would achieve a rate at the high end of the range indicated by the market comparables. A narrowed range of \$95 to \$105 per square foot is could be reasonably be achieved.

Given the Subject Property is a well located development site which is proposed for developed with a Gross Floor Area of 409,774 square feet, it is felt that a rate in the middle of the narrowed range would be appropriate. We have utilized a rate of \$100.00, which is reflective of the Subject property development timeline, and location.

Based upon the foregoing, it is our opinion that the market value of the subject land by the Direct Comparison Approach, as at April 15, 2015 is:

409,774 square feet buildable @ \$100.00 = \$41,000,000(Rounded)

**FORTY ONE MILLION DOLLARS**

**\$41,000,000**

## Appendices

Appendix A	Contingent and Limiting Conditions
Appendix B	Definitions
Appendix C	Comparable Sales
Appendix D	Certification



## APPENDIX A

### CONTINGENT AND LIMITING CONDITIONS



## Contingent and Limiting Conditions

1. This report has been prepared at the request of **John Neilas of Neilas Inc.** for the purpose of providing an estimate of the market value of **263 Adelaide Street West, Toronto, Ontario, for internal purposes.** It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from **John Neilas of Neilas Inc.,** and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. The estimated market value of the real estate, which is the object of this appraisal, pertains to the value of the **fee simple interest** in the real property. The property rights appraised herein exclude mineral rights, if any.
3. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
4. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
5. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
6. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We



expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

7. The legal description of the property and the area of the site were obtained from the Ontario Land Registry. Further, any plans or sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
8. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
9. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
10. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
11. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
12. Investigations have been undertaken in respect of matters regulating the use of the land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.



13. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
14. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
15. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
16. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
17. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
18. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
19. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body,





which will decide the use of this report which best serves the administration of justice.

20. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
21. The value expressed herein is in Canadian dollars.
22. This report is only valid if it bears the original signature(s) of the author(s).
23. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.



## APPENDIX B

## DEFINITIONS



## Definitions

### Property Interests

#### Fee Simple

Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

#### Leased Fee Estate

An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.

#### Leasehold Estate

The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

### General Definitions

**Adjusted or Stabilized Overall Capitalization Rate** is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is “normalized” to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

**The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

**Direct or Overall Capitalization** refers to the process of converting a single year’s income with a rate or factor into an indication of value.

**The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of



the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

**Discount Rate** is a yield rate used to convert future payments or receipts into a present value.

**Discounted Cash Flow Analysis** offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables;
- An overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common benchmarks in the selection of the discount rate are the current yields on long-term bonds and mortgage interest rates.

**Exposure Time** is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

**Highest and Best Use** - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute of Canada as:

*"that use which is most likely to produce the greatest net return over a period of time." The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.*

**The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

**Internal Rate of Return** is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.



**Market Value** - The Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define market value as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in their own best interests;
- A reasonable time is allowed for exposure in the market; and
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Net Operating Income** is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

**Overall Capitalization Rate** is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

**Reasonable Exposure Time** - Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

**A Yield Rate** is applied to a series of individual incomes to obtain a present value of each.

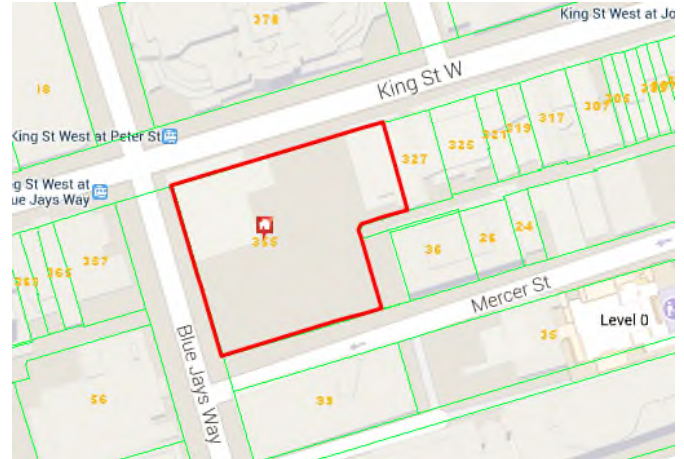


## APPENDIX C

### COMPARABLE SALES

## Index No. 1

### Blue Jays Way, Toronto, Ontario



#### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.96 A
Topography	Level
Access/Exposure	Very Good

Servicing	Serviced
Site Improvements	Improved

#### Transaction Details

Sale Price	\$78,800,017 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$109
Status	Closed
Date	07-Aug-14
Vendor	Ed Mirvish Enterprises Limited
Purchaser	Easton Group of Companies and Remington Group
Document No.	n/a
Rights Conveyed	Fee Simple

#### Comments

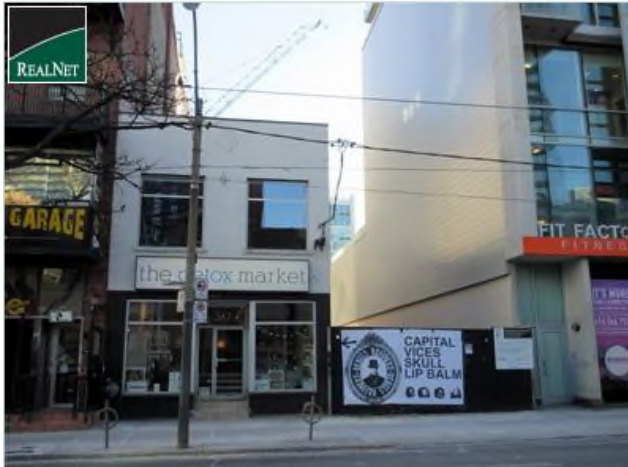
A Site Plan Application (No. 13 128023 STE 20 SA) was submitted on March 4, 2013 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of two mixed use towers of 44 and 48 storeys containing 1,035 units, which includes 122 proposed hotel units in the north tower podium. The development would have a total gross floor area of 724,148 square feet, including approximately 9,042 square feet of retail space, and would incorporate non-profit office space, a pedestrian pathway, museum, and hotel in 135,282 square feet of commercial space. The development would have 443 parking spaces.

#### Location / Legal / Land Use

Address	Blue jays Way
Municipality	Toronto
Province	Ontario
Legal	Part of Back Road (Closed by By-law 539-2014) on the North Side of Mercer Street, Plan 57, designated as Part 1 on Reference Plan 66R-26134, City of Toronto

## Index No. 2

367-369 King Street West, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.108 A
Topography	Level
Access/Exposure	Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$7,500,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$117
Status	Closed
Date	15-Jan-15
Vendor	TAS Designbuild and Lifetime
Purchaser	Main and Main Developments Inc.
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

A Rezoning Application (No. 12 272708 STE 20 OZ) and A Site Plan Application (No. 12 272712 STE 20 SA) were submitted on November 2, 2012 pertaining to the land in this transaction. The Applications proposed the development of a 15 storey, 62 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 64,357 square feet, including approximately 10,170 square feet of retail space and would have 0 parking spaces and 69 bicycle spaces.

### Location / Legal / Land Use

Address	367-369 King Street West
Municipality	Toronto
Province	Ontario

Legal 21413-0060: Part of Lots 5 & 6 on Plan D263, designated as Part 1 on Plan 64R-3978

21413-0061: Part of Lots 4 & 5 on Plan D263, designated as Part 1 on Plan 64R-15903



## Index No. 3

19 Duncan Street, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.59 A
Topography	Level
Access/Exposure	Very Good
Servicing	Serviced
Site Improvements	Improved

### Location / Legal / Land Use

Address	19 Duncan Street
Municipality	Toronto
Province	Ontario
Legal	Part of Block C on Plan 223E, as described in Instrument No. ES61173

### Transaction Details

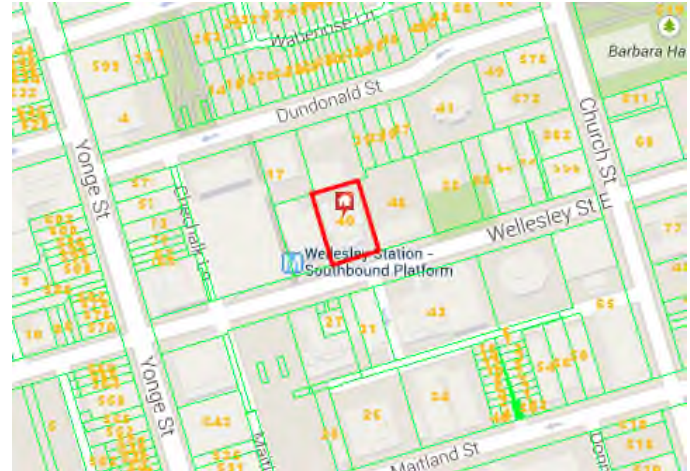
Sale Price	\$47,050,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$100
Status	Closed
Date	10-Feb-15
Vendor	An individual(s) acting in his/her own
Purchaser	Allied Properties REIT and Westbank
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

No application had been submitted to the City of Toronto Planning Department as of the date of this sale, however, we have estimated, based on development densities in the area, that a development of approximately 470,000 square feet would be possible.

## Index No. 4

40 Wellesley Street East, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.33 A
Topography	Level
Access/Exposure	Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$19,270,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$78
Status	Closed
Date	3-Nov-14
Vendor	862015 Ontario Inc.
Purchaser	Cresford Developments
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

An Official Plan Amendment and Rezoning Application (No. 05 212275 STE 27 OZ) was submitted on December 28, 2005 pertaining to the land in this transaction. The subsequently revised Application proposed the development of a 37 storey, 265 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 248,380 square feet, including approximately 6,232 square feet of retail space and would have 109 parking spaces on 4 levels of underground parking.

## Index No. 5

53-65 Ontario Street, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.35 A
Topography	Level
Access/Exposure	Very Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$16,915,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$84
Status	Closed
Date	31-Jul-14
Vendor	Double D-Cup Inc.
Purchaser	Lamb Development Corp.
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

A Rezoning Application (No. 15 113777 STE 28 OZ) was submitted on February 9, 2015 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of a 25 storey, 277 unit residential condominium development with retail at grade. The existing building at 102 Berkeley Street would remain as is and is not part of the development. The development would have a total gross floor area of approximately 200,220 square feet, including approximately 6,674 square feet of retail space and would have 176 parking spaces and 282 bicycle spaces.

### Location / Legal / Land Use

Address	53-65 Ontario Street
Municipality	Toronto
Province	Ontario
Legal	21091-0010: Parcel 10-5, Section A7A, Part of Lot 10, Plan 7A, Toronto, designated as Part 4 on Plan 66R-17669
	1091-0011:



## APPENDIX D

## CERTIFICATION





## Certification

**RE: 263 ADELAIDE STREET WEST, TORONTO, ONTARIO.**

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I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada (A.I.C.).
- Matthew Bruchkowsky conducted an exterior inspection of the Subject property on **April 15, 2015**.
- I have the knowledge and experience to complete the assignment competently.
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, **Matthew Bruchkowsky** has fulfilled the requirements of the program.
- The value estimate contained in this report applies as at the effective date of valuation as defined within the body of this report.

## Final Estimate of Value

Based on our analysis, the market value of the Fee Simple Interest in the Subject Property, subject to the underlying contingent and limiting conditions outlined herein as at **April 15, 2015**, based on an exposure time of one to three months, the market value of the property is:

**FORTY ONE MILLION DOLLARS**  
**\$41,000,000**

**COLLEIRS INTERNATIONAL REALTY ADVISORS INC.**

A handwritten signature in blue ink, appearing to read "M. Bruchkowsky".

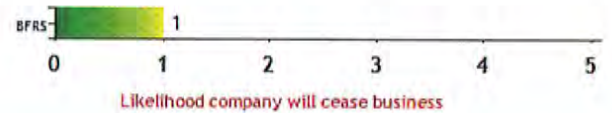
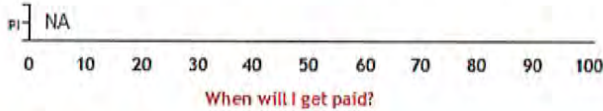
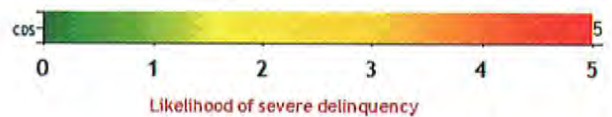
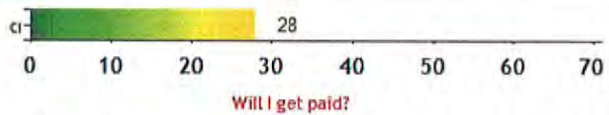
Matthew Bruchkowsky, AACI, P. App.  
Senior Director  
Valuation & Advisory Services, Toronto

**BUSINESS CREDIT REPORT**

**Business information**

Company name	ADELAIDE STREET LOFTS INC	Requestor ID	PCR
Legal name		Reference number	
Address	263 ADELAIDE ST W SUITE 350 TORONTO ONTARIO CANADA M5H1Y2	Report date	2015-09-22
Phone		File in database since	2014-02-20
Fax		File-number	0118911474
		Subject number	GHA253

**Score summary**



**Report Highlights and Alerts**

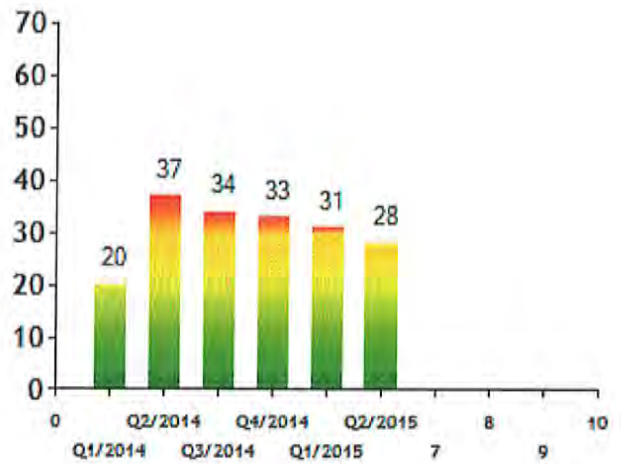
	Non Financial		Alerts
<b>Number of Accounts Reporting</b>	-	<b># of Collections</b>	1
Number of Delinquencies	-	Total Amount	\$10,651
Delinquency Amount	-	Most recent date	2014-03-11
Most Severe Status	-	<b># of Legal items</b>	0
Date	-	Total Amount	\$0
Single Highest Credit	-	Most recent date	-
90 Day Single Highest Credit	-	<b># of Judgments</b>	0
13 Month Single Highest Credit	-	Total Amount	\$0
All Lines Single Highest Credit	-	Most recent date	-
Credit Limit	-	<b># of Returned cheques</b>	0
90 Day Credit Limit	-	Total Amount	\$0
13 Month Credit Limit	-	Most recent date	-
All Lines Credit Limit	-	<b># of Liens</b>	0
Charge Offs	-	Total Amount	\$0
Number of accounts charged off	-	Most recent date	-
Total amount charged off	-	<b>Bank report on file</b>	No
Largest charge off amount	-	<b>Corporate search on file</b>	No
Date	-	<b># of inquiries on file</b>	0
Total Current Credit Exposure	-		
Total Outstanding	-		
Total Current Balance	-		
Total Past Due	-		

**Score detail**

CI 28  
 Long-term secured debt is NOT included in the Credit Information calculation.

The Credit Information score for this business was determined based on the following\*:

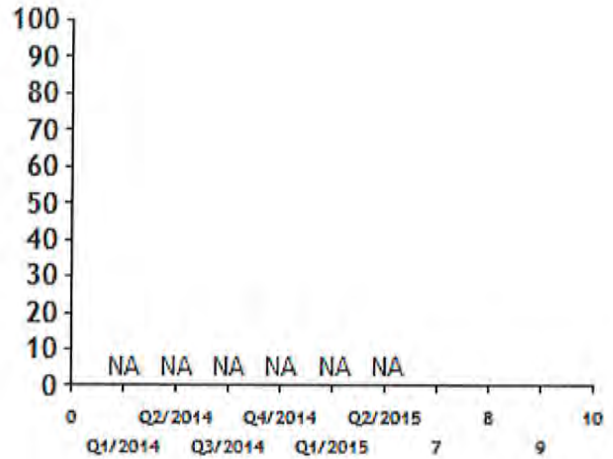
	Score
Active in Equifax credit database for 01 years	8
Current Payment Index is 0	0
Number of Supplier references on file is 0	10
On 2015-09-22 the Payment Index was 0 points higher than 2014-09-22	0
Number of derogatory items on file in the past 2 years is 1	0
The most recent derogatory item was recorded 18 months ago	0
Derogatory item amounts as a % of dollars owed suppliers is 100	10



PI NA  
 Long-term secured debt is NOT included in the Payment Index calculations.

The Payment Index is similar to "days beyond terms." The following ranges were calculated as benchmarks:

	Payment index	% of database
All suppliers reported being paid within terms	0	62
Average to pay is slightly beyond terms	1-10	11
Average pay is 10 to 20 days beyond terms	11-20	8
Average pay is 20 to 30 days beyond terms	21-30	5
Average pay is 30 to 40 days beyond terms	31-40	6
Only 1% of businesses fall into this range	41-90	5
All suppliers reported being paid in the third period past due or not at all	91-100	3
No suppliers reported in this time period	NA	NA



CDS risk class 5  
 5 CDS Score between 101 and 332. Very high risk of delinquency.

BFRS risk class 1  
 1 BFRS Score higher than or equal to 1344. Very low risk of failure.

### Industry trade summary

	PI score	Number of credit references	High credit	Total owing	Current	Period 1	Period 2	Period 3
90 Day	NA	0	\$0	\$0	\$0	\$0	\$0	\$0
13 Month	NA	0	\$0	\$0	\$0	\$0	\$0	\$0
All References	NA	0	\$0	\$0	\$0	\$0	\$0	\$0

### Quarterly industry payment trend

Year/ quarter	Payment index	Credit information score	Number of references	Total amount	Current amount	Trend amount		
						Period 1	Period 2	Period 3
2015/2	NA	28	0	\$0	\$0	\$0	\$0	\$0
2015/1	NA	31	0	\$0	\$0	\$0	\$0	\$0
2014/4	NA	33	0	\$0	\$0	\$0	\$0	\$0

2014/3	NA	34	0	\$0	\$0	\$0	\$0	\$0
2014/2	NA	37	0	\$0	\$0	\$0	\$0	\$0
2014/1	NA	20	0	\$0	\$0	\$0	\$0	\$0

### Collection detail

The data presented here represents collection information as reported by the collection agency noted. In some situations, accounts are sometimes placed for collection even though the account is disputed.

Reported	Creditor		Collection agency	CANADA LEGAL REFERRAL INC
2014-07-03	Debtor	ADELAIDE STREET LOFTS INC	Status update	2014-03-11
Claim placed	Claim amount		Date paid	2014-04-16
2014-03-11	Amount paid	\$10,651	Closed	
	Account balance	\$0		
	Status	Claim Collected		

### Customer service

If you have any questions about this report, please call Equifax Business Service at **1-877-227-8800** or **416-227-8800**. If you are concerned about the content of this report, please contact the Equifax Commercial Disclosure department by email at [commercial.disclosure@equifax.com](mailto:commercial.disclosure@equifax.com).





# HI-RISE CAPITAL LTD.

**File # 10-1010**

December 4, 2013

Jim Neilas  
Adelaide Street Lofts Inc.  
200 Adelaide Street West, Suite 401  
Toronto, ON M6R 1W7

Dear Mr. Neilas:

**Re: Loan Commitment (the "Commitment") on a project having a Municipal address of 263 Adelaide Street West, Toronto, ON (hereinafter referred to as the "Property") with a proposed 340,000 square foot mixed use project to be built (the "Project").**

This is to confirm that Hi-Rise Capital Ltd., ("HRC" and/or the "Lender") is prepared to provide you with a mezzanine loan for the above noted Property on the terms and conditions set out in this Commitment. All documentation required in this Commitment to be satisfactory to HRC.

**1. Nature and Purpose of Loan:**

The purpose of the loan (the "Loan") will be to develop and construct the Project. It is being represented to HRC that the Project when built out will be valued at no less than \$114,000,000.

**2. Borrower:**

Adelaide Street Lofts Inc. ("the Borrower(s)")

**3. Principal:**

\$25,000,000.00 (the "Loan"). The Loan will be advanced in accordance within the parameters set out in this Commitment. The Lender will register a charge in the amount of \$40,000,000 in the event it has to advance more than the anticipated amount required to fund construction.

Initial 

Initial 

200 Adelaide Street West, Suite 401, Toronto, ON M5H 1W7

Tel: 416.865.3398 Fax: 416.865.3399

Mortgage Brokerage # 10897 Mortgage Administrator # 11893

**4. Interest and Payment:**

18% per annum, calculated and payable monthly on account of interest only. The Lender will accept payments equal to 10.5% interest but will accrue the interest on the loan at the full rate set out above.

**5. Term:**

48 months from the date of advance.

**6. Privileges:**

Open to prepayment at any time with no penalty.

**7. Partial Discharge**

The Borrower may partially discharge the loan if the Borrower elects to pay part of the loan, the proceeds received by the Lender shall be applied first to the portion of the principal earning interest only, and then to pay principal on the portion of the loan where the Lender has elected to receive distributions. In which case the Lender will no longer be entitled to receive the distributions from those units, however, the Lender will still be entitled to receive its proportionate share of the profit.

**8. Advances Under this Mortgage:**

Advances are to be made as and when the Borrower makes draw request and subject to the Lender's usual draw requirements.

**9. Application Fee:**

\$0.00 non-refundable application fee (the "Application Fee") payable upon the execution of this Commitment and applied toward the lender fee on first advance of the Loan.

**10. Special Conditions:**

None.



**11. Other Requirements:**

None.

**12. Prior Encumbrances:**

Current first Mortgage (VTB) in the amount of \$14,300,000.

The first mortgage may increase from time to time as the Project progresses. The Lender anticipates a first mortgage construction loan of approximately 75% of the final project value. If the project increases this amount may also increase. The Lender will review and confirm prior permitted encumbrances at that time.

Initial   
Initial 

**13. Lender Fee:**

14% of the gross amount of the Loan as a Lender Fee and 2% of the gross amount advanced under the Loan as a marketing fee to market and syndicate the offering (the "Lender Fee") deemed earned upon acceptance of this Commitment by the Borrower.

The commitment Fee is considered earned upon the acceptance of the Commitment by the Borrower and will be credited against the Lender Fee at closing.

If the Loan is not advanced due to a default by the Lender, the Commitment Fee will be refunded to the Borrower without deduction or interest. If the Loan is not advanced for any reason not connected to a default by the Lender, the Commitment Fee will not be refunded and will be applied against the Lender Fee set out herein, which Lender Fee shall be considered earned in full.

**14. Environmental**

A Phase I environmental report (the "Environmental Report") for the Property must be completed by a company of the Lender's choice, satisfactory to the Lender. The Lender acknowledges a Phase I Environmental Report received from McClymont & Rak Engineers, Inc. recommends further testing and hereby waive the requirement.

**15. Appraisal**

Satisfactory appraisal (the "Appraisal Report") valuing the completed Project at no less than \$114,000,000.00 from an Appraiser of HRC's choice or satisfactory to HRC and addressed to HRC for the purposes of mortgage financing or by a letter of transmittal. (Received)


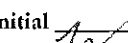
**16. Mortgage Broker:**

None.

**17. Security:**

The Borrower will deliver and/or execute all reasonable security documentation (the "Security") required by the Lender and its solicitors in a form, scope and substance satisfactory to the Lender and its solicitors which shall include but not be limited to:

- i. Second Mortgage/Charge of land for \$40,000,000.00 granting a secured charge against the Property subject only to those encumbrances approved by the Lender and its solicitors, in their sole discretion;
- ii. A General Security Agreement;
- iii. A General Assignment of Rents on the Property.

Initial   
Initial 

**18. Documentation: (Received)**

All documentation (the "Due Diligence Documents") referred to below and elsewhere herein required to be given to the Lender or its solicitors shall be delivered to the Lender within 20 business days of execution of the Commitment, failing which the Lender may terminate the agreement and the Borrower will forfeit all fees and retainers paid by to the Lender.

- i. A signed HRC loan and net worth application for the Borrower(s) and Guarantor(s) satisfactory to the Lender;
- ii. A legible copy of the original Agreement of Purchase and Sale for the Property with all schedules, if applicable;
- iii. Property Taxes: confirmations of no tax arrears prior to first advance;
- iv. All leases as related to the Property;
- v. Corporate documents of the Borrower(s).

**19. Legal Fees:**

Borrower shall be responsible for all legal fees of the Lender relating to this transaction. A deposit of \$0.00, on account only, will be required by the HRC solicitor in connection to this Commitment, and is non-refundable.

**20. Zoning and Approvals:**

The property must comply with all relevant by-laws for its present uses and without limiting the generality of the foregoing, the Property must have zoning that permits continuation of the existing use.

**21. Closing Date:**


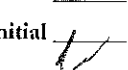
**December 6, 2013** (the "Closing Date"). In the event the transaction is not closed on the Closing date as extended by the Lender in its sole discretion due to the fact that the Borrower does not deliver the documentation set forth herein, including all documents, security documents and any and all other documentation required or in the event the Borrower is otherwise in breach of any of its covenants or representations set forth herein or there is an unremedied event of default as at the Closing Date, interest will commence to be computed from the Closing Date if the Lender at its sole option elects to proceed to close on the Loan and to provide further extensions. In such event, however, the Lender may elect to terminate this Commitment, forfeit all application fees, Commitment Fees, solicitor fee retainers without prejudice to its right to cover the balance of such fees and any other damages resulting from such termination.

**22. Acceptance Date:**

The Lender must have a signed copy of this document, along with the deposit required in this commitment by 5:00PM, December 4, 2013.

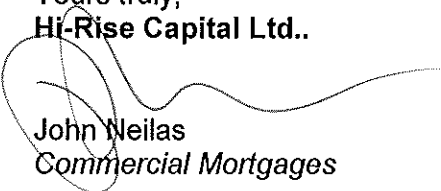
**23. Schedules:**

The following schedules shall form part of this Commitment:

Initial   
Initial 

Schedule A – General Terms

Yours truly,  
**Hi-Rise Capital Ltd.**



John Neilas  
*Commercial Mortgages*

We accept the above-noted Mortgage Commitment and agree to be bound by the aforesaid terms and conditions on this 5<sup>th</sup> day of November 2013.

**BORROWER(S):**

Adelaide Street Lofts Inc.



Per: \_\_\_\_\_  
I have the authority to bind the Company

Initial 

Initial 

**Schedule A**

**1. Insurance:**

Insurance for the Property must be satisfactory to the Lender prior to any advance. Third party liability insurance for the Properties must be satisfactory to the Lender and evidence of insurance must be provided on closing. The Borrower shall pay a consulting fee to CANRISC as per CANRISC fee schedule to provide the Lender an opinion on the adequacy of the insurance policy in place.

The Borrower shall be required to provide to the Lender with a full insurance binder with a certified copy of a policy or policies of insurance containing the requirement of insurance under the Commitment.

**2. Real Estate Taxes:**

- i. All Real Estate Taxes owing to date must be paid in full at or prior to closing; and
- ii. Unless otherwise directed, 1/12 of the Real Estate Taxes as estimated by the Lender for the term of the loan must be paid to the Lender monthly, along with the mortgage payments. The Lender will then remit the appropriate municipality as due. Borrower will adjust tax payments and remit to Lender as necessary.

**3. Merger:**

It is understood that the terms and conditions of this offer to mortgage will not merge on closing and will survive closing.

**4. Other Requirements:**

None.

**5. Inspection:**

Commitment is conditional upon satisfactory inspection of the Property by the Lender and if required a meeting with the Borrower(s) and Guarantor(s).

**6. Extra Charges:**

- iii. \$250.00 fee plus HST for any N.S.F. cheque or non payment;
- iv. \$250.00 charge plus HST for a demand letter;
- v. \$250.00 fee plus HST for the preparation of a mortgage statement;
- vi. \$250.00 fee plus HST in the event that the Borrower fails to provide proof of insurance on an annual basis;
- vii. \$250.00 fee plus HST for the preparation of the Discharge of Charge.

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Initial 

**7. Interest Calculation:**

For the purpose of the calculation of interest, any payment of principal received after 1:00PM shall be deemed to have been received on the next following banking day.

**8. Work Order Clearance:**

Work orders on the Property from any governmental body will not be accepted. Borrower will provide the appropriate authorization directed to the Province or Municipality to release any information in their possession.

**9. Condominium Act:**

Borrower to comply with all obligations under the Act, and is to release any and all documentation related to the condominium corporation as reasonably request by the Lender and or its solicitors prior to funding or as requested during the term of the Loan.

**10. Survey**

We must receive a satisfactory survey no later than 5 days from the date of execution of this commitment.

**11. Title Insurance:**

The Lender shall require title insurance with a title insurance company as its solicitors direct.

**12. Warranty:**



The Vendor and the Borrower must provide a warranty on closing that they are not aware of any environmental problems relating to the Property and if any occur, the Borrower must undertake to remedy any environmental problems after closing or the mortgage may be called at the Lender's option.

**13. Title:**

Title to the property must be satisfactory to the lender and the Lender's solicitors. Borrower will provide and execute all corporate supporting documentation required by the Lender's solicitor if title to the Property is in the name of a corporation.

**14. Construction Lien Act:**

The Borrowers and Guarantors shall execute any or all documentation required by the Lender or Lender's Solicitor with respect to the Construction Lien Act, if applicable.

Initial   
Initial 

**15. Assumability:**

Mortgage is payable in full at the Lender's option if there is a change in title.

**16. Credit:**

The Lender must obtain a satisfactory credit background and history report on the Borrower(s) and without limiting the generality of this term, the Lender may request credit information from any source it deems reliable for the purpose of assessing the creditworthiness of the Borrower(s). The Lender may provide or make accessible to its investors, co-lenders, and any other persons or entity it deems appropriate all credit information obtained in connection with this loan application.

**17. Representations:**

This Commitment is based on the representations made to HRC by the Borrower concerning the Project. Any material misrepresentations shall constitute a default under the Commitment and the Loan.

**18. Discharge of Mortgage:**

The Borrower will be responsible for the discharge of any existing mortgages other than the prior encumbrances, if any, set out in and approved herein.

**19. Severability:**

Should any clause and/or clauses contained in the Mortgage be found to be illegal, void as against public policy or unenforceable in law, the offending clause or clauses as the case may be, is and or are to be severed from this Mortgage and deemed never to be a part of the Mortgage.

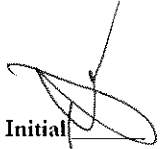
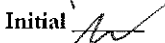
**20. Default of Other Charges:**

In the event that the Borrower is in default in any other Mortgage registered against the property herein charged, the Borrower shall be deemed to be in default under this Mortgage and the Lender shall have all of the remedies contained herein for a default under the Mortgage.

**21. Management Fee:**

The mortgagees or their agents will be entitled to a management fee based on 5% of the mortgage principal plus HST, which fee the Borrower(s) acknowledge is a reasonable estimate of the fees to be incurred, which amount is deemed not to be a penalty, in the event that the Lender or its agents take possession of the subject property as a result of default under the mortgage. This clause is also deemed to be proper notice to any subsequent chargee or lien holder of the above-noted fee in the event of the chargee's default.

**22. Secondary Financing:**

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Borrower will not be permitted to charge the Property or the corporate entity owning the Property with or subordinate debt without the express written consent of the Lender.

**23. Assignment:**


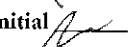
The Borrower may not assign, transfer, or otherwise dispose of the Commitment and the Security without the Lender's prior consent. However, the Lender may assign, transfer or assign the Commitment and the Security in the whole or part without the consent of the Borrower. The Borrower hereby agrees that the Lender may disclose all information and documents relating to the Security within the possession of the Lender to any prospective assignee or transferee.

**24. Advertising:**

The Lender shall be permitted to advertise its role in this transaction during the term of the Loan, including, but not limited to posting signage on the Property or Properties as the case may be.

**25. Syndication:**

It is understood by the Borrower that HRC may at its sole option syndicate all or part of this Loan with any third party at its sole option. Furthermore, HRC shall have five business days from the date of execution of this agreement to syndicate the mortgage loan failing which this Commitment shall become null and void. This condition must be waived by HRC in writing.

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June 22, 2015

John Neilas  
Adelaide Street Lofts Inc.  
200 Adelaide Street West, Suite 401  
Toronto, ON M5H 1W7

Dear Mr. Neilas:

**Re: Amendment to Loan Commitment dated December 4, 2013 on a project having a municipal address of 263 Adelaide Street West, Toronto, Ontario - File # 10-1010**

The following amending agreement (the "**Amending Agreement**") amends and restates the terms and conditions of the Loan provided to Adelaide Street Lofts Inc. (the "**Borrower**") pursuant to the loan commitment dated December 4, 2013 (the "**Loan Agreement**"):

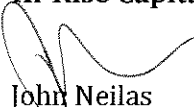
1. **Definitions from Loan Agreement.** Capitalized terms defined in the Loan Agreement have the same meanings in this Amending Agreement unless otherwise defined herein or the context expressly or by necessary implication requires otherwise. This Amending Agreement is referenced herein as the "**Amending Agreement**". For greater certainty, this Amending Agreement amends the Loan Agreement and the term "Agreement", as defined in the Loan Agreement, includes (unless the context expressly or by necessary implication requires otherwise) this Amending Agreement to the extent of such amendments.
2. **Headings.** The insertion of headings in this Amending Agreement is for convenience of reference only and shall not affect the interpretation of this Amending Agreement.
3. **Principal.** The text in Section 3 of the Loan Agreement is deleted in its entirety and replaced with the following text:

"\$60,000,000 (the "**Loan**"). The Loan will be advanced in accordance with the parameters set out in this Commitment. The Lender will register a charge in the amount of \$60,000,000."
4. **Security.** The text in Section 17(i) of the Loan Agreement is deleted in its entirety and replaced with the following text:

"Second Mortgage/Charge of land for \$60,000,000 granting a secured charge against the Property subject only to those encumbrances approved by the Lender and its solicitors, in their sole discretion;"
5. **Governing Documents.** Unless otherwise stated, the amendments outlined above are in addition to the terms and conditions of the Loan Agreement. Save and except as expressly amended by this Amending Agreement all other terms and conditions of the Loan Agreement remain in full force and effect unamended.

6. **Further Assurances.** The Borrower shall from time to time promptly, upon the request of the Lender, take or cause to be taken such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Amending Agreement.
7. **Time of the Essence.** Time shall be of the essence of this First Amending Agreement.
8. **Counterparts.** This Amending Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. This Amending Agreement may be executed and delivered by facsimile transmission or PDF and each of the parties hereto may rely on such facsimile signature or PDF as though that facsimile signature or PDF were an original hand-written signature.
9. **Governing Law.** This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein and shall be treated in all respects as an Ontario contract.

Yours truly,  
**Hi-Rise Capital Ltd.**



John Neilas  
ASO

Agreed to on this 22 day of June, 2015.

**Adelaide Street Lofts Inc.**



John Neilas, ASO



MORTGAGE BROKERS ERRORS AND OMISSIONS LIABILITY POLICY

THIS POLICY IS A CLAIMS MADE AND REPORTED POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE **INSUREDS** AND REPORTED TO THE **INSURER** DURING THE **POLICY PERIOD** OR ANY APPLICABLE EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY AVAILABLE TO PAY FOR JUDGMENTS OR SETTLEMENTS SHALL NOT BE REDUCED BY AMOUNTS INCURRED FOR **CLAIMS EXPENSES**.

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DECLARATIONS

Policy Number: 7600524

- Item 1.     **Named Insured:**                   Hi-Rise Capital Ltd.  
              **Named Insured's Address:**   401 – 200 Adelaide Street West,  
  Toronto, Ontario, M5H 1W7
- Item 2.     **Policy Period:**                   From: January 1, 2015  
  To:    January 1, 2016  
  
  Both dates at 12:01 a.m. at standard time at the **Named Insured's** Address
- Item 3.     Limits of Liability:               \$2,500,000     each **claim**  
  \$5,000,000     policy aggregate
- Item 4.     Deductible:                        \$100,000       each **claim**
- Item 5.     Premium:                            \$28,100  
              Minimum Retained Premium:   Non-applicable
- Item 6.     **Retroactive Date:**               Non-applicable
- Item 7.     Endorsements:                    1, 2, 3

These Declarations, the attached policy terms, the endorsements referred to in Item 7. above and the applicable **application** constitute the entire policy.

In witness whereof, the **Insurer** has caused this policy to be countersigned by a duly authorized representative of the **Insurer**.

ROYAL & SUN ALLIANCE  
INSURANCE COMPANY OF CANADA

Authorized Representative

January 2, 2015  
Date:

Request ID: 012568481  
Demande n°:  
Transaction ID: 042475893  
Transaction n°:  
Category ID: CT  
Catégorie:

Province of Ontario  
Province de l'Ontario  
Ministry of Government Services  
Ministère des Services gouvernementaux

Date Report Produced: 2010/10/04  
Document produit le:  
Time Report Produced: 15:49:07  
Imprimé à:

# Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

**ADELAIDE STREET LOFTS INC.**

Ontario Corporation No.

Numéro matricule de la personne morale en  
Ontario

**002259079**

is a corporation incorporated,  
under the laws of the Province of Ontario.

est une société constituée aux termes  
des lois de la province de l'Ontario.

These articles of incorporation  
are effective on

Les présents statuts constitutifs  
entrent en vigueur le

**OCTOBER 04 OCTOBRE, 2010**



Director/Directrice

Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

2259079

FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

/

LOI SUR LES SOCIÉTÉS PAR ACTIONS

ARTICLES OF INCORPORATION  
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*  
ADELAIDE STREET LOFTS INC.
2. The address of the registered office is: *Adresse du siège social:*  
200 ADELAIDE STREET WEST Suite 401  
(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)  
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)  
TORONTO ONTARIO  
CANADA M5H 1W7  
(Name of Municipality or Post Office) (Postal Code/Code postal)  
(Nom de la municipalité ou du bureau de poste)
3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*  
Minimum 1 Maximum 10
4. The first director(s) is/are: *Premier(s) administrateur(s):*  
First name, initials and surname *Resident Canadian State Yes or No*  
*Prénom, initiales et nom de famille Résident Canadien Oui/Non*  
Address for service, giving Street & No. *Domicile élu, y compris la rue et le*  
or R.R. No., Municipality and Postal Code *numéro, le numéro de la R.R., ou le nom*  
*de la municipalité et le code postal*
- \* JIM YES  
NEILAS  
200 ADELAIDE STREET WEST Suite 401  
TORONTO ONTARIO  
CANADA M5H 1W7

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

2259079

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5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.*

None

6. The classes and any maximum number of shares that the corporation is authorized to issue:  
*Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

An unlimited number of Common Shares.

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

2259079

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

None



Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

*L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

No securities of the Corporation, other than non-convertible debt securities, if any, shall be transferred without (i) the express approval of the board of directors of the Corporation, to be signified by a resolution duly passed at a meeting of the board of directors or by instrument or instruments in writing signed by all of the directors, or (ii) the express approval of the shareholders of the Corporation entitled to vote at a meeting, to be signified by a resolution duly passed at a meeting of the shareholders or by instrument or instruments in writing signed by all of the shareholders.

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

2259079

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9. Other provisions, (if any, are):  
*Autres dispositions, s'il y a lieu:*

None

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

12568481

2259079

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10. The names and addresses of the incorporators are  
*Nom et adresse des fondateurs*

First name, initials and last name  
or corporate name

*Prénom, initiale et nom de  
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business  
giving street & No. or R.R. No., municipality and postal code  
*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris  
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

\* JIM NEILAS

200 ADELAIDE STREET WEST Suite 401

TORONTO ONTARIO  
CANADA M5H 1W7

# **APPENDIX E**

**Adelaide Lofts**

## **ADDITIONAL DOCUMENTS**

### **APPENDIX "E"**

The following documents will be delivered to the investor within ten days of execution of the investor documents and registration of your investment. The documents will be sent in the form of a closing book with excerpts only from relevant reports.

## **SECONDARY DOCUMENTS**

1. Consultant Reports
  - A. Appraisal Report
  - B. Phase I Environmental Site
  - C. Boundary and Topographical Survey
  - D. Planning Rationale Report
  - E. Heritage Impact Assessment
  - F. Traffic Impact Study
  - G. Parking Justification Study
  - H. Functional Servicing & Stormwater Management Report
  - I. Stage 1 Archeological Resource Assessment
  - J. Preliminary Structural Wind Load Review  
Pedestrian Level Wind Study
  - K. Tree Inventory and Preservation Plan
  - L. Development Approval Application
2. KingSett Mortgage Corporation (First Mortgage)
3. Hi-Rise Capital Ltd. (Second Mortgage)

# **EXHIBIT “B”**

**Exhibit "B"**

This is Exhibit "B" to the Affidavit of Janet Nairne, sworn before me  
this 28th, day of March, 2019.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

# **APPENDIX A**

**Adelaide Lofts**



## APPENDIX "A"

### FEES & COSTS PAYABLE BY THE BORROWER RELATING TO THIS TRANSACTION

Paid to	Purpose	Fee	Notes
Hi-Rise Capital Ltd.	Mortgage Administration Fee	Annual fee of 0.5% of the principal outstanding	1
Hi-Rise Capital Ltd.	Offering Marketing Fee	2% of Lender/Investor investment	2
Hi-Rise Capital Ltd.	Commission	\$ 1,370.00	3
<i>Wealth Management Strategy</i>	Referral Fee	\$ 8,220.00	4
—	Referral Fee	\$ —	4

**Notes:**

1. Hi-Rise Capital Ltd., a related party, will earn a Mortgage Administration Fee of 0.5% of the principal outstanding on the mortgage.
2. Hi-Rise Capital Ltd., a related party, will be entitled to an Offering Marketing Fee of 2% of the Lender/Investor investment.
3. Hi-Rise Capital Ltd. receives commissions totaling 14% of the amount invested. The amount disclosed above is the commission earned by Hi-Rise Capital Ltd. net of any referral fees, which are paid from the 14% commission fee earned by Hi-Rise Capital Ltd.
4. The referring party may receive additional monetary and non-monetary compensation as a result of this transaction.

### FEES AND COSTS PAYABLE BY THE BORROWER TO RELATED PARTIES

Fee	Paid to	Purpose	Notes
1% of project cost	Neilas Inc.	Development Fee	1
\$1,000,000.00	Neilas Inc.	Assignment Fee	2
\$75,000.00	Neilas Inc.	Acquisition Fee	3
\$140,000.00	Hi-Rise Capital Ltd.	Step-Up Fee	4
\$140,000.00	Hi-Rise Capital Ltd.	Lender Fee	5

**Notes:**

1. Neilas Inc., a related party, will be paid a development and construction fee equal to 1% of the total cost of the project, payable at a rate of \$250,000 per quarter.
2. Neilas Inc., a related party of the mortgage broker, has earned an assignment fee of \$1,000,000 on closing of the property.
3. Neilas Inc., a related party of the mortgage broker, has earned an acquisition fee of \$75,000 on closing of the property.
4. Hi-Rise Capital Ltd., a related party, has earned a Step-Up Fee of \$140,000.

Initials



## APPENDIX "A"

5. Hi-Rise Capital Ltd., a related party, has earned a Lender Fee of \$140,000.

### FEES & COSTS PREVIOUSLY INCURRED BY THE BORROWER TO ARRANGE THIS MORTGAGE

Paid To	Purpose	Amount
Bousfields Inc.	Urban Planners	\$2,429.50
Fogler, Rubinoff LLP	Legal Fees	\$18,299.01
KRCMAR Surveyors Ltd.	Surveyors	\$6,840.71
MacKenzie Ray Heron & Edwardh	Appraisers	\$9,605.00
McClymont & Rak Engineers Inc.	Environmental Assessment	\$3,390.00
Pelican Woodcliff Inc.	Real Estate & Construction Consultants	\$3,277.00
Bratty and Partners	Lender Legal Fees	\$20,000.00
Icon 1 Realty	Real Estate Broker Fee	\$412,500.00

### CONFLICT OF INTEREST

Hi-Rise Capital Ltd. declares to the Investor that Hi-Rise Capital Ltd. (as mortgage brokerage and mortgage administrator), Neilas Inc., AW General Contractors Inc., Adelaide Lofts Inc. are companies owned by the same principal, Jim Neilas and are entitled to profit from the project if it is successful. Neilas Inc. is also invested in the project.

Initials



# **APPENDIX B**

**Adelaide**

## APPENDIX "B"

### PROJECT SUMMARY

The project when completed will consist of 49 storeys located in downtown Toronto; 435 residential units, 48 units zoned as live/work.

### PROJECT STATISTICS

PROJECT ADDRESS	263 Adelaide Street West, Toronto, Ontario
ZONING STATUS	A re-zoning application for 42 storeys is pending with the City of Toronto. We are reviewing our current application for a possible amendment
SITE AREA	15,315 SF
NUMBER OF STOREYS	49
BUILDABLE	387,848 SF
RENTABLE	303,834 SF
AMENITY INDOOR	9,370 SF
RESIDENTIAL UNITS	435
AVERAGE UNIT SIZE	698 SF
PARKING STALLS	120
PARKING LEVELS	5
LOCKERS	435

### SUITE MIX

1 BEDROOM	12
1 BEDROOM + DEN	86
2 BEDROOM	117
2 BEDROOM + DEN	117
3 BEDROOM	55
LIVE/WORK	48

### PROJECT PROPERTIES

PIN	21411 – 0162 LT
DESCRIPTION	Part Block B, Plan 216E Toronto as in E61538, S/T and T/W E561538, City of Toronto
ADDRESS	263 Adelaide Street West, Toronto, ON

Initials



# **APPENDIX C**

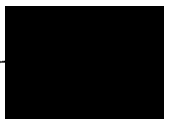
**Adelaide**

**APPENDIX "C"**

**SCHEDULE OF ADVANCES**

<b>2011</b>	<b>\$7,391,500</b>
<b>2012</b>	<b>\$4,758,500</b>
<b>2013</b>	<b>\$8,322,000</b>
<b>2014</b>	<b>\$10,042,500</b>
<b>2015</b>	<b>\$10,053,000</b>
<b>2016</b>	<b>\$4,700,000</b>

Initials



# APPENDIX D

Adelaide Lofts

## **APPENDIX "D"**

### **ADDITIONAL DOCUMENTS**

Section 3 Part E. Form 1 – Investor/Lender Disclosure Statement for Brokered Transaction list documents that may or may not be related to this investment. Enclosed in Appendix "D" are documents related to Part E. of Form 1.

- 1) Copy of the Mortgage Charge and Commitment
- 2a) Not applicable
- 2b) Colliers International Realty Advisors Inc. Property Appraisal as of April 15, 2015
- 3) Not applicable
- 4a) Borrower's Equifax Business Credit Report
- 4b) Not applicable
- 5) Not applicable
- 6) Mortgage Participation Agreement & Loan Participation Agreement
- 7) Form 1.1 Investor/Lender Disclosure Statement

In addition to the standard Investment Documents Hi-Rise Capital has enclosed the following documents as part of its disclosure to investors for review.

- 8) Adelaide Re-zoning Application Amendment
- 9) Errors and Omissions Insurance Liability Policy
- 10) Borrower's Certificate of Incorporation



The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

**PIN** 21411 - 0162 LT  
**Description** PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO  
**Address** 263 ADELAIDE ST W  
TORONTO

**Source Instruments**

Registration No.	Date	Type of Instrument
AT3522463	2014 02 18	Charge/Mortgage

**Transferor(s)**

This transfer of charge affects all lands that the charge is against which are outstanding.

**Name** HI-RISE CAPITAL LTD.  
**Address for Service** 200 Adelaide Street West, Suite 401  
Toronto, Ontario  
M5H 1W7

I, John Neilas, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Name** CANADIAN WESTERN TRUST COMPANY  
**Address for Service** c/o William Scott  
McCarthy Tetrault  
Suite 5300, TD Bank Tower  
Box 48, 66 Wellington Street West  
Toronto, Ontario M5K 1E6

I, Matt Colpitts, Vice President & General Manager and Carm Corsetti, Director Operations, Self-Directed Plans, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

<b>Transferee(s)</b>	<b>Capacity</b>	<b>Share</b>
<p><b>Name</b> HI-RISE CAPITAL LTD.  <b>Address for Service</b> 200 Adelaide Street West, Suite 401  Toronto, Ontario  M5H 1W7</p>		As to a 77.654% interest
<p><b>Name</b> COMMUNITY TRUST COMPANY  <b>Address for Service</b> 2350 Matheson Boulevard East  Mississauga, Ontario  L4W 5G9</p>	Trustee	As to the remaining 22.346% interest

**Statements**

The chargee transfers the selected charge for \$2.00

Schedule: See Schedules

This document relates to registration no.(s)AT3522463, AT3522464, AT3522631, AT3586925, AT3591493 and AT3946856.

The applicant(s) hereby applies to the Land Registrar.

**Signed By**

Carlos Casasola	1 Adelaide Street E., Suite 801 Toronto M5C 2V9	acting for Transferor(s)	Signed	2016 12 01
Tel	416-869-1234			
Fax	416-869-0547			

I have the authority to sign and register the document on behalf of all parties to the document.

Carlos Casasola	1 Adelaide Street E., Suite 801 Toronto M5C 2V9	acting for Transferee(s)	Signed	2016 12 01
Tel	416-869-1234			
Fax	416-869-0547			

I have the authority to sign and register the document on behalf of all parties to the document.

**Submitted By**

GARFINKLE, BIDERMAN LLP	1 Adelaide Street E., Suite 801 Toronto M5C 2V9			2016 12 01
Tel	416-869-1234			
Fax	416-869-0547			

**Fees/Taxes/Payment**

Statutory Registration Fee	\$63.35
Total Paid	\$63.35

**SCHEDULE "A"**  
**SCHEDULE TO TRANSFER OF**  
**CHARGE**

**WHEREAS:**

1. By a Charge/Mortgage of Land registered in the Land Registry Office for the Land Titles Division of Toronto on the 18<sup>th</sup> day of February, 2014 as Instrument No. AT3522463 a Charge/Mortgage (the "Charge") was registered upon the lands described herein in favour of:

Hi-Rise Capital Ltd.

to secure payment of the principal sum of FORTY MILLION DOLLARS (\$40,000,000.00) with interest as therein set out and upon the terms therein mentioned.

**AND WHEREAS:**

2. As further security for the Charge an Assignment of Rents was registered in the Land Registry Office for the Land Titles Division of Toronto on the 18<sup>th</sup> day of February, 2014 as Instrument No. AT3522464 upon the lands described herein.

**AND WHEREAS:**

3. By a Transfer of Charge registered in the Land Registry Office for the Land Titles Division of Toronto on the 22<sup>nd</sup> day of May, 2014 as Instrument No. AT3586925 the Chargee transferred the interest in the Charge as follows:

Hi-Rise Capital Ltd. as to \$30,500,000.00 thereof; and

Canadian Western Trust Company as to \$9,500,000.00 thereof.

**AND WHEREAS:**

4. By a Notice of Agreement Amending Charge registered in the Land Registry Office for the Land Titles Division of Toronto on the 15<sup>th</sup> day of July, 2015 as Instrument No. AT3946846 the Chargees amended the Charge by increasing the principal amount to \$60,000,000.00 and transferred the Charge as follows:

Hi-Rise Capital Ltd. as to \$35,500,000.00 thereof; and

Canadian Western Trust Company as to \$24,500,000.00 thereof.

**AND WHEREAS:**

5. The Chargees wish to Transfer the subject Charge from Hi-Rise Capital Ltd. and Canadian Western Trust Company to the following:

Hi-Rise Capital Ltd. as to a 77.654% interest or \$46,592,500.00 thereof; and

Community Trust Company as to the remaining 22.346% interest or \$13,407,500.00 thereof.

AND WHEREAS:

7. Hi-Rise Capital Ltd. and Community Trust Company (collectively the "Chargees") hereby acknowledge that Community Trust Company will hold its proportionate share of the Charge for each of the undersigned in the amounts indicated:

WHEREAS:

8. The Chargees hereby acknowledge that:

- i Community Trust Company holds the Charge in trust for RRSP Plan No. 9002220 in the amount of \$24,000.00;
- ii Community Trust Company holds the Charge in trust for RRSP Plan No. 9003613 in the amount of \$24,500.00;
- iii Community Trust Company holds the Charge in trust for RRIF Plan No. 6000111 in the amount of \$135,000.00;
- iv Community Trust Company holds the Charge in trust for RRSP Plan No. 9002387 in the amount of \$38,500.00;
- v Community Trust Company holds the Charge in trust for RRSP Plan No. 9001803 in the amount of \$50,000.00;
- vi Community Trust Company holds the Charge in trust for RRSP Plan No. 9003242 in the amount of \$25,000.00;
- vii Community Trust Company holds the Charge in trust for RRSP Plan No. 9002217 in the amount of \$44,500.00;
- viii Community Trust Company holds the Charge in trust for RRSP Plan No. 9001962 in the amount of \$25,000.00;
- ix Community Trust Company holds the Charge in trust for RRSP Plan No. 9002397 in the amount of \$25,000.00;
- x Community Trust Company holds the Charge in trust for RRSP Plan No. 9002030 in the amount of \$25,000.00;
- xi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002996 in the amount of \$76,000.00;
- xii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002858 in the amount of \$53,000.00;
- xiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002894 in the amount of \$22,000.00;
- xiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003162 in the amount of \$36,000.00;
- xv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003069 in the amount of \$53,000.00;
- xvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003097 in the amount of \$28,000.00;
- xvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003165 in the amount of \$28,000.00;
- xviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003145 in the amount of \$31,000.00;
- xix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003136 in the amount of \$105,000.00;
- xx Community Trust Company holds the Charge in trust for RRSP Plan No. 1002919 in the amount of \$37,500.00;
- xxi Community Trust Company holds the Charge in trust for SRSP Plan No. 1003164 in the amount of \$10,000.00;
- xxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003098 in the amount of \$35,000.00;

- xxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003125 in the amount of \$35,000.00;
- xxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002991 in the amount of \$32,000.00;
- xxv Community Trust Company holds the Charge in trust for RRIF Plan No. 1002872 in the amount of \$79,000.00;
- xxvi Community Trust Company holds the Charge in trust for RRIF Plan No. 1002931 in the amount of \$140,000.00;
- xxvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002873 in the amount of \$24,500.00;
- xxviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003128 in the amount of \$94,000.00;
- xxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1002974 in the amount of \$69,000.00;
- xxx Community Trust Company holds the Charge in trust for RRSP Plan No. 9003606 in the amount of \$63,000.00;
- xxxi Community Trust Company holds the Charge in trust for TFSA Plan No. 1002933 in the amount of \$25,000.00;
- xxxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003169 in the amount of \$10,000.00;
- xxxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003171 in the amount of \$6,000.00;
- xxxiv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003100 in the amount of \$29,500.00;
- xxxv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003101 in the amount of \$29,500.00;
- xxxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003180 in the amount of \$111,000.00;
- xxxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003154 in the amount of \$31,000.00;
- xxxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002960 in the amount of \$2,000.00;
- xxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003095 in the amount of \$14,000.00;
- xl Community Trust Company holds the Charge in trust for RRSP Plan No. 1003004 in the amount of \$48,000.00;
- xli Community Trust Company holds the Charge in trust for TFSA Plan No. 1003078 in the amount of \$24,000.00;
- xlII Community Trust Company holds the Charge in trust for RRSP Plan No. 1002893 in the amount of \$59,000.00;
- xlIII Community Trust Company holds the Charge in trust for TFSA Plan No. 1002895 in the amount of \$23,000.00;
- xlIV Community Trust Company holds the Charge in trust for RRSP Plan No. 1003039 in the amount of \$37,000.00;
- xlV Community Trust Company holds the Charge in trust for RRIF Plan No. 1002959 in the amount of \$120,000.00;
- xlVI Community Trust Company holds the Charge in trust for RRSP Plan No. 1003148 in the amount of \$23,000.00;
- xlVII Community Trust Company holds the Charge in trust for RRSP Plan No. 1003134 in the amount of \$19,000.00;
- xlVIII Community Trust Company holds the Charge in trust for RRSP Plan No. 1003177 in the amount of \$23,000.00;
- xlIX Community Trust Company holds the Charge in trust for RRSP Plan No. 1003137 in the amount of \$28,000.00;
- I Community Trust Company holds the Charge in trust for RRSP Plan No. 1002897 in the amount of \$26,000.00;

- li Community Trust Company holds the Charge in trust for RRIF Plan No. 1003093 in the amount of \$105,000.00;
- lii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003152 in the amount of \$26,000.00;
- liii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002843 in the amount of \$25,000.00;
- liv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003147 in the amount of \$24,000.00;
- lv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003178 in the amount of \$24,000.00;
- lvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002944 in the amount of \$22,000.00;
- lvii Community Trust Company holds the Charge in trust for SRSP Plan No. 1003036 in the amount of \$55,000.00;
- lviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002961 in the amount of \$43,000.00;
- lix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003090 in the amount of \$24,000.00;
- lx Community Trust Company holds the Charge in trust for RRSP Plan No. 1003035 in the amount of \$25,000.00;
- lxi Community Trust Company holds the Charge in trust for TFSA Plan No. 1002979 in the amount of \$25,000.00;
- lxii Community Trust Company holds the Charge in trust for RRIF Plan No. 1002988 in the amount of \$162,000.00;
- lxiii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003096 in the amount of \$13,000.00;
- lxiv Community Trust Company holds the Charge in trust for LIRA Plan No. 1003064 in the amount of \$16,000.00;
- lxv Community Trust Company holds the Charge in trust for LIRA Plan No. 1003193 in the amount of \$102,000.00;
- lxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003070 in the amount of \$20,500.00;
- lxvii Community Trust Company holds the Charge in trust for LIF Plan No. 1002952 in the amount of \$22,000.00;
- lxviii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003138 in the amount of \$8,000.00;
- lix Community Trust Company holds the Charge in trust for LIF Plan No. 1002881 in the amount of \$50,000.00;
- lxx Community Trust Company holds the Charge in trust for LIF Plan No. 1002875 in the amount of \$13,000.00;
- lxxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002853 in the amount of \$22,000.00;
- lxxii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002975 in the amount of \$29,500.00;
- lxxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002982 in the amount of \$35,000.00;
- lxxiv Community Trust Company holds the Charge in trust for RRIF Plan No. 1003176 in the amount of \$27,000.00;
- lxxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003087 in the amount of \$27,500.00;
- lxxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002900 in the amount of \$53,000.00;
- lxxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003183 in the amount of \$105,000.00;
- lxxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002917 in the amount of \$29,500.00;

- lxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003115 in the amount of \$82,000.00;
- lxxx Community Trust Company holds the Charge in trust for TFSA Plan No. 1002877 in the amount of \$29,500.00;
- lxxxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003003 in the amount of \$49,000.00;
- lxxxii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003195 in the amount of \$43,000.00;
- lxxxiii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003132 in the amount of \$31,000.00;
- lxxxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002889 in the amount of \$34,500.00;
- lxxxv Community Trust Company holds the Charge in trust for TFSA Plan No. 1002891 in the amount of \$25,000.00;
- lxxxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003181 in the amount of \$31,000.00;
- lxxxvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002882 in the amount of \$24,000.00;
- lxxxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002902 in the amount of \$30,500.00;
- lxxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003042 in the amount of \$25,000.00;
- xc Community Trust Company holds the Charge in trust for RRSP Plan No. 1003156 in the amount of \$28,000.00;
- xcI Community Trust Company holds the Charge in trust for LIRA Plan No. 1003172 in the amount of \$3,000.00;
- xcii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003174 in the amount of \$99,000.00;
- xciii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002915 in the amount of \$33,000.00;
- xciv Community Trust Company holds the Charge in trust for TFSA Plan No. 1002916 in the amount of \$29,500.00;
- xcv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002918 in the amount of \$49,500.00;
- xcvi Community Trust Company holds the Charge in trust for LIRA Plan No. 1002887 in the amount of \$23,000.00;
- xcvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003167 in the amount of \$7,000.00;
- xcviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002857 in the amount of \$25,000.00;
- xcix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003009 in the amount of \$78,000.00;
- c Community Trust Company holds the Charge in trust for RRSP Plan No. 1003010 in the amount of \$32,000.00;
- ci Community Trust Company holds the Charge in trust for TFSA Plan No. 1003007 in the amount of \$25,000.00;
- cii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003008 in the amount of \$25,000.00;
- ciii Community Trust Company holds the Charge in trust for LIF Plan No. 1003005 in the amount of \$36,000.00;
- civ Community Trust Company holds the Charge in trust for LIF Plan No. 1003006 in the amount of \$99,000.00;
- cv Community Trust Company holds the Charge in trust for LIF Plan No. 1003084 in the amount of \$33,000.00;
- cvi Community Trust Company holds the Charge in trust for RRIF Plan No. 1003046 in the amount of \$72,000.00;

- cvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003191 in the amount of \$24,500.00;
- cviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002997 in the amount of \$27,000.00;
- cix Community Trust Company holds the Charge in trust for SRSP Plan No. 1002998 in the amount of \$42,000.00;
- cx Community Trust Company holds the Charge in trust for TFSA Plan No. 1002999 in the amount of \$27,000.00;
- cxI Community Trust Company holds the Charge in trust for TFSA Plan No. 1002903 in the amount of \$30,500.00;
- cxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002926 in the amount of \$76,000.00;
- cxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003188 in the amount of \$23,500.00;
- cxiv Community Trust Company holds the Charge in trust for SRSP Plan No. 1002935 in the amount of \$18,000.00;
- cxv Community Trust Company holds the Charge in trust for LIF Plan No. 1003104 in the amount of \$49,500.00;
- cxvi Community Trust Company holds the Charge in trust for LIF Plan No. 1002989 in the amount of \$162,000.00;
- cxvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003140 in the amount of \$19,000.00;
- cxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002938 in the amount of \$24,500.00;
- cxix Community Trust Company holds the Charge in trust for LIRA Plan No. 1003044 in the amount of \$53,000.00;
- cxx Community Trust Company holds the Charge in trust for LIRA Plan No. 1003075 in the amount of \$108,000.00;
- cxxi Community Trust Company holds the Charge in trust for LRSP Plan No. 1003061 in the amount of \$24,500.00;
- cxxii Community Trust Company holds the Charge in trust for LIRA Plan No. 1002983 in the amount of \$33,000.00;
- cxxiii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003050 in the amount of \$24,500.00;
- cxxiv Community Trust Company holds the Charge in trust for LRSP Plan No. 1002904 in the amount of \$13,000.00;
- cxxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002985 in the amount of \$38,000.00;
- cxxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003106 in the amount of \$26,000.00;
- cxxvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003043 in the amount of \$25,000.00;
- cxxviii Community Trust Company holds the Charge in trust for SRSP Plan No. 1003040 in the amount of \$44,000.00;
- cxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003086 in the amount of \$47,000.00;
- cxXX Community Trust Company holds the Charge in trust for LIRA Plan No. 1003141 in the amount of \$26,000.00;
- cxXXi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003151 in the amount of \$136,000.00;
- cxXXii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003153 in the amount of \$55,000.00;
- cxXXiii Community Trust Company holds the Charge in trust for LIF Plan No. 1003002 in the amount of \$49,500.00;
- cxXXiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003029 in the amount of \$37,000.00;



- cxxxv Community Trust Company holds the Charge in trust for LIF Plan No. 1002973 in the amount of \$55,000.00;
- cxxxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003119 in the amount of \$46,000.00;
- cxxxvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002984 in the amount of \$24,500.00;
- cxxxviii Community Trust Company holds the Charge in trust for LIRA Plan No. 1002854 in the amount of \$24,000.00;
- cxxxix Community Trust Company holds the Charge in trust for LRSP Plan No. 1002855 in the amount of \$4,000.00;
- cxl Community Trust Company holds the Charge in trust for LIRA Plan No. 1003110 in the amount of \$36,000.00;
- cxli Community Trust Company holds the Charge in trust for LIRA Plan No. 1002993 in the amount of \$25,000.00;
- cxlii Community Trust Company holds the Charge in trust for SRSP Plan No. 1003175 in the amount of \$37,000.00;
- cxliii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003047 in the amount of \$95,000.00;
- cxliv Community Trust Company holds the Charge in trust for RRIF Plan No. 1002888 in the amount of \$114,000.00;
- cxlv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003159 in the amount of \$29,500.00;
- cxlvi Community Trust Company holds the Charge in trust for RRIF Plan No. 1002879 in the amount of \$29,000.00;
- cxlvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1002905 in the amount of \$36,000.00;
- cxlviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003041 in the amount of \$26,000.00;
- cxlix Community Trust Company holds the Charge in trust for RRSP Plan No. 1002976 in the amount of \$39,000.00;
- cl Community Trust Company holds the Charge in trust for TFSA Plan No. 10029010 in the amount of \$30,000.00;
- cli Community Trust Company holds the Charge in trust for TFSA Plan No. 1002914 in the amount of \$30,000.00;
- clii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002927 in the amount of \$31,000.00;
- cliii Community Trust Company holds the Charge in trust for LIF Plan No. 1003031 in the amount of \$43,000.00;
- cliv Community Trust Company holds the Charge in trust for SRSP Plan No. 1003116 in the amount of \$23,000.00;
- clv Community Trust Company holds the Charge in trust for LIRA Plan No. 1002978 in the amount of \$53,000.00;
- clvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003157 in the amount of \$36,000.00;
- clvii Community Trust Company holds the Charge in trust for SRSP Plan No. 1003161 in the amount of \$47,000.00;
- clviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003083 in the amount of \$25,000.00;
- clix Community Trust Company holds the Charge in trust for LIRA Plan No. 1003015 in the amount of \$41,000.00;
- clx Community Trust Company holds the Charge in trust for LIRA Plan No. 1002992 in the amount of \$175,000.00;
- clxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002860 in the amount of \$104,000.00;
- clxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003130 in the amount of \$48,000.00;

- clxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003085 in the amount of \$28,000.00;
- clxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003207 in the amount of \$25,000.00;
- clxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002994 in the amount of \$103,000.00;
- clxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1002995 in the amount of \$25,000.00;
- clxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002928 in the amount of \$40,000.00;
- clxviii Community Trust Company holds the Charge in trust for RRIF Plan No. 1003011 in the amount of \$18,000.00;
- clxix Community Trust Company holds the Charge in trust for SP RIF Plan No. 1003028 in the amount of \$145,000.00;
- clxx Community Trust Company holds the Charge in trust for RRSP Plan No. 1003192 in the amount of \$28,000.00;
- clxxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003023 in the amount of \$50,000.00;
- clxxii Community Trust Company holds the Charge in trust for LIRA Plan No. 1002923 in the amount of \$52,000.00;
- clxxiii Community Trust Company holds the Charge in trust for LRSP Plan No. 1003155 in the amount of \$117,000.00;
- clxxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002906 in the amount of \$24,500.00;
- clxxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002841 in the amount of \$35,000.00;
- clxxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003062 in the amount of \$28,000.00;
- clxxvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003063 in the amount of \$25,000.00;
- clxxviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003089 in the amount of \$65,000.00;
- clxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003000 in the amount of \$200,000.00;
- clxxx Community Trust Company holds the Charge in trust for TFSA Plan No. 1002861 in the amount of \$25,000.00;
- clxxxi Community Trust Company holds the Charge in trust for TFSA Plan No. 1002862 in the amount of \$25,000.00;
- clxxxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002856 in the amount of \$37,000.00;
- clxxxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003027 in the amount of \$18,000.00;
- clxxxiv Community Trust Company holds the Charge in trust for LIRA Plan No. 1003058 in the amount of \$42,000.00;
- clxxxv Community Trust Company holds the Charge in trust for SRSP Plan No. 1003059 in the amount of \$4,500.00;
- clxxxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003052 in the amount of \$24,500.00;
- clxxxvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003030 in the amount of \$36,000.00;
- clxxxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003149 in the amount of \$20,000.00;
- clxxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1003033 in the amount of \$39,000.00;
- cxc Community Trust Company holds the Charge in trust for RRSP Plan No. 1003143 in the amount of \$32,000.00;

- cxci Community Trust Company holds the Charge in trust for RRSP Plan No. 1002970 in the amount of \$25,500.00;
- cxcii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003034 in the amount of \$26,500.00;
- cxciii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003112 in the amount of \$30,000.00;
- cxciv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003102 in the amount of \$34,000.00;
- cxcv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002899 in the amount of \$24,000.00;
- cxcvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002929 in the amount of \$100,000.00;
- cxcvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002924 in the amount of \$23,500.00;
- cxcviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003186 in the amount of \$31,000.00;
- cxcix Community Trust Company holds the Charge in trust for RRSP Plan No. 1002941 in the amount of \$39,000.00;
- cc Community Trust Company holds the Charge in trust for RRSP Plan No. 1003144 in the amount of \$55,000.00;
- cci Community Trust Company holds the Charge in trust for TFSA Plan No. 1003205 in the amount of \$25,000.00;
- ccii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002980 in the amount of \$313,000.00;
- cciii Community Trust Company holds the Charge in trust for LRSP Plan No. 1002981 in the amount of \$8,000.00;
- cciv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003076 in the amount of \$33,000.00;
- ccv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003146 in the amount of \$31,000.00;
- ccvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003014 in the amount of \$29,000.00;
- ccvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1002851 in the amount of \$37,000.00;
- ccviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003092 in the amount of \$36,000.00;
- ccix Community Trust Company holds the Charge in trust for TFSA Plan No. 1002908 in the amount of \$26,000.00;
- ccx Community Trust Company holds the Charge in trust for TFSA Plan No. 1003163 in the amount of \$31,000.00;
- ccxi Community Trust Company holds the Charge in trust for RRIF Plan No. 1003184 in the amount of \$278,000.00;
- ccxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003185 in the amount of \$135,000.00;
- ccxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002925 in the amount of \$25,000.00;
- ccxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002834 in the amount of \$27,500.00;
- ccxv Community Trust Company holds the Charge in trust for LIRA Plan No. 1002969 in the amount of \$47,000.00;
- ccxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002943 in the amount of \$28,500.00;
- ccxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002990 in the amount of \$29,500.00;
- ccxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002840 in the amount of \$25,000.00;

- ccxix Community Trust Company holds the Charge in trust for TFSA Plan No. 1003198 in the amount of \$41,000.00;
- ccxx Community Trust Company holds the Charge in trust for RRSP Plan No. 1002967 in the amount of \$25,000.00;
- ccxxi Community Trust Company holds the Charge in trust for SRSP Plan No. 1002986 in the amount of \$38,000.00;
- ccxxii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003158 in the amount of \$24,500.00;
- ccxxiii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003126 in the amount of \$25,000.00;
- ccxxiv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003066 in the amount of \$25,000.00;
- ccxxv Community Trust Company holds the Charge in trust for LIRA Plan No. 1003071 in the amount of \$67,000.00;
- ccxxvi Community Trust Company holds the Charge in trust for LIF Plan No. 1003108 in the amount of \$43,000.00;
- ccxxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003189 in the amount of \$117,000.00;
- ccxxviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002880 in the amount of \$25,000.00;
- ccxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1002832 in the amount of \$44,000.00;
- ccxxx Community Trust Company holds the Charge in trust for RRSP Plan No. 1003017 in the amount of \$25,000.00;
- ccxxxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003018 in the amount of \$25,000.00;
- ccxxxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003019 in the amount of \$100,000.00;
- ccxxxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003057 in the amount of \$73,000.00;
- ccxxxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003107 in the amount of \$27,000.00;
- ccxxxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003020 in the amount of \$50,000.00;
- ccxxxvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002942 in the amount of \$24,000.00;
- ccxxxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002987 in the amount of \$24,500.00;
- ccxxxviii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003133 in the amount of \$11,000.00;
- ccxxxix Community Trust Company holds the Charge in trust for RRSP Plan No. 1002876 in the amount of \$25,000.00;
- ccxli Community Trust Company holds the Charge in trust for RRIF Plan No. 1002859 in the amount of \$224,000.00;
- ccxli Community Trust Company holds the Charge in trust for TFSA Plan No. 1003203 in the amount of \$38,000.00;
- ccxlii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003135 in the amount of \$7,000.00;
- ccxlili Community Trust Company holds the Charge in trust for TFSA Plan No. 1003032 in the amount of \$38,000.00;
- ccxliv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002884 in the amount of \$25,000.00;
- ccxlv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003060 in the amount of \$84,500.00;
- ccxlvi Community Trust Company holds the Charge in trust for RRSP Plan No. 1003103 in the amount of \$44,000.00;

- ccxlvii Community Trust Company holds the Charge in trust for LIRA Plan No. 1003206 in the amount of \$53,000.00;
- ccxlviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003200 in the amount of \$40,000.00;
- ccxlix Community Trust Company holds the Charge in trust for TFSA Plan No. 1003201 in the amount of \$34,500.00;
- ccl Community Trust Company holds the Charge in trust for RRSP Plan No. 1003197 in the amount of \$40,500.00;
- ccli Community Trust Company holds the Charge in trust for SRSP Plan No. 1003190 in the amount of \$26,000.00;
- cclii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002883 in the amount of \$41,000.00;
- ccliii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003114 in the amount of \$25,000.00;
- ccliv Community Trust Company holds the Charge in trust for LIRA Plan No. 1002850 in the amount of \$27,000.00;
- cclv Community Trust Company holds the Charge in trust for TFSA Plan No. 1003068 in the amount of \$36,500.00;
- cclvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003094 in the amount of \$41,000.00;
- cclvii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003182 in the amount of \$16,500.00;
- cclviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003194 in the amount of \$29,500.00;
- cclix Community Trust Company holds the Charge in trust for TFSA Plan No. 1003049 in the amount of \$34,500.00;
- cclx Community Trust Company holds the Charge in trust for RRSP Plan No. 1003001 in the amount of \$50,000.00;
- cclxi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003037 in the amount of \$25,000.00;
- cclxii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002930 in the amount of \$82,000.00;
- cclxiii Community Trust Company holds the Charge in trust for TFSA Plan No. 1002909 in the amount of \$35,000.00;
- cclxiv Community Trust Company holds the Charge in trust for TFSA Plan No. 1002912 in the amount of \$35,000.00;
- cclxv Community Trust Company holds the Charge in trust for RRSP Plan No. 1003173 in the amount of \$25,000.00;
- cclxvi Community Trust Company holds the Charge in trust for LIF Plan No. 1003150 in the amount of \$35,000.00;
- cclxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002922 in the amount of \$37,000.00;
- cclxviii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003077 in the amount of \$24,500.00;
- cclxix Community Trust Company holds the Charge in trust for RRIF Plan No. 1002920 in the amount of \$30,000.00;
- cclxx Community Trust Company holds the Charge in trust for TFSA Plan No. 1002901 in the amount of \$38,000.00;
- cclxxi Community Trust Company holds the Charge in trust for SP RIF Plan No. 1002921 in the amount of \$24,000.00;
- cclxxii Community Trust Company holds the Charge in trust for SP RIF Plan No. 1002921 in the amount of \$45,000.00;
- cclxxiii Community Trust Company holds the Charge in trust for RRIF Plan No. 1003025 in the amount of \$253,000.00;
- cclxxiv Community Trust Company holds the Charge in trust for RRIF Plan No. 1003088 in the amount of \$177,500.00;

- cclxxv Community Trust Company holds the Charge in trust for TFSA Plan No. 1002896 in the amount of \$40,000.00;
- cclxxvi Community Trust Company holds the Charge in trust for LIRA Plan No. 1002892 in the amount of \$30,000.00;
- cclxxvii Community Trust Company holds the Charge in trust for RRIF Plan No. 1003024 in the amount of \$100,000.00;
- cclxxviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003160 in the amount of \$51,000.00;
- cclxxix Community Trust Company holds the Charge in trust for TFSA Plan No. 1003139 in the amount of \$30,000.00;
- cclxxx Community Trust Company holds the Charge in trust for RRSP Plan No. 1003131 in the amount of \$78,000.00;
- cclxxxi Community Trust Company holds the Charge in trust for RRSP Plan No. 1002844 in the amount of \$39,000.00;
- cclxxxii Community Trust Company holds the Charge in trust for SRSP Plan No. 1002936 in the amount of \$14,000.00;
- cclxxxiii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002971 in the amount of \$79,500.00;
- cclxxxiv Community Trust Company holds the Charge in trust for RRSP Plan No. 1002972 in the amount of \$70,000.00;
- cclxxxv Community Trust Company holds the Charge in trust for TFSA Plan No. 1002932 in the amount of \$41,000.00;
- cclxxxvi Community Trust Company holds the Charge in trust for TFSA Plan No. 1003022 in the amount of \$41,000.00;
- cclxxxvii Community Trust Company holds the Charge in trust for RRSP Plan No. 1003179 in the amount of \$30,000.00;
- cclxxxviii Community Trust Company holds the Charge in trust for RRSP Plan No. 1002907 in the amount of \$25,000.00;
- cclxxxix Community Trust Company holds the Charge in trust for TFSA Plan No. 1003067 in the amount of \$25,000.00;
- ccxc Community Trust Company holds the Charge in trust for RRSP Plan No. 1003121 in the amount of \$50,000.00;
- ccxci Community Trust Company holds the Charge in trust for LIF Plan No. 1003045 in the amount of \$135,000.00;
- ccxcii Community Trust Company holds the Charge in trust for TFSA Plan No. 1003442 in the amount of \$25,000.00.

In all other respects the parties hereto confirm the terms and conditions of the Charge and confirm that the Charge remains in full force and effect unamned and fully binding upon the Chargor set forth therein.

PROVIDED that nothing herein contained shall create any merger or alter the rights of the Chargee(s) as against any subsequent encumbrancer or other person interested in the said lands, nor affect the liability of any person not a party hereto who may be liable to pay the said mortgage money or the rights of any such person all of which rights are hereby reserved.

In construing this document, the words "Chargor" and "Chargee" and all personal pronouns shall be read as the number and gender of the party or parties referred to herein required and all necessary grammatical changes, as the context requires, shall be deemed to made.

The provisions of this document shall enure to and be binding upon the heirs, executors, administrators, successors and assigns of each party hereto.



# HI-RISE CAPITAL LTD.

**File # 10-1010**

December 4, 2013

Jim Neilas  
Adelaide Street Lofts Inc.  
200 Adelaide Street West, Suite 401  
Toronto, ON M6R 1W7

Dear Mr. Neilas:

**Re: Loan Commitment (the "Commitment") on a project having a Municipal address of 263 Adelaide Street West, Toronto, ON (hereinafter referred to as the "Property") with a proposed 340,000 square foot mixed use project to be built (the "Project").**

This is to confirm that Hi-Rise Capital Ltd., ("HRC" and/or the "Lender") is prepared to provide you with a mezzanine loan for the above noted Property on the terms and conditions set out in this Commitment. All documentation required in this Commitment to be satisfactory to HRC.

**1. Nature and Purpose of Loan:**

The purpose of the loan (the "Loan") will be to develop and construct the Project. It is being represented to HRC that the Project when built out will be valued at no less than \$114,000,000.

**2. Borrower:**

Adelaide Street Lofts Inc. ("the Borrower(s)")

**3. Principal:**

\$25,000,000.00 (the "Loan"). The Loan will be advanced in accordance within the parameters set out in this Commitment. The Lender will register a charge in the amount of \$40,000,000 in the event it has to advance more than the anticipated amount required to fund construction.

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200 Adelaide Street West, Suite 401, Toronto, ON M5H 1W7

Tel: 416.865.3398 Fax: 416.865.3399

Mortgage Brokerage # 10897 Mortgage Administrator # 11893

**4. Interest and Payment:**

18% per annum, calculated and payable monthly on account of interest only. The Lender will accept payments equal to 10.5% interest but will accrue the interest on the loan at the full rate set out above.

**5. Term:**

48 months from the date of advance.

**6. Privileges:**

Open to prepayment at any time with no penalty.

**7. Partial Discharge**

The Borrower may partially discharge the loan if the Borrower elects to pay part of the loan, the proceeds received by the Lender shall be applied first to the portion of the principal earning interest only, and then to pay principal on the portion of the loan where the Lender has elected to receive distributions. In which case the Lender will no longer be entitled to receive the distributions from those units, however, the Lender will still be entitled to receive its proportionate share of the profit.

**8. Advances Under this Mortgage:**

Advances are to be made as and when the Borrower makes draw request and subject to the Lender's usual draw requirements.

**9. Application Fee:**

\$0.00 non-refundable application fee (the "Application Fee") payable upon the execution of this Commitment and applied toward the lender fee on first advance of the Loan.

**10. Special Conditions:**

None.



**11. Other Requirements:**

None.

**12. Prior Encumbrances:**

Current first Mortgage (VTB) in the amount of \$14,300,000.

The first mortgage may increase from time to time as the Project progresses. The Lender anticipates a first mortgage construction loan of approximately 75% of the final project value. If the project increases this amount may also increase. The Lender will review and confirm prior permitted encumbrances at that time.

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**13. Lender Fee:**

14% of the gross amount of the Loan as a Lender Fee and 2% of the gross amount advanced under the Loan as a marketing fee to market and syndicate the offering (the "Lender Fee") deemed earned upon acceptance of this Commitment by the Borrower.

The commitment Fee is considered earned upon the acceptance of the Commitment by the Borrower and will be credited against the Lender Fee at closing.

If the Loan is not advanced due to a default by the Lender, the Commitment Fee will be refunded to the Borrower without deduction or interest. If the Loan is not advanced for any reason not connected to a default by the Lender, the Commitment Fee will not be refunded and will be applied against the Lender Fee set out herein, which Lender Fee shall be considered earned in full.

**14. Environmental**

A Phase I environmental report (the "Environmental Report") for the Property must be completed by a company of the Lender's choice, satisfactory to the Lender. The Lender acknowledges a Phase I Environmental Report received from McClymont & Rak Engineers, Inc. recommends further testing and hereby waive the requirement.

**15. Appraisal**

Satisfactory appraisal (the "Appraisal Report") valuing the completed Project at no less than \$114,000,000.00 from an Appraiser of HRC's choice or satisfactory to HRC and addressed to HRC for the purposes of mortgage financing or by a letter of transmittal. (Received)


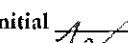
**16. Mortgage Broker:**

None.

**17. Security:**

The Borrower will deliver and/or execute all reasonable security documentation (the "Security") required by the Lender and its solicitors in a form, scope and substance satisfactory to the Lender and its solicitors which shall include but not be limited to:

- i. Second Mortgage/Charge of land for \$40,000,000.00 granting a secured charge against the Property subject only to those encumbrances approved by the Lender and its solicitors, in their sole discretion;
- ii. A General Security Agreement;
- iii. A General Assignment of Rents on the Property.

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**18. Documentation: (Received)**

All documentation (the "Due Diligence Documents") referred to below and elsewhere herein required to be given to the Lender or its solicitors shall be delivered to the Lender within 20 business days of execution of the Commitment, failing which the Lender may terminate the agreement and the Borrower will forfeit all fees and retainers paid by to the Lender.

- i. A signed HRC loan and net worth application for the Borrower(s) and Guarantor(s) satisfactory to the Lender;
- ii. A legible copy of the original Agreement of Purchase and Sale for the Property with all schedules, if applicable;
- iii. Property Taxes: confirmations of no tax arrears prior to first advance;
- iv. All leases as related to the Property;
- v. Corporate documents of the Borrower(s).

**19. Legal Fees:**

Borrower shall be responsible for all legal fees of the Lender relating to this transaction. A deposit of \$0.00, on account only, will be required by the HRC solicitor in connection to this Commitment, and is non-refundable.

**20. Zoning and Approvals:**

The property must comply with all relevant by-laws for its present uses and without limiting the generality of the foregoing, the Property must have zoning that permits continuation of the existing use.

**21. Closing Date:**


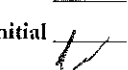
**December 6, 2013** (the "Closing Date"). In the event the transaction is not closed on the Closing date as extended by the Lender in its sole discretion due to the fact that the Borrower does not deliver the documentation set forth herein, including all documents, security documents and any and all other documentation required or in the event the Borrower is otherwise in breach of any of its covenants or representations set forth herein or there is an unremedied event of default as at the Closing Date, interest will commence to be computed from the Closing Date if the Lender at its sole option elects to proceed to close on the Loan and to provide further extensions. In such event, however, the Lender may elect to terminate this Commitment, forfeit all application fees, Commitment Fees, solicitor fee retainers without prejudice to its right to cover the balance of such fees and any other damages resulting from such termination.

**22. Acceptance Date:**

The Lender must have a signed copy of this document, along with the deposit required in this commitment by 5:00PM, December 4, 2013.

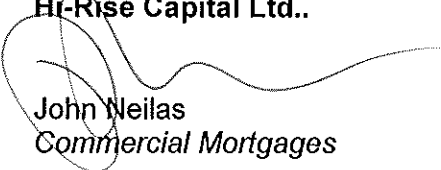
**23. Schedules:**

The following schedules shall form part of this Commitment:

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Schedule A – General Terms

Yours truly,  
**Hi-Rise Capital Ltd..**



John Neilas  
*Commercial Mortgages*



We accept the above-noted Mortgage Commitment and agree to be bound by the aforesaid terms and conditions on this 5<sup>th</sup> day of November 2013.

**BORROWER(S):**

Adelaide Street Lofts Inc.



Per: \_\_\_\_\_  
I have the authority to bind the Company

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**Schedule A**

**1. Insurance:**

Insurance for the Property must be satisfactory to the Lender prior to any advance. Third party liability insurance for the Properties must be satisfactory to the Lender and evidence of insurance must be provided on closing. The Borrower shall pay a consulting fee to CANRISC as per CANRISC fee schedule to provide the Lender an opinion on the adequacy of the insurance policy in place.

The Borrower shall be required to provide to the Lender with a full insurance binder with a certified copy of a policy or policies of insurance containing the requirement of insurance under the Commitment.

**2. Real Estate Taxes:**

- i. All Real Estate Taxes owing to date must be paid in full at or prior to closing; and
- ii. Unless otherwise directed, 1/12 of the Real Estate Taxes as estimated by the Lender for the term of the loan must be paid to the Lender monthly, along with the mortgage payments. The Lender will then remit the appropriate municipality as due. Borrower will adjust tax payments and remit to Lender as necessary.

**3. Merger:**

It is understood that the terms and conditions of this offer to mortgage will not merge on closing and will survive closing.

**4. Other Requirements:**

None.

**5. Inspection:**

Commitment is conditional upon satisfactory inspection of the Property by the Lender and if required a meeting with the Borrower(s) and Guarantor(s).

**6. Extra Charges:**

- iii. \$250.00 fee plus HST for any N.S.F. cheque or non payment;
- iv. \$250.00 charge plus HST for a demand letter;
- v. \$250.00 fee plus HST for the preparation of a mortgage statement;
- vi. \$250.00 fee plus HST in the event that the Borrower fails to provide proof of insurance on an annual basis;
- vii. \$250.00 fee plus HST for the preparation of the Discharge of Charge.

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**7. Interest Calculation:**

For the purpose of the calculation of interest, any payment of principal received after 1:00PM shall be deemed to have been received on the next following banking day.

**8. Work Order Clearance:**

Work orders on the Property from any governmental body will not be accepted. Borrower will provide the appropriate authorization directed to the Province or Municipality to release any information in their possession.

**9. Condominium Act:**

Borrower to comply with all obligations under the Act, and is to release any and all documentation related to the condominium corporation as reasonably request by the Lender and or its solicitors prior to funding or as requested during the term of the Loan.

**10. Survey**

We must receive a satisfactory survey no later than 5 days from the date of execution of this commitment.

**11. Title Insurance:**

The Lender shall require title insurance with a title insurance company as its solicitors direct.

**12. Warranty:**



The Vendor and the Borrower must provide a warranty on closing that they are not aware of any environmental problems relating to the Property and if any occur, the Borrower must undertake to remedy any environmental problems after closing or the mortgage may be called at the Lender's option.

**13. Title:**

Title to the property must be satisfactory to the lender and the Lender's solicitors. Borrower will provide and execute all corporate supporting documentation required by the Lender's solicitor if title to the Property is in the name of a corporation.

**14. Construction Lien Act:**

The Borrowers and Guarantors shall execute any or all documentation required by the Lender or Lender's Solicitor with respect to the Construction Lien Act, if applicable.

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**15. Assumability:**

Mortgage is payable in full at the Lender's option if there is a change in title.

**16. Credit:**

The Lender must obtain a satisfactory credit background and history report on the Borrower(s) and without limiting the generality of this term, the Lender may request credit information from any source it deems reliable for the purpose of assessing the creditworthiness of the Borrower(s). The Lender may provide or make accessible to its investors, co-lenders, and any other persons or entity it deems appropriate all credit information obtained in connection with this loan application.

**17. Representations:**

This Commitment is based on the representations made to HRC by the Borrower concerning the Project. Any material misrepresentations shall constitute a default under the Commitment and the Loan.

**18. Discharge of Mortgage:**

The Borrower will be responsible for the discharge of any existing mortgages other than the prior encumbrances, if any, set out in and approved herein.

**19. Severability:**

Should any clause and/or clauses contained in the Mortgage be found to be illegal, void as against public policy or unenforceable in law, the offending clause or clauses as the case may be, is and or are to be severed from this Mortgage and deemed never to be a part of the Mortgage.

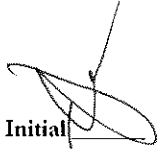
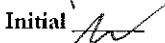
**20. Default of Other Charges:**

In the event that the Borrower is in default in any other Mortgage registered against the property herein charged, the Borrower shall be deemed to be in default under this Mortgage and the Lender shall have all of the remedies contained herein for a default under the Mortgage.

**21. Management Fee:**

The mortgagees or their agents will be entitled to a management fee based on 5% of the mortgage principal plus HST, which fee the Borrower(s) acknowledge is a reasonable estimate of the fees to be incurred, which amount is deemed not to be a penalty, in the event that the Lender or its agents take possession of the subject property as a result of default under the mortgage. This clause is also deemed to be proper notice to any subsequent chargee or lien holder of the above-noted fee in the event of the chargee's default.

**22. Secondary Financing:**

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Borrower will not be permitted to charge the Property or the corporate entity owning the Property with or subordinate debt without the express written consent of the Lender.

**23. Assignment:**


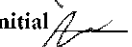
The Borrower may not assign, transfer, or otherwise dispose of the Commitment and the Security without the Lender's prior consent. However, the Lender may assign, transfer or assign the Commitment and the Security in the whole or part without the consent of the Borrower. The Borrower hereby agrees that the Lender may disclose all information and documents relating to the Security within the possession of the Lender to any prospective assignee or transferee.

**24. Advertising:**

The Lender shall be permitted to advertise its role in this transaction during the term of the Loan, including, but not limited to posting signage on the Property or Properties as the case may be.

**25. Syndication:**

It is understood by the Borrower that HRC may at its sole option syndicate all or part of this Loan with any third party at its sole option. Furthermore, HRC shall have five business days from the date of execution of this agreement to syndicate the mortgage loan failing which this Commitment shall become null and void. This condition must be waived by HRC in writing.

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June 22, 2015

John Neilas  
Adelaide Street Lofts Inc.  
200 Adelaide Street West, Suite 401  
Toronto, ON M5H 1W7

Dear Mr. Neilas:

**Re: Amendment to Loan Commitment dated December 4, 2013 on a project having a municipal address of 263 Adelaide Street West, Toronto, Ontario - File # 10-1010**

The following amending agreement (the "**Amending Agreement**") amends and restates the terms and conditions of the Loan provided to Adelaide Street Lofts Inc. (the "**Borrower**") pursuant to the loan commitment dated December 4, 2013 (the "**Loan Agreement**"):

1. **Definitions from Loan Agreement.** Capitalized terms defined in the Loan Agreement have the same meanings in this Amending Agreement unless otherwise defined herein or the context expressly or by necessary implication requires otherwise. This Amending Agreement is referenced herein as the "**Amending Agreement**". For greater certainty, this Amending Agreement amends the Loan Agreement and the term "Agreement", as defined in the Loan Agreement, includes (unless the context expressly or by necessary implication requires otherwise) this Amending Agreement to the extent of such amendments.
2. **Headings.** The insertion of headings in this Amending Agreement is for convenience of reference only and shall not affect the interpretation of this Amending Agreement.
3. **Principal.** The text in Section 3 of the Loan Agreement is deleted in its entirety and replaced with the following text:

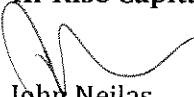
"\$60,000,000 (the "**Loan**"). The Loan will be advanced in accordance with the parameters set out in this Commitment. The Lender will register a charge in the amount of \$60,000,000."
4. **Security.** The text in Section 17(i) of the Loan Agreement is deleted in its entirety and replaced with the following text:

"Second Mortgage/Charge of land for \$60,000,000 granting a secured charge against the Property subject only to those encumbrances approved by the Lender and its solicitors, in their sole discretion;"
5. **Governing Documents.** Unless otherwise stated, the amendments outlined above are in addition to the terms and conditions of the Loan Agreement. Save and except as expressly amended by this Amending Agreement all other terms and conditions of the Loan Agreement remain in full force and effect unamended.



6. **Further Assurances.** The Borrower shall from time to time promptly, upon the request of the Lender, take or cause to be taken such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Amending Agreement.
7. **Time of the Essence.** Time shall be of the essence of this First Amending Agreement.
8. **Counterparts.** This Amending Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. This Amending Agreement may be executed and delivered by facsimile transmission or PDF and each of the parties hereto may rely on such facsimile signature or PDF as though that facsimile signature or PDF were an original hand-written signature.
9. **Governing Law.** This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein and shall be treated in all respects as an Ontario contract.

Yours truly,  
**Hi-Rise Capital Ltd.**



John Neilas  
ASO

Agreed to on this 22 day of June, 2015.

**Adelaide Street Lofts Inc.**



John Neilas, ASO



November 16, 2016

Jim Neilas  
Adelaide Street Lofts Inc.  
200 Adelaide Street West, Suite 401  
Toronto, ON M5H 1W7

Dear Mr. Neilas:

**Re: Second Amendment to Loan Commitment dated December 4, 2013 on a project having a municipal address of 263 Adelaide Street West, Toronto, Ontario - File # 10-1010**

The following amending agreement (the "**Amending Agreement**") amends and restates the terms and conditions of the loan provided to Adelaide Street Lofts Inc. (the "**Borrower**") pursuant to the loan commitment dated December 4, 2013, which was amended pursuant to an amending agreement dated June 22, 2015 (the "**Loan Agreement**"):

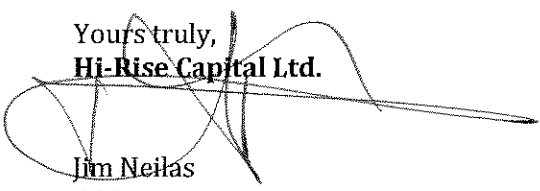
1. **Definitions from Loan Agreement.** Capitalized terms defined in the Loan Agreement have the same meanings in this Amending Agreement unless otherwise defined herein or the context expressly or by necessary implication requires otherwise. This Amending Agreement is referenced herein as the "**Amending Agreement**". For greater certainty, this Amending Agreement amends the Loan Agreement and the term "Agreement", as defined in the Loan Agreement, includes (unless the context expressly or by necessary implication requires otherwise) this Amending Agreement to the extent of such amendments.
2. **Headings.** The insertion of headings in this Amending Agreement is for convenience of reference only and shall not affect the interpretation of this Amending Agreement.
3. **Term.** The text in Section 5 of the Loan Agreement is deleted in its entirety and replaced with the following text:

"February 18, 2014 until March 1, 2019."
4. **Governing Documents.** Unless otherwise stated, the amendments outlined above are in addition to the terms and conditions of the Loan Agreement. Save and except as expressly amended by this Amending Agreement all other terms and conditions of the Loan Agreement remain in full force and effect unamended.
5. **Further Assurances.** The Borrower shall from time to time promptly, upon the request of the Lender, take or cause to be taken such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Amending Agreement.
6. **Time of the Essence.** Time shall be of the essence of this Amending Agreement.
7. **Counterparts.** This Amending Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which

taken together constitute one and the same instrument. This Amending Agreement may be executed and delivered by facsimile transmission or PDF and each of the parties hereto may rely on such facsimile signature or PDF as though that facsimile signature or PDF were an original hand-written signature.

8. **Governing Law.** This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein and shall be treated in all respects as an Ontario contract.

Yours truly,  
**Hi-Rise Capital Ltd.**

  
Jim Neilas  
ASO

Agreed to on this 16<sup>th</sup> day of November, 2016.

**Adelaide Street Lofts Inc.**

  
\_\_\_\_\_  
Jim Neilas, ASO



# Narrative Appraisal

263 Adelaide Street West

Toronto, Ontario

April 2015

**PREPARED BY:**

Matthew Bruchkowsky, AACI, P. App.  
Senior Director  
Valuation & Advisory Services

**PREPARED FOR:**

John Neilas  
Neilas Inc.



May 4, 2015

Hi-Rise Capital Ltd.  
200 Adelaide Street West, Suite 401  
Toronto, Ontario, M5H 1W7

Canadian Western Trust  
606 – 4th Street SW, Suite 310  
Calgary, Alberta, T2P 1T1

To whom it may concern,

**RE: FULL NARRATIVE APPRAISAL OF DEVELOPMENT SITE LOCATED AT 263 ADELAIDE STREET WEST,  
TORONTO, ONTARIO**

Colliers International Realty Advisors Inc. prepared a Full Narrative Appraisal Report of the property referenced above, retained in our files as Colliers File No. TOR-15-286 on April 20, 2015. The effective date of the appraisal was April 15, 2015. Within our report, which is assumed to be in your possession, we concluded that the market value as of the effective date, was as follows:

**FORTY ONE MILLION DOLLARS  
\$41,000,000**

We confirm that the report was originally completed at the request of John Neilas of Neilas Inc., who has authorized us to provide this letter permitting your use of the referenced report for financing purposes. We further confirm that had the report **with the same scope of work** been completed directly on behalf of Hi-Rise Capital Ltd. or Canadian Western Trust, the results would not have differed. This letter confirms that Hi-Rise Capital Ltd. and Canadian Western Trust may rely upon the conclusions set out in the above-referenced report as a factor in determining whether or not to provide financing with the (property) provided as collateral.

Please be advised that the value estimate expressed was as of April 15, 2015 and that the property's physical condition and financial position, as well as the prevailing market conditions, may have changed between the effective date and the date of this letter.

Respectfully,  
Colliers International Realty Advisors Inc.

A handwritten signature in blue ink, appearing to read "M. Bruchkowsky".

Matthew Bruchkowsky, AACI, P. App.  
Senior Director, Toronto



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# Executive Summary

263 ADELAIDE STREET WEST  
TORONTO, ONTARIO

- Date of Appraisal**
  - April 15, 2015
- Property Type**
  - Current Use – Mixed use heritage building
  - Proposed Use – Mixed-use Development
- Rights Appraised**
  - Fee Simple Interest
- Purpose and Function**
  - The purpose is to estimate the current market value of the Subject as a redevelopment site.
  - The function of the report is to estimate the market value of the property for internal purposes.
- Registered Owner**
  - Adelaide Street Lofts Inc.
- Legal Description**
  - PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO
- Assessment Roll Number**
  - 1904062280002000000
- PIN Numbers**
  - 21411-0162

## Property Description

The Subject consists of a rectangular shaped site with frontage on the south side of Adelaide Street West, just east of John Street in Downtown Toronto. At the date of inspection, the Subject was improved with heritage listed mixed use building.

- Site Area**
  - 0.35 acres or 15,430 square feet (Source: Client)
- Frontage**
  - Approximately 129 feet on the south side of Adelaide Street West
- Configuration**
  - Rectangular
- Services**
  - Full municipal services available.

## Land Use Controls

- Official Plan**
  - Toronto Official Plan, as amended, designates the property as a Regeneration Area.



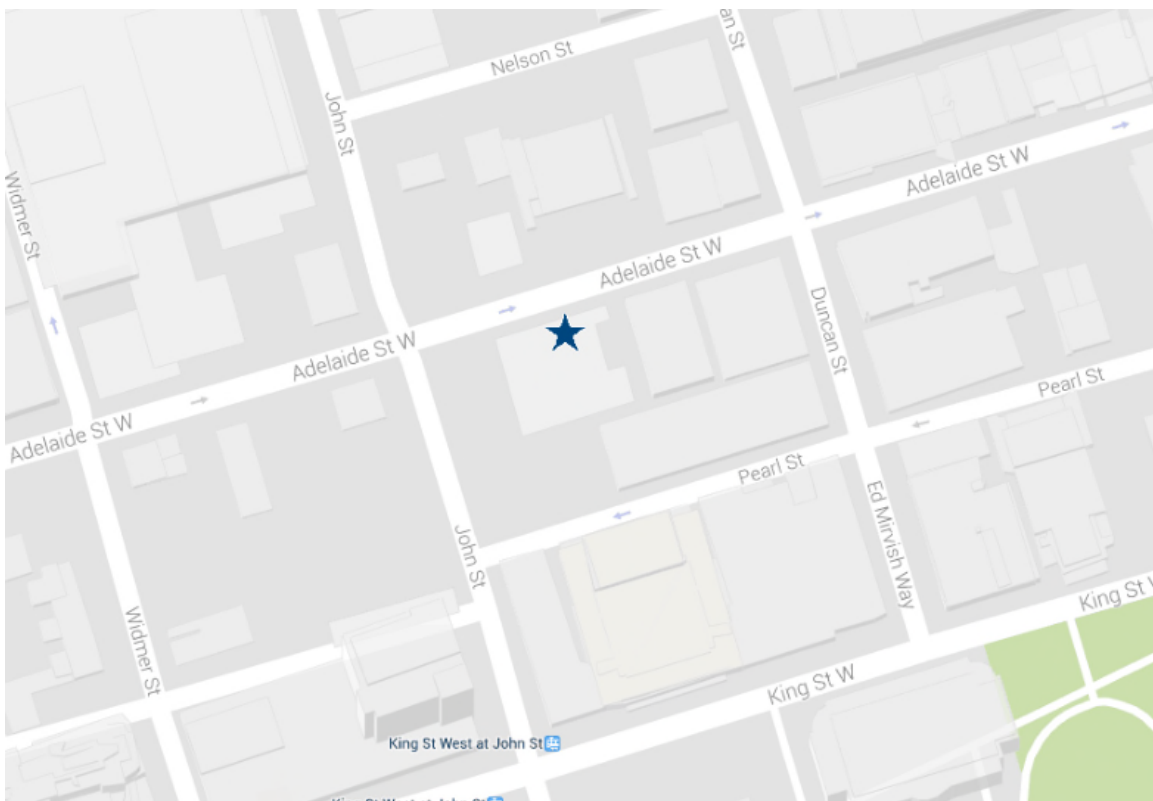
- The Subject falls within the King-Spadina North Secondary Plan.
  - The zoning by-law designates the Subject as being RA, which permits residential and commercial uses. The site requires rezoning to permit the proposed development.
  - As presently configured and used, the proposed development requires a rezoning application to permit the proposed density and height.
  - Development of the existing land uses for high density mixed use in compliance with the prevailing land use controls.
- Land Use Classification**
- Compliance**
- Highest and Best Use**
- Direct Comparison Approach**
- Site Area: 15,430 square feet or 0.35 acres
  - Proposed Gross Floor Area: 409,774 square feet (Client)
  - Estimated Land Value: 409,774 square feet x \$100/sq. ft. buildable = \$41,000,000
- Final Value Conclusion**
- Effective Date: April 15, 2015
  - Value Estimate: \$41,000,000
  - Exposure Time: One to three months



## Regional Map



## Location Map



## Photographs of Subject Property



VIEW OF THE SUBJECT PROPERTY



VIEW OF THE SUBJECT PROPERTY



VIEW EAST ALONG ADELAIDE STREET WEST



VIEW WEST ALONG ADELAIDE STREET WEST



# Terms of Reference

## Purpose and Function of Report

The **purpose** is to estimate the Subject's current market value as a redevelopment site. The **function** is for internal purposes. **John Neilas of Neilas Inc.** has requested this report. This report has been prepared only for the party named above and only the specific use stated.

## Property Rights

The property rights appraised are those of Fee Simple Interest.

## Effective Date

The effective date of this valuation is April 15, 2015.

## Inspection Date

Matthew Bruchkowsky, AACI conducted an exterior inspection of the Subject property on April 15, 2015.

## Market Value Definition

For the purposes of this valuation, market value is defined as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of the specific date and the passing of title from seller to buyer under conditions whereby:*

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider to be in their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

*(Source: The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2012.*



## Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Exposure time is also a product of the function of the real property in question. The Subject is a downtown redevelopment site that is proposed for development with a high density mixed-use building. The downtown market is easily accessed from the Subject via public transit operated by the TTC and there are significant amenities in the area available to prospective residents.

Ongoing discussions with agents active within the real estate market have indicated that properties such as the Subject typically require a marketing period of one to three months, depending on a number of factors including location, condition and motivation of the purchaser/vendor. Therefore, it is concluded that for the Subject property to sell at the market value estimated herein as of the effective date of this report, an exposure period of approximately one to three months would be required.

## Scope of the Valuation

This is a ***Narrative Appraisal Report*** and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

Market information reviewed is available from publicly available sources including economic reports, Statistics Canada, the municipal economic development office, etc.

Market information was obtained from Colliers Research, commercially available information databases (RealNet, Geowarehouse and Marsh Report) and local real estate professionals knowledgeable about the local market.

During the course of preparing this valuation, the following was completed:

- An inspection of the property and the surrounding area.
- A review of available data regarding the local market.



- Verification of current land use and zoning regulations via discussions with the City of Toronto planning department.
- Review of the proposed development material provided by Neilas Inc.
- A review of sales and listing data on comparable properties.
- An examination of market conditions and analysis of their potential effects on the property.
- A review of the local competitive market.
- Interviews with market participants.
- An analysis of the highest and best use of the property.

### Contingent and Limiting Conditions

This report is subject to the Contingent and Limiting Conditions set forth within the Addenda to this appraisal in addition to any specific assumptions that may be stated in the body of the report. **These conditions are critical to the value stated herein and should be thoroughly read and understood before any reliance on this report is considered.**

### Extraordinary Assumptions

An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc.

It is an Extraordinary Assumption of this report that the Subject can be rezoned to permit a 409,774 square feet development.

### Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification or exclusion of an Appraisal Institute Standard Rule. Such special circumstances include the inability to complete a property inspection, the purposeful exclusion of a relevant valuation technique, etc.

No Extraordinary Limiting Conditions were invoked within this report.



# Property Data

## Municipal Address

263 Adelaide Street West, Toronto, Ontario

## Legal Description

PT BLK B PL 216E TORONTO AS IN ES61538; S/T & T/W ES61538; CITY OF TORONTO

## Ownership and History

### Current Ownership

The Subject last transferred on June 24, 2011 for a consideration of \$16,500,000 in what is believed to be an arm's length transaction. The property is currently registered to Adelaide Street Lofts Inc.

### Current Contracts

As of the effective date, the Subject site is not the object of an agreement of purchase and sale.

### Encumbrances

We are not aware of any easements or rights of way that adversely affect the market value of the Subject property. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. Additionally, the property has been valued as if it were free and clear of any financing.

## Assessment and Realty Tax Data

Roll No.	1904062280002000000
2015 Phased-In Assessment	\$17,452,000
Total per SF of land	\$1,131

It is reasonably expected that upon development the Subject will be reassessed and taxed accordingly.

## Site Description

### Area

- 0.35 acres or 15,340 square feet (Source: Client)

### Frontage

- Approximately 129 feet onto the south side of Adelaide Street West.

### Configuration

- Rectangular

### Topography

- The site appears to be at grade with the surrounding properties.

### Services

- Full municipal services available at street frontage.

### Access

- The Subject is accessed via Adelaide Street West.

### Title Instruments

- For the purposes of this analysis, the instruments registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of any existing encumbrances.
- For the purposes of this analysis, we assume the title is marketable without any encumbrances.

### Soil Conditions

- We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support future development.

### Conclusion

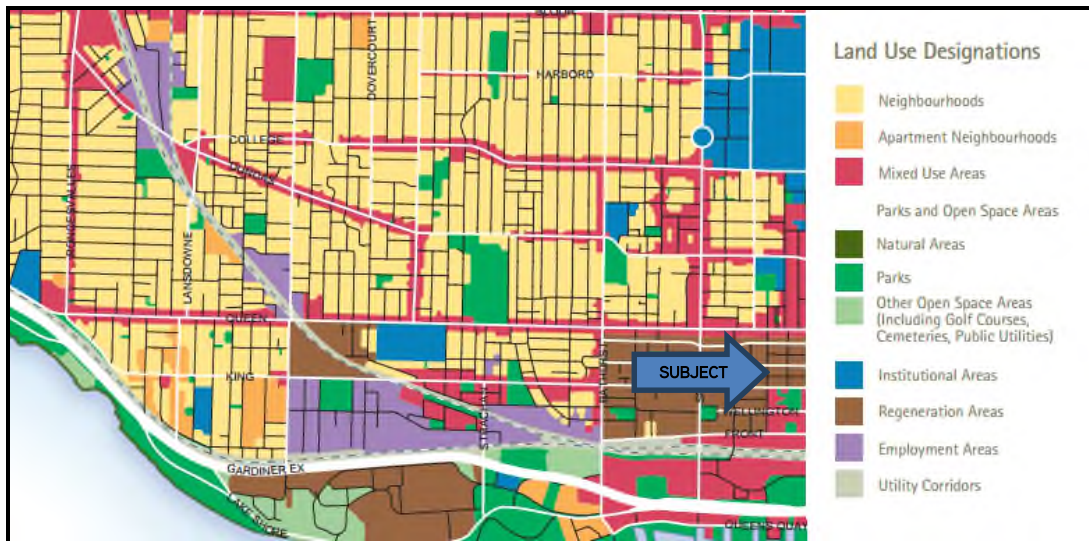
- The Subject is well located within an area of Toronto that has experienced a significant increase in density over the last few years. The surrounding land uses have transitioned from low density commercial uses to high density residential and mixed uses. In addition, the Subject is in downtown Toronto with its associated amenities, which are easily accessed via bus and streetcar service, operated by the TTC.





## Land Use/Planning

### Official Plan Map



Regeneration Areas are key to the Plan's growth strategy, reintegrating areas of the City that are no longer in productive urban use due to shifts in the local or global economies. In Regeneration Areas, commercial, residential, live/work, institutional and light industrial uses can be mixed within the same block or even the same building." The intent being to rejuvenate under used areas.

The Subject falls within the King-Spadina Secondary Plan. Key objectives of the secondary plan include:

- Attract new investment to the area
- Provide a mixture of uses which are compatible with the area and can evolve along a similar timeline as the residential population stabilizes
- Retention and promotion of current commercial and industrial uses which provide for area employment
- Provide commercial activity which supports existing and new residents as well as surrounding communities
- Retention, restoration, and reuse of heritage buildings

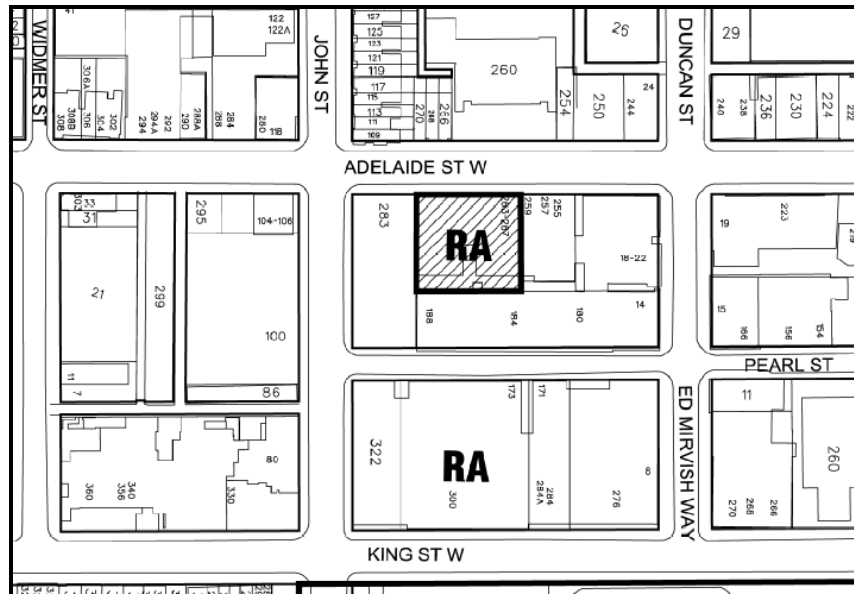
Permitted uses will include a mix of employment and residential, provided that employment uses are restricted to those compatible with adjacent and neighbouring residential uses in terms of emissions, odour, noise and generation of traffic.

### Zoning

The Subject property is designated as RA under By-law 438-86. Under the current zoning a wide array of uses including residential, office, retail, and employment uses. The zoning designation does not limit density, however, it does restrict high to 30 meters.

A rezoning application had been submitted to the City of Toronto to permit numerous aspects of the proposed development which do not conform to the in place zoning by-law, most notably its proposed height.

### Zoning Map



### Heritage

The Subject is currently improved with a five storey build which is listed on the City of Toronto's Inventory of Heritage Buildings. The redevelopment proposal would incorporate the street facing façade of the building into the new development.

### Application

A rezoning application was which proposed the redevelopment of the Subject with a 49 storey mixed use building with a gross floor area of 409,774 square feet. In addition, the new development would be required to make considerations for the replacement of the rental stock currently in place.

### Compliance

Under the current land use controls, the proposed development as described herein would require a rezoning application. The current application is being review by the City of Toronto Planning Department.

## Location Description



The Subject is located in an area which is transitioning from medium commercial and office uses to high density residential and mixed uses. The Subject's area of Toronto is known as the Entertainment District, which has in recent years due to the significant level of development had a large population increase. The Financial District, just east of the Subject, is readily accessible via public transit in the form of bus and streetcars operating along Adelaide Street West. The immediate area has seen significant levels of redevelopment in recent years, both along major arterials and immediately adjacent streets.

Recent development in the area has largely taken the form of high-density residential and mixed-use developments, which have primarily been located along major arterials, however, due to the rising cost of redevelopment sites, development has started to move to neighboring streets. The immediate area has in recent years has been transformed with numerous high density mixed use developments. Currently in close proximity of the Subject, there are 7 developments proposed for development including a 48 storey development immediately adjacent to the Subject on the corner of Adelaide Street and John Street.

Surrounding land uses include:

North: The north side of Adelaide Street is lined by low rise commercial buildings including a City of Toronto fire station. Further north, the



area is primarily developed with low to mid rise commercial buildings interspersed with new high density residential and mixed use developments.

- South: South of the Subject to Front Street is a mixture of office and commercial buildings of varying densities. South of Front Street is the entertainment node containing the Rogers Center and the CN Tower.
- East: East of the Subject, Adelaide Street is lined by a number of former industrial builds which have been repurposed for commercial, office, or residential use. Many of these buildings, which have heritage status, are the target of redevelopment proposals.
- West: Immediately west of the Subject is a development site which is proposed for development featuring a 48 storey residential tower with ground floor retail space. Further west, Adelaide Street is lined by medium density commercial buildings and sites proposed for redevelopment with residential or mixed use towers.

## Summary

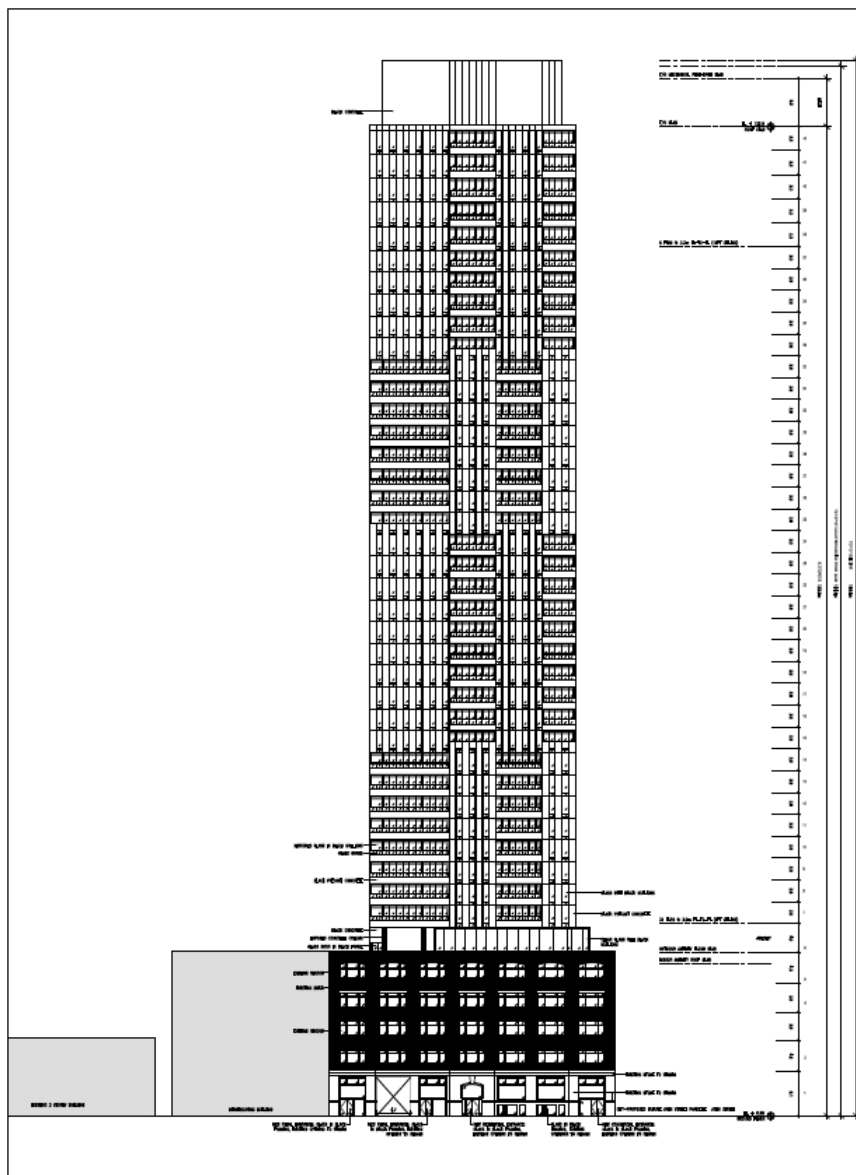
The Subject is located in an area which is transitioning from predominantly medium density commercial uses to high density residential uses with some commercial uses. Despite the significant supply, the demand for residential condominiums has been stable in response to the rising cost of commuting, traffic congestion and the high cost of single family dwellings. The outlook for this segment of the market is discussed in greater detail within the report.

## Development Description

The Subject site is proposed for development with a 49-storey mixed use building containing ground floor commercial/retail space and office space in addition to residential amenity space. The total proposed Gross Floor Area is 409,774 square feet and would feature bachelor, one bedroom, two bedroom, and three bedroom units. The street facing façade of the current improvements will be incorporated into the base of the new development.

Parking will consist of both vehicle and bicycle parking contained within an underground parking structure.

## Development Rendering



## Market Overview

### March 2015 Canadian Economic Overview

As a result of the decline in oil prices, the Bank of Canada became the first central bank in the larger Group of Seven to cut interest rates lowering its target for the overnight rate by one-quarter of one percentage point to  $\frac{3}{4}$  % in the first quarter of 2015. In addition, total CPI is beginning to reflect the change in oil prices and inflation has remained close to 2.0% in recent quarters. With growing angst about the sluggish pace of job creation, a second cut was a potential reality this month but the Bank of Canada held the rate steady at 0.75%. Canada's streak of unimpressive economic growth is expected to continue into 2015, with forecasts calling for 1.9% overall in 2015, a substantial downgrade from the September forecast. While the U.S. economy is gaining momentum, the drop in oil prices will cost producers more than US\$40 billion in lost revenue and result in a considerable decline in business investment.

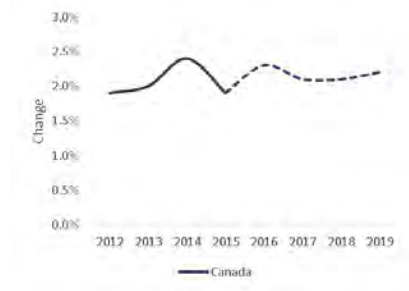
### Average Annual Compound Growth Rate

Economic Indicator	Historical 2012-2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	2.2%	1.9%	2.1%	↑
Employment	1.0%	1.0%	1.4%	↑
Unemployment	2.8%	1.4%	4.8%	↑
Personal Income per	2.6%	2.8%	2.9%	↑
Population	0.7%	1.1%	1.1%	↑
Retail Sales per capita	2.7%	1.6%	2.6%	↑
CPI	1.4%	1.2%	2.0%	↑
Housing Starts	-6.1%	-9.3%	4.7%	↑

### Forecast Risk

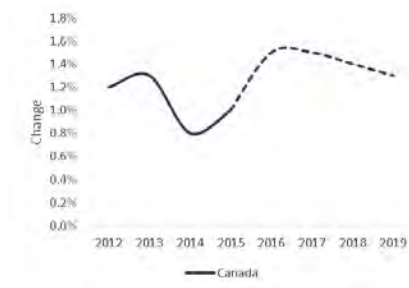
The most glaring risk to Canada's economic outlook stems from the recent decline in the price of oil and other commodities. While the most immediate impact will be positive- a boost to consumers' disposable incomes and spending, heightened manufacturing based on reducing production costs and increases in forestry and agriculture – lower oil prices if persistent, will discourage investment and exploration in the oil sector. Lower oil prices are typically accompanied by a weaker Canadian dollar, which we are already seeing. Over time, higher-cost oil is still likely to be needed to satisfy growing global demand; however, prices could potentially continue to decrease, or simply remain low through the first two quarters of 2015 before those medium-term forces really start to influence the market which could slow growth projections even further.

### Real Gross Domestic Product (GDP)



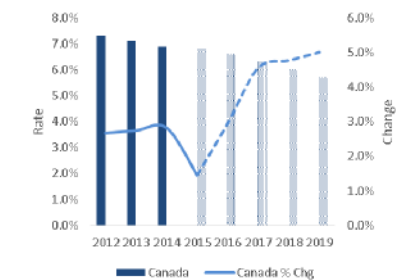
The economy is forecast to expand by just 1.9% in 2015, the fourth consecutive year of growth below 2.5%. The sharp drop in oil prices will cost more than US\$40 billion in revenue; however, what should help balance this is the U.S. economy's momentum which should further stimulate demand for Canadian exports, especially non-energy related exports, made more competitive by the lower value of the Canadian dollar.

### Employment



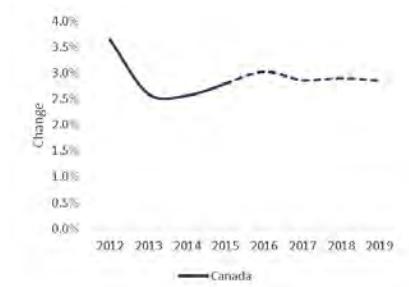
With overall economic growth in 2015 expected to be a substantial downgrade from the September forecast, job growth is expected to remain fairly tepid. After a dismal gain of 136,000 jobs in 2014, the labour market is expected to add just 187,000 jobs in 2015.

### Unemployment



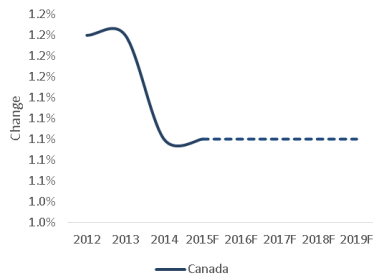
Business investment will be the weakest part of the Canadian economy in 2015. Capital budgets are already being significantly cut across the oil and gas industry. With the potential for layoffs very present and a soft domestic economy, the unemployment rate will remain stuck at approximately 6.8% this year.

### Personal Income per Capita



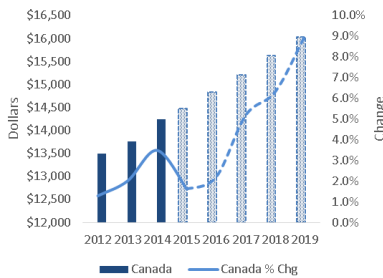
Canadians have received consecutive real wage gains since 2011 averaging 2.9% per annum. Personal income per capita is anticipated to exceed \$42,500 in 2015. By 2019, personal income per capita is forecast to exceed \$47,750 with growth averaging 2.9% from 2016 through 2019.

### Population



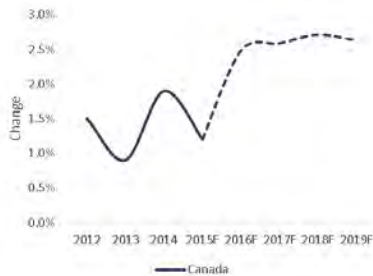
Canada's population growth rate has been averaging 0.7% from 2012 to 2014. The country's population is expected to grow 1.1% in 2015 to 35.8 million. The country's population growth is forecasted to remain consistent with 1.1% increases from 2016 through 2019 reaching over 37.5 million by 2019.

### Retail Sales per Capita



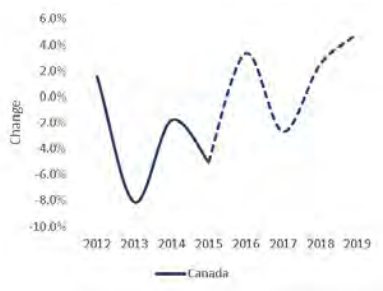
Consumer spending will be restrained by soft employment growth, including the threat of job losses in oil-rich provinces, weak wage gains, and high levels of household debt and easing real estate markets. While consumers should get a break on lower gasoline costs and consumer prices, it won't be enough to counter the trend of easing growth in household spending.

### Consumer Price Index



Canada's Consumer Price Index is projected to finish 2015 at 1.2% with future growth forecasted at 2.1% from 2016 through 2019. This is not surprising given that CPI has begun to reflect the decline in the price of oil.

### Housing Starts



Residential construction investment is also expected to cool this year. A combination of declining oil prices and oversupply in some cities' condominium markets will prompt a 9.3% decline in new home construction, as housing starts fall from 189,400 units in 2014 to 171,700 units in 2015.

The information is sourced from:

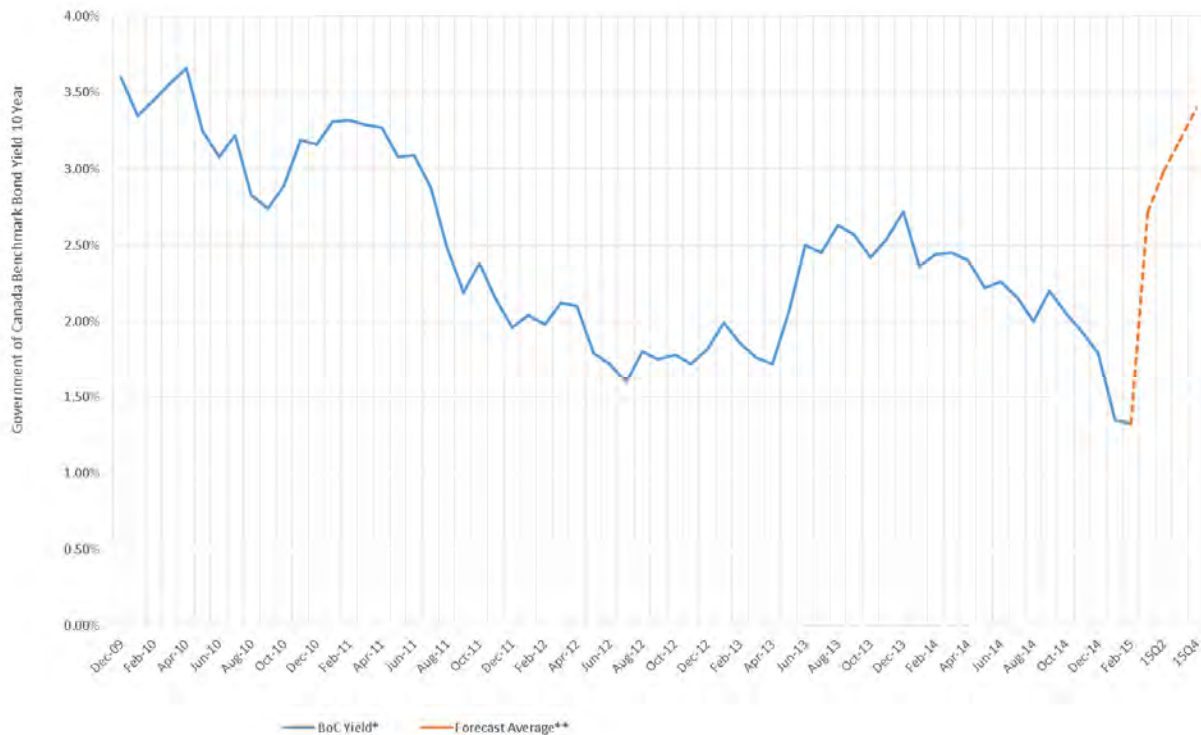
- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on August 29, 2014 Canadian economic accounts
- b) Statistics Canada



## Bond Yields

In the near term, government bond yields will remain low however as evidence that the economy is coping with the oil price shock materializes, rates will begin to move up more aggressively according to the RBC Economic and Financial Market Update.

So far in 2015, oil prices and bond yields have continued to fall, and many central banks have enacted further monetary stimulus to stave off the risk of deflation. For Canada, the Bank of Canada's 25 basis point rate cut takes the cake as the biggest economic surprise of 2015. TD Economics February Update indicates that shorter maturity bonds have been adjusted after the Bank of Canada announced they are foregoing a second cut in March, indicating they are content with the way Canada's economy is responding to the surprise cut earlier this year.



The information is sourced from:

- Bank of Canada, Government of Canada benchmark bond yields 10 year Last updated March 9, 2015
- RBC Economics, Economic and Financial Market Outlook, February 2015
- TD Economics, Quarterly Economic Forecast, February 2015

## March 2015 Ontario Economic Overview

Ontario's economy took a step toward achieving a more convincing pace of expansion in 2014. Ontario is expected to take another step in that direction in 2015, placing it on top of the provincial growth rankings. Stronger exports, higher household spending, and brisk activity in the housing sector have re-invigorated the provincial economy since the spring of 2014, after real GDP growth slowed to a post-recession low of 1.2 % in 2013. It is believed that the recent turnaround in Ontario's exports is just the beginning of a powerful export-led push that will contribute to the fastest growth in five years for the province.

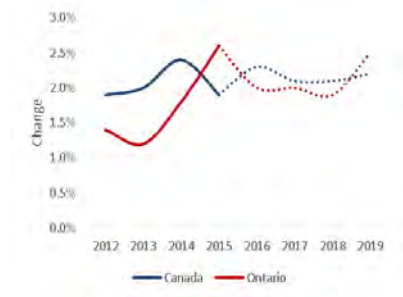
### Average Annual Compound Growth Rate

Economic Indicator	Historical 2012 - 2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	1.5%	2.6%	2.1%	↑
Employment	1.1%	1.4%	1.6%	↑
Unemployment (improvement)	2.6%	2.7%	-6.1%	↓
Personal Income per capita	2.2%	3.0%	2.9%	↑
Population	0.7%	0.9%	1.2%	↑
Housing Starts	-11.8%	0.8%	12.0%	↑
Retail Sales per capita	2.2%	2.8%	2.4%	↑
CPI	1.7%	2.0%	2.1%	↑

### Forecast Risk

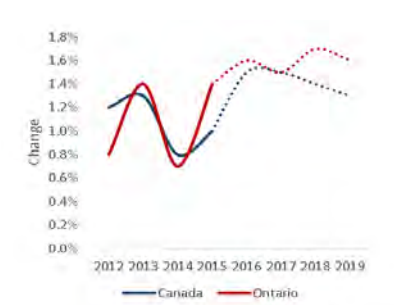
A further depreciation of the Canadian dollar could help Ontario's competitiveness and further boost foreign demand.

### Real Gross Domestic Product (GDP)



Ontario's real GDP grew by 1.8% in 2014, buoyed by strong demand from a resurging U.S. economy and the resiliency of Ontario consumers. This year, economic growth is expected to accelerate to 2.6% as business investment finally ends its two-year slump and posts solid growth. From 2016 to 2019, Ontario's economy is forecast to grow by an average of 2.1% (compared to 2.2% for Canada), this will be driven by growth in exports and an improving job market.

### Employment



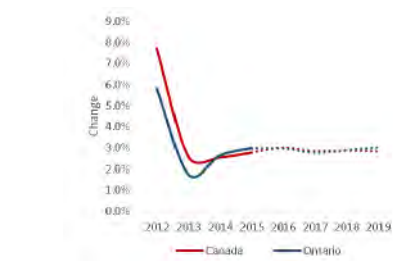
Job creation is expected to pick up its pace in the province in 2015. A 1.4% growth is forecast this year, up from a five-year low of 0.7% in 2014. In January, employment stagnated with an addition of 1,300 jobs recorded. The market will need to show more vitality for a longer period to change the current picture. From 2016 to 2019, employment in Ontario is forecast to grow by an average of 1.6%.

### Unemployment



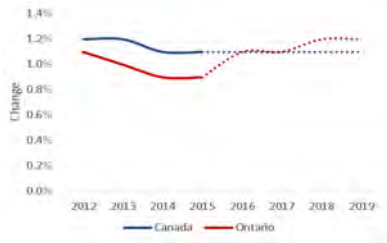
The unemployment rate in the province is forecast to be at 7.2% in 2015, after a 7.4% recorded at the end of 2014. Moreover it is expected to decrease below 6.4% for the next few years.

### Personal Income per Capita



Growth in employment will help increase Ontario's personal income per capita by 3.0% this year, bringing it to \$42,000. Stronger exports, the recent depreciation of the Canadian dollar, and continued government support should contribute to personal income per capita growth in 2015. Personal income per capita is expected to increase by 3.0% next year and by 2.9% in average until 2019.

### Population



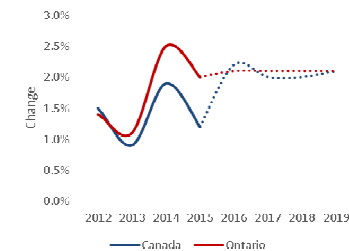
Ontario’s population has been stable at around 1.0% growth since 2011 and has been lagging behind the national average. This year, population growth should decrease slightly to 0.9%, similar to 2014. However, from 2016 to 2019, Ontario’s population growth is projected to average 1.2% annually exceeding the national average population growth rate of 1.1%. By the end of 2019, Ontario’s population is projected to be over 14 million.

### Retail Sales per Capita



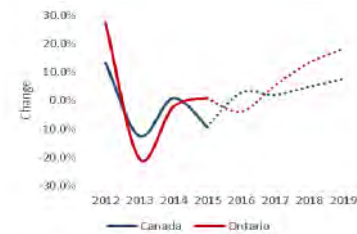
2015’s retail sales per capita are projected to increase by 2.8%. The province’s retail sales per capita are forecasted to continue to grow at an average rate of 2.5% from 2016 through 2019. Improving job prospects and lower gasoline prices resulting from the significant drop in oil prices should offer favourable conditions for further growth in household spending in the province, although there is room for only minimal acceleration in retail sales from an already-brisk pace of 3.2% in 2014.

### Consumer Price Index



Following CPI growth of 2.5% recorded last year in 2014, the province’s CPI is expected to slow by 2.0% which is still higher than the national CPI of 1.2%. However both CPI’s are expected to continue on their growth trajectory from 2016 to 2019 averaging 2.1% annually.

### Housing Starts



Ontario’s housing starts are expected to increase by 0.8%, which is an improvement from the 2.3% decline recorded in 2014. Following surprisingly solid activity in 2014, Ontario’s housing market is forecast to remain vibrant in 2015, with home resales being sustained near historical highs. A slight increase in housing starts from 59,700 units in 2014 to 60,200 units in 2015 is projected.









The information is sourced from:

- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on December 23, 2014 Canadian economic accounts.
- b) Statistics Canada.

## March 2015 Toronto Economic Overview

Economic growth in Toronto slowed in 2014. However, the manufacturing sector will continue to recover, benefitting from a lower Canadian dollar and a stronger U.S. economy. Oil prices should stay close to current levels in the months to come, as an ongoing global surplus will keep upside pressure on crude inventories. Moreover, the Bank of Canada lowered its key rate by 25 basis points in January, deeming the action was necessary given the decrease in oil prices. Overall, Toronto's economy is expected to expand by 2.8% in 2015. An improving manufacturing sector and a healthy services sector will contribute to this growth. Output in the construction sector is forecast to dip slightly this year, as several nonresidential projects wrap up. Fortunately, rising housing starts will provide a boost to construction output next year, helping lift overall economic growth to 2.9% in 2016.

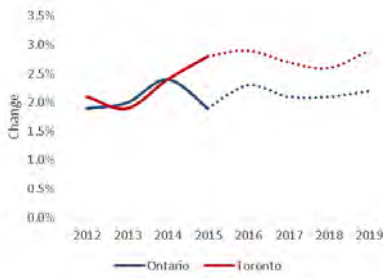
### Average Annual Compound Growth Rates

Economic Indicator	Historical 2012 - 2014	Current Period Forecast 2015	Mid-Term Forecast 2016-2019	Forecast Trend
GDP	2.1%	2.8%	2.7%	
Employment	2.0%	1.8%	2.5%	
Unemployment (improvement)	3.6%	2.5%	5.7%	
Personal Income per capita	2.5%	2.2%	3.1%	
Population	1.1%	1.7%	1.8%	
Housing Starts	-19.9%	4.2%	8.6%	
Retail Sales per Capita	2.1%	2.3%	2.3%	
CPI	1.9%	2.0%	2.1%	

### Forecast Risk

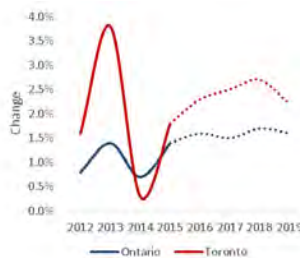
A lower-than-expected Canadian dollar could boost exports even more this year, leading to stronger growth in the manufacturing sector.

### Real Gross Domestic Product (GDP)



Real gross domestic product in Toronto advanced by 2.4% in 2014, with growth boosted by healthy gains in manufacturing, transportation and warehousing, and wholesale and retail trade. Construction output is expected to be weaker again this year, while public administration output and the manufacturing sector are expected to post modest gains. Fortunately, the manufacturing sector is forecast to expand at a faster rate this year, while the remaining sectors are projected to enjoy widespread growth. As a result, Toronto’s economy is forecast to increase by 2.8% in 2015, the strongest gain in five years, and by a similar pace in 2016, up by 2.9%.

### Employment



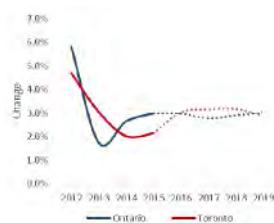
Employment rose by 3.8% in 2013, the largest annual increase since 2000. Employment growth slowed sharply to 0.3% last year, but is expected to improve to 1.8% for 2015. As a result, consumers are expected to keep spending this year.

### Unemployment



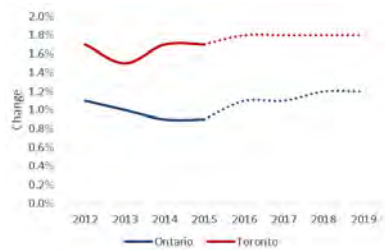
Toronto’s improving economic conditions are projected to reduce the unemployment rate to 7.8% by the end of this year. But overall the employment growth is slower. A relative lack of employment gains were identified in the retail and wholesale trade, transportation and warehousing, manufacturing and government services industries. On the contrary, financial-insurance-real-estate, professional-scientific-technical, education, health and food services are industries that are contributing to employment gains.

### Personal Income per Capita



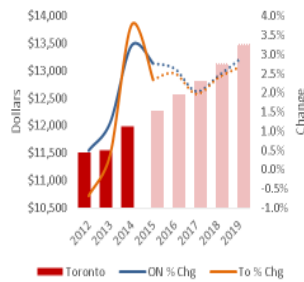
Toronto’s per capita personal income is expected to grow by 2.2% in 2015. Healthy employment growth should help personal income. By the end of 2019, the city’s per capita personal income is projected to reach over \$50,000, up from the \$44,700 expected this year.

### Population



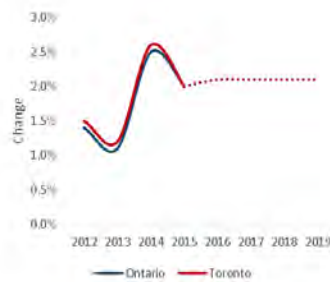
Population growth in Toronto is forecast to stagnate at 1.7% this year. Although immigration levels will remain high and the largest source of growth comes from the non-permanent resident category which is more volatile and therefore less predictable. A larger net outflow of population to other regions in the province by a growing portion of retirees is also expected.

### Retail Sales per Capita



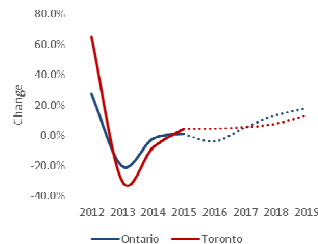
Toronto's per capita retail sales are forecast to slow slightly to 2.3% (compared to 3.8% in 2014) because of slower employment growth. Moreover, the retail industry continues to adapt to more American chains coming to Canada, expanding e-commerce, and the rise of discount retailers.

### Consumer Price Index



Toronto's CPI and the province's CPI growth are forecast to both slow to 2.0% in 2015 from 2.6% and 2.5%, respectively. Both CPI's are expected to continue on their growth trajectory from 2015 to 2018 averaging 2.1% annually.

### Housing Starts



Toronto housing starts dropped more than 35% over the past two years, after increasing sharply from 2010 to 2012, when the market was driven by the recovering economy, solid population growth, low interest rates, and a trend toward condominiums. However, this year housing starts are expected to increase by 4.2%.

The information is sourced from:

- a) The Conference Board of Canada, Metropolitan Outlook 1 Winter 2015, based on December 23, 2014 Canadian economic accounts
- b) Statistics Canada

## Residential Condominium Sub-Market Overview

The following section comprises excerpts from Urbanation's Q4, 2014 condominium market report published on a quarterly basis.

### Toronto Condominium Market

The Toronto new condominium apartment market completed a full comeback in 2014 after a brief pause in activity in 2013. Sales rebounded by 51% in 2014 from a 10-year low to reach 21,605 in the GTA (20,736 units in the CMA) — the highest volume since the market peak in 2011 and the third best year on record. The 5,510 units sold in the fourth quarter were up 25% year-over-year. Price growth improved throughout the year, with sold index prices rising 3.6% year-over-year in Q4 to \$560 psf. Competitively priced new launches and hefty incentives at existing sites helped cut total unsold inventory by 10% to end the year at 17,972 units, elevating the share of total units in active development that are pre-sold to a near high of 83%.

The Toronto CMA saw 5,156 new condominium unit sales in Q4-2014, a seasonal increase of 20% from Q4-2013. The average sold index price for new condominium apartments in the Toronto CMA in Q4-2014 was \$562 psf, an increase of 1.0% over Q3-2014 and 3.7% annually. The average resale index price in the Toronto CMA rose 3.8% compared to a year ago to \$434 psf and 1.2% from the third quarter. The average unit size traded increased to 902 sf, up from 892 sf in the third quarter. Urbanation is currently tracking 285,212 units of future condominium supply in the Toronto CMA, up from 271,033 in Q4-2013 and 278,260 in Q3-2014.

The largest development expected to launch in the first quarter is the Easton's Group' The Rosedale on Bloor at 387 Bloor Street East at Selby Street. The 49 and 12-storey towers will encompass 582 units in the East Bloor / Village submarket. The first phase of Freed Development's Art Shoppe Condos with 693 units is expected to be one of two new developments to launch in the North Midtown submarket in the first quarter, the other being Pemberton Group's Citylights on Broadway, the 34-storey north tower of a two building project at Broadway and Redpath Avenues. On the border of the Downtown West and Annex submarkets, Shiu Pong is launching a boutique 116-unit building at 231 College Street at Huron, the 17-storey Design Haus.

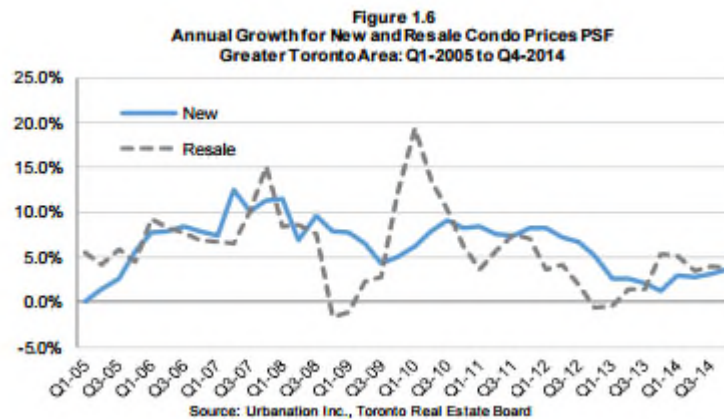
Toronto looks set to be very well supplied over the next year with existing and new condominium stock, however, demand is continuing to grow both in volume and price per square foot. Continuing low mortgage lending rates, high cost of single family dwellings and large amenity base in Toronto, the market for condominiums in Toronto is anticipated to remain strong in the short to medium term.



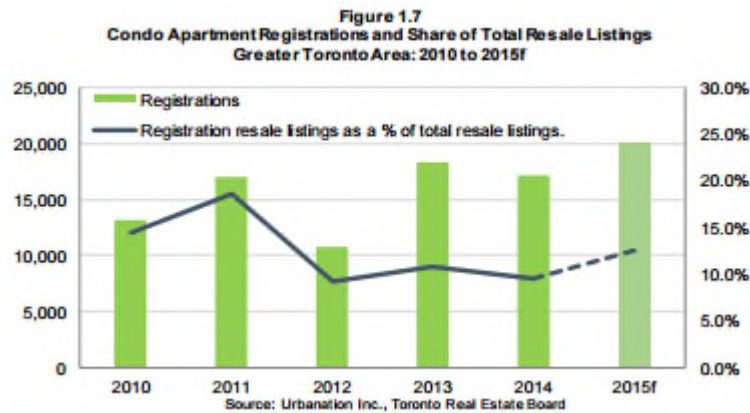
## Greater Toronto Area Condominium Market

### Prices to Hold Steady with No Oversupply in 2015

Ultimately, investor involvement in the market should stay in keeping with the standard set over the past couple years. Gone are the speculators expecting to earn a hefty profit within a few years as market appreciation has declined. New condo prices averaged 3% growth in 2014, ending the year up 3.6% from a year earlier, while resale prices have averaged approximately 4% during the year. It appears that for the first time in 10 years, new and resale condo price growth is aligning and settling below 5% (Figure 1.6). The high level of overall absorption in the new condo market and balanced sales-to-listings ratio for resale supports current price trends.

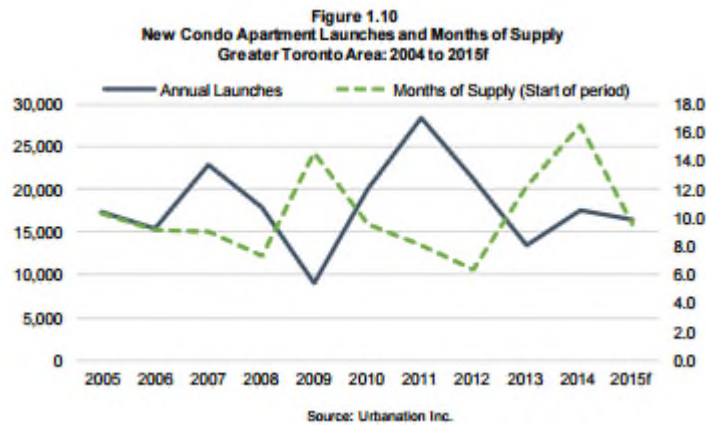


There is a limited chance that prices will decline in 2015. Despite a high of 20,809 units finished construction in 2014, the resale listings emanating from these buildings will continue to have a negligible bearing on overall market conditions. As a share of total resale listings, newly registered units represented an average of 10% from 2012-2014. Even if that share rises a few percentage points, it will translate into only an extra 3% or so more listings on the market.



### Subdued Launch Activity to Keep Market Balanced

A total of 18,375 units were launched in 2014, and Urbanation anticipates a slightly lower 16,500 launches for 2015. Activity should pick up a bit in the 905 after a substantial 14% reduction in inventory last year, while Toronto will be held back somewhat by fewer available and suitable sites to bring to market. As shown in Figure 1.10, there is a direct negative correlation between the supply/demand balance in the market and the number of launches. As market conditions soften (i.e. months of supply rises), launches pull back, and vice-versa to varying degrees. Note that the paths of these two variables converge every few years as market adjustments are made, with 2015 expected to see the next equilibrium point.



Urbanation tracked a total of 435 high-rise condominium apartment projects in the Greater Toronto Area in Q4-2014, including 404 active projects (CMA: 386) containing 104,589 units (CMA: 102,908) and 7,246 units in 31 sold out (and not registered) projects. Urbanation tracked a total of 271,101 resale units in 1,571 condominium apartment buildings in the Greater Toronto Area in Q4-2014. Sixteen new projects registered with a combined 3,484 units in the third quarter.

# Valuation

## Highest and Best Use

Fundamental to the concept of value is the principle of highest and best use which is defined as that use which would most likely produce the greatest net return to the land over a given period of time, bearing in mind that the reference to net return is not limited to monetary advantage but may be in the form of amenities.

The four essential tests of highest and best use are:

- Legally permissible;
- Physically possible;
- Financially feasible; and
- Maximally productive (market demand).

A full land use feasibility study was not performed. The highest and best use conclusion is based on the instructions of the client to value the Subject as an unimproved parcel of residential use development land.

## Highest and Best Use

Please note we have not performed a highest and best use analysis as we have been requested to value the subject site as though unimproved.

### Legal Permissibility

- Within the zoning by-law, the Subject property is classified as RA. It is an assumption of this report that the Subject can be rezoned to permit the proposed development.

### Physical Possibility

- The site is of a size/configuration that would accommodate the construction of a high-rise residential use development. While a soil analysis has not been conducted, nor are we qualified to comment on any complete soil studies, analysis of the surrounding land uses indicate that the Subject could adequately support development.

### Financial Feasibility

- Of the permitted uses, residential or mixed-use development would be feasible and marketable, based on the Subject's location and site area. The transition of the surrounding area indicates a high-demand for dwellings in this area.

### Maximum Productivity

- We have been requested to value the Subject as a redevelopment site and have therefore not determined the maximum productivity of the Subject.



## Conclusion

### As Vacant

The highest and best use, as vacant, is for redevelopment of the Subject for residential or mixed-use purposes.

### As Improved

As of the effective date of this report, the Subject is improved with a five storey heritage listed building, however, we have been requested to value the site as a redevelopment site. As such, it is assumed that the Highest and Best Use As-Improved is for redevelopment of the Subject for residential or mixed-use purposes.

## Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach
- Direct Comparison Approach
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) The **Income Approach** recognizes that for many market participants, the primary purchase criteria is the property's ability to generate income. In this approach, the potential income the property is capable of generating is analyzed and then converted into an expression of market value by the application of an appropriate technique. There are two main Income Approaches used by market participants.
  - The Income Approach via **Overall Income Capitalization** method is based solely upon the conversion of current earnings directly into an expression of market value in much the same way that stocks are valued through the use of a price-to-earnings multiplier. In this method, the net operating income for the forthcoming year is capitalized by an overall capitalization rate which represents a typical investor's expectations as witnessed in the sales and listings of similar properties.
  - The Income Approach via **Discounted Cash Flow Analysis** involves forecasting the future earnings for a prescribed time period and then discounting these annual amounts and the reversionary value of the asset to arrive at an expression of current market value. This technique is predicated upon a number of assumptions with respect to lease renewals and inflation, etc., and thus is considered somewhat less objective than the traditional Overall Income Capitalization method.



## Selection of Relevant Methodology (Development Site)

The highest and best use of the property is as a site for a residential or mixed use high rise development.

The Direct Comparison Approach is the most common technique used to value development sites and is the preferred method when sales of comparable properties are available.

We have analyzed sale activity in close proximity to the subject and have concluded the following:

- Prudent purchasers examine potential properties on the maximum per square foot buildable area rather than a price per square foot of site area.
- Limited recent transactions exist in the market for determining an estimated value based on a price per square foot buildable.

The cost or income approaches have not been employed because the property is assumed to be vacant land.

The valuation methodology employed in this report was limited to the Direct Comparison Approach.



## Direct Comparison Approach

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than the cost to purchase a suitable alternative property which exhibits similar physical characteristics, tenancy, location, etc. Within this approach, the property being valued is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the subject property. Typically, a unit of comparison (i.e. sale price per square foot, sale price per acre) is used to facilitate the analysis. In the case of properties similar to the subject, the sale price per square foot of permitted gross floor area ("**psf buildable**") is the most commonly used unit of comparison.

The overall site area of the Subject property is approximately 15,430 square feet (0.35 acres). The highest and best use of the property is deemed to be a site for high density residential or mixed use development.

## Selection of Comparable Sales

As one sale is not necessarily indicative of market value, an appraiser examines a number of market transactions. When properly reconciled, trends emerge, leading to the estimate of market value of the property being appraised.

A search of comparable land sales in the City of Toronto, with the potential for residential development, yielded five sales considered similar to the Subject. The sale prices ranged from \$7,500,000 to \$78,800,017. The sales ranged in size from 0.11 to 0.96 acres. When converted to a buildable rate per square foot, the prices ranged from \$78 to \$117.

## Sales of Development Lands

The chart identifies the sales we researched. In valuing the Subject property, we focused on sales most similar to the Subject in terms of neighbourhood location, potential development, timing and density. A detailed analysis of each of the key sales outlining our adjustments and reasoning follows.

The basis for comparison included the consideration of the following:

- Sale Date;
- Property Rights Conveyed;
- Financing Terms;
- Conditions of Sale;
- Location;
- Development Timeline.

## Analysis

### Sale Date

- Where the market is changing, it may be necessary to adjust prices to reflect the time difference between the date of sale of a comparable property and the date of valuation.

### Property Rights Conveyed

- When real property rights are sold, they may be the sole subject of the contract or the contract may include other rights. In the sales comparison analysis, it is pertinent that the property rights of the comparable sale be similar to the property rights of the subject property. All the sales considered were fee simple transfers, no adjustments were necessary.

### Financing Terms

- The transaction price of one property may differ from that of a similar property due to different financing arrangements. Financing arrangements may include existing mortgages at favourable interest rates or paying cash to a lender so that a mortgage with a below-market interest rate could be offered. While selected comparable sales had VTBs in their transactions, the terms of the mortgage were considered in making adjustments to the sale price.

### Conditions of Sale

- Adjustments for conditions of sale usually reflect the motivations of the purchaser and vendor. In some cases the conditions of sale significantly affect transaction prices. Sales that reflect unusual situations, require an appropriate adjustment for motivation or sale condition. For example, power-of-sale conditions involve a certain degree of urgency on part of the lender -





leading to a somewhat lower sale price than what would otherwise be expected. All the sales considered were normal market transactions with no undue motivation, no adjustments were necessary.

#### Location

- An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the subject property. Although no location is inherently desirable or undesirable, the market recognizes that one location is better than, similar to, or worse than another.

#### Development Timeline

- An adjustment for the anticipated time to development may be required when the site requires demolition, rezoning, and site plan approval. The time required to prepare the site for development may affect the sale price (a longer development timeline requires a downward adjustment). Development timeline adjustments were made when necessary.

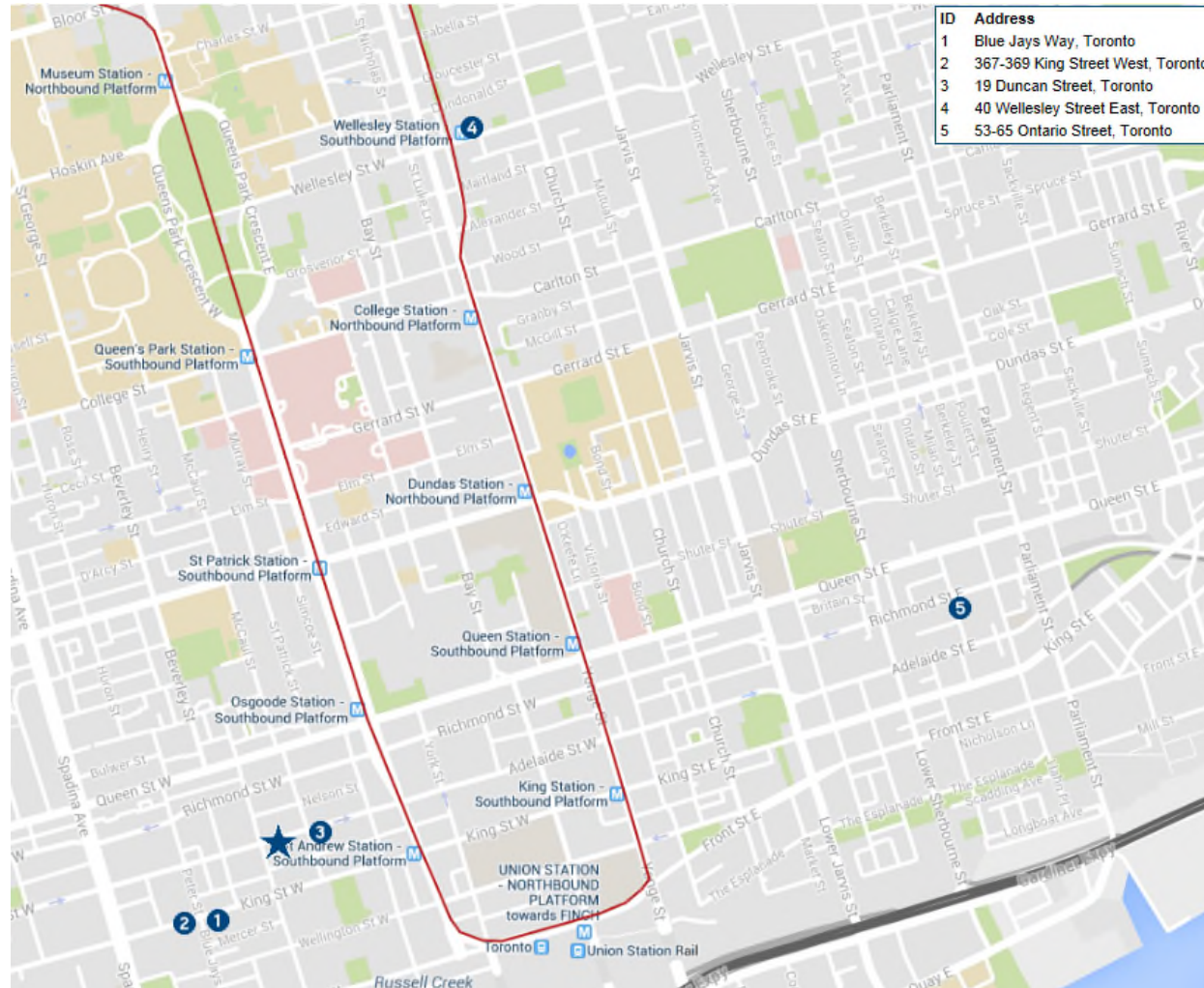
The Appraisal Institute of Canada recommends the use of "paired sales analysis" in the derivation of adjustments. This involves locating two very similar sales that sell in a similar time period. If the two sales differ in only one key feature, then the difference in sale price can be used as the "market indicator" for the adjustment for that feature. In practice, this concept usually only applies to newer homes in a subdivision. Commercial and industrial properties tend to be more unique and therefore, it is not usually possible to find paired sales to derive adjustments. In the absence of paired sales, it is the appraisers' experience and judgment (based on observation), which is used for adjustments. A table of the relative adjustments is presented on pages following a descriptive analysis of each of the key sales. Details of the comparable sales are included in the Appendix.



### Comparables

Land Transactions & Analysis											
	Subject	Transaction One		Transaction Two		Transaction Three		Transaction Four		Transaction Five	
Address	263 Adelaide Street West	Blue Jays Way		367-369 King Street West		19 Duncan Street		40 Wellesley Street East		53-65 Ontario Street	
Transaction Date	—	07-Aug-14		15-Jan-15		10-Feb-15		03-Nov-14		31-Jul-14	
Transaction Status	—	Closed		Closed		Closed		Closed		Closed	
Transaction Price	—	\$78,800,017		\$7,500,000		\$47,050,000		\$19,270,000		\$16,915,000	
Land Use/Zoning	Regeneration Area/RA	Regeneration Area/RA		Regeneration Area/RA		Regeneration Area/CRE		Mixed Use Area/R 3 Z 2.5		Regeneration Area/CRE	
Site Area (Acres)	0.35 Acres	0.96 Acres		0.11 Acres		0.59 Acres		0.33 Acres		0.71 Acres	
Square Foot Buildable	409,774 SF	724,148 SF		64,357 SF		470,000 SF		248,380 SF		200,220 SF	
Density	27.16 X	17.39 X		13.68 X		18.35 X		17.12 X		6.44 X	
Value Per Square Foot Buildable	—	\$109/BSF		\$117/BSF		\$100/BSF		\$78/BSF		\$84/BSF	
Transaction & Other Adjustment		Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.
Property Rights Conveyed	Fee Simple	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None
Financing	—	Assumed Market	None	Cash	None	Cash	None	Cash	None	Cash	None
Conditions of Sale	—	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None
Market Conditions (Time)	15-Apr-15	918 days	Upward	90 days	None	64 days	None	184 days	Upward	294 days	Upward
Location	Good	Very Good	} Downward	Very Good	} Downward	Good	} None	Good	} Upward	Good	} Upward
Access	Very Good	Very Good		Very Good		Very Good		Good		Good	
Physical Characteristics											
Site Configuration	Good	Very Good	Downward	Good	None	Very Good	Downward	Good	None	Good	None
Improvements	Improved	Improved	None	Improved	None	Improved	None	Improved	None	Improved	None
Development Characteristics											
Timing of Development	Application Submitted	Application Submitted	None	Application Submitted	None	No Application	Upward	Application Submitted	None	Application Submitted	None
Development Size	409,774	724,148 SF	Upward	64,357 SF	Downward	470,000 SF	None	248,380 SF	Downward	200,220 SF	Downward
Motivation	None	Purchaser Motivation	Downward	None	None	None	None	None	None	Purchaser Motivation	Downward
<b>Overall Comparability &amp; Adjust.</b>		Superior	Downward	Superior	Downward	Similar	None	Inferior	Upward	Inferior	Upward
<b>Conclusion</b>		Lower Than \$109/BSF		Lower Than \$117/BSF		Similar To \$100/BSF		Higher Than \$78/BSF		Higher Than \$84/BSF	

### Comparable Map



**Index 1 – Blue Jays Way, Toronto:** This index pertains to a land assembly situated on the southeast corner of King Street West and Blue Jays Ways. This index registered sold on August 7, 2014, for a total consideration of \$78,800,017 representing a buildable rate per square foot of \$109. The site was improved with an office building.

A Site Plan Application (No. 13 128023 STE 20 SA) was submitted on March 4, 2013 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of two mixed use towers of 44 and 48 storeys containing 1,035 units, which includes 122 proposed hotel units in the north tower podium. The development would have a total gross floor area of 724,148 square feet, including approximately 9,042 square feet of retail space, and would incorporate non-profit office space, a pedestrian pathway, museum, and hotel in 135,282 square feet of commercial space. The development would have 443 parking spaces.

The development proposed for this index of 724,148 square feet is larger to the Subject development of 409,774, requiring an upward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be situated in a superior location to the Subject given frontage onto the desirable retail corridor of King Street west. In this regard, a downward adjustment has been applied. This index is configured in a superior fashion to the Subject. In this regard, a downward adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on August 7, 2014, since which time it is felt the residential development market has improved, requiring an upward adjustment. Finally, a downward adjustment is required to account for the purchaser's extra motivation to complete the property assembly. Overall, it is felt that the Subject would reasonably command a unit rate below the \$109 per square foot of GFA, as indicated by this index.

**Index 2 – 367-369 King Street West, Toronto:** This index pertains to the sale of a high-density residential development site situated on the south side of King Street west, east of Spadina Avenue. This index registered sold on January 15, 2015, for a total consideration of \$7,500,000 representing a buildable rate per square foot of \$117. The property was improved with a two storey retail building.

A Rezoning Application (No. 12 272708 STE 20 OZ) and A Site Plan Application (No. 12 272712 STE 20 SA) were submitted on November 2, 2012 pertaining to the land in this transaction. The Applications proposed the development of a 15 storey, 62 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 64,357 square

feet, including approximately 10,170 square feet of retail space and would have 0 parking spaces and 69 bicycle spaces.

The development proposed for this index of 64,357 square feet is smaller to the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be situated in a superior location to the Subject given frontage onto the desirable retail corridor of King Street west. In this regard, a downward adjustment has been applied. This index is configured in a similar fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on January 15, 2015, since which time it is felt the residential development market has remained stable, requiring no adjustment. Overall, it is felt that the Subject would reasonably command a unit rate below the \$117 per square foot of GFA, as indicated by this index.

**Index 3 – 19 Duncan Street, Toronto:** This index pertains to the sale of a high-density residential development site located on the south side of Adelaide Street West, just east of the Subject. This index registered sold on February 10, 2015, for a total consideration of \$47,050,000 representing a buildable rate per square foot of \$100. The property was improved with a five storey office building.

No application had been submitted to the City of Toronto Planning Department as of the date of this sale, however, we have estimated, based on development densities in the area, that a development of approximately 470,000 square feet would be possible.

The development proposed for this index of 470,000 square feet is similar to the Subject development of 409,774, requiring no adjustment for size. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This Index is considered to be similar in terms of location characteristics given that it is situated just east of the Subject. In this regard, no adjustment has been applied. This index is configured in a superior fashion to the Subject. In this regard, a downward adjustment has been applied. This index was not the object of a development application as of the date of sale, which is felt to be inferior to the Subject, requiring an upward adjustment.

The index registered sold on February 10, 2015, since which time it is felt that demand for residential development parcels has remained stable, requiring no adjustment. Overall, it is

felt that the Subject would reasonably command a unit rate generally in line with the \$100 per square foot of GFA, as estimated for this index.

**Index 4 – 40 Wellesley Street East, Toronto:** This index pertains to the sale of a high density residential development site situated on the north side of Wellesley Street, east of Yonge Street. This index registered sold on November 3, 2014, for a total consideration of \$19,270,000 representing a buildable rate per square foot of \$78. The site was improved with a four storey office building.

An Official Plan Amendment and Rezoning Application (No. 05 212275 STE 27 OZ) was submitted on December 28, 2005 pertaining to the land in this transaction. The subsequently revised Application proposed the development of a 37 storey, 265 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 248,380 square feet, including approximately 6,232 square feet of retail space and would have 109 parking spaces on 4 levels of underground parking.

The development proposed for this index of 248,380 square feet is smaller than the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This index is considered to be in an inferior location to the Subject, given it is situated further north and is further removed from desirable amenities. In this regard, an upward adjustment has been applied. This index is configured in a comparable fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on November 3, 2014, since which time it is felt the market has improved, requiring an upward adjustment. Overall, it is felt that the Subject would reasonably command a unit rate higher than the \$78 per square foot of GFA, as indicated by this index.

**Index 5 – 56-65 Ontario Street, Toronto:** This index pertains to a land assembly situated south of Richmond Street, west of Parliament Street. This index registered sold on July 31, 2014, for a total consideration of \$16,915,000 representing a buildable rate per square foot of \$84. The property was improved with a four storey office building.

A Rezoning Application (No. 15 113777 STE 28 OZ) was submitted on February 9, 2015 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of a 25 storey, 277 unit residential condominium development with retail at grade. The existing building at 102 Berkeley Street would



remain as is and is not part of the development. The development would have a total gross floor area of approximately 200,220 square feet, including approximately 6,674 square feet of retail space and would have 176 parking spaces and 282 bicycle spaces.

The development proposed for this index of 200,220 square feet is smaller to the Subject development of 409,774, requiring a downward adjustment as smaller projects typically attract a higher unit rate per square foot. At the time of sale, the property was similar in terms of improvements, thus requiring no adjustment for demolition costs.

This index is considered to be in an inferior location to the Subject, given it is further removed from desirable amenities. In this regard, an upward adjustment has been applied. This index is configured in a comparable fashion to the Subject. In this regard, no adjustment has been applied. This index was the object of a development application, which is felt to be similar to the Subject, requiring no adjustment.

The index registered sold on July 31, 2014, since which time it is felt that demand for mixed-use development parcels has improved, requiring an upward adjustment. Finally, a downward adjustment is required to account for the purchaser's extra motivation to complete the property assembly. Overall, it is felt that the Subject would reasonably command a unit rate higher than the \$84 per square foot of GFA, as indicated by this index.



The key comparable sales transacted between July 2014 and February 2015 for rates between \$78 and \$117 per square foot of estimated gross buildable area with an average rate of \$96. The Subject features a strong location in proximity to downtown Toronto and convenient access to the amenities and transit options located along Adelaide Street West.

Although all the indices provide good comparisons of buildable rates for improved development sites in Downtown Toronto, Index 3 is the felt to be the best comparable given its close proximity to the Subject, similar improvements, and development potential. Overall due to the location, development timeline and size of the Subject, it is our opinion that the Subject would achieve a rate at the high end of the range indicated by the market comparables. A narrowed range of \$95 to \$105 per square foot is could be reasonably be achieved.

Given the Subject Property is a well located development site which is proposed for developed with a Gross Floor Area of 409,774 square feet, it is felt that a rate in the middle of the narrowed range would be appropriate. We have utilized a rate of \$100.00, which is reflective of the Subject property development timeline, and location.

Based upon the foregoing, it is our opinion that the market value of the subject land by the Direct Comparison Approach, as at April 15, 2015 is:

409,774 square feet buildable @ \$100.00 = \$41,000,000(Rounded)

**FORTY ONE MILLION DOLLARS**

**\$41,000,000**





## Appendices

Appendix A	Contingent and Limiting Conditions
Appendix B	Definitions
Appendix C	Comparable Sales
Appendix D	Certification



## APPENDIX A

### CONTINGENT AND LIMITING CONDITIONS



## Contingent and Limiting Conditions

1. This report has been prepared at the request of **John Neilas of Neilas Inc.** for the purpose of providing an estimate of the market value of **263 Adelaide Street West, Toronto, Ontario, for internal purposes.** It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from **John Neilas of Neilas Inc.,** and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. The estimated market value of the real estate, which is the object of this appraisal, pertains to the value of the **fee simple interest** in the real property. The property rights appraised herein exclude mineral rights, if any.
3. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
4. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
5. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
6. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We



expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

7. The legal description of the property and the area of the site were obtained from the Ontario Land Registry. Further, any plans or sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
8. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
9. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
10. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
11. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
12. Investigations have been undertaken in respect of matters regulating the use of the land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.



13. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
14. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
15. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
16. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
17. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
18. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
19. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body,



which will decide the use of this report which best serves the administration of justice.

20. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
21. The value expressed herein is in Canadian dollars.
22. This report is only valid if it bears the original signature(s) of the author(s).
23. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.



## APPENDIX B

## DEFINITIONS



## Definitions

### Property Interests

#### Fee Simple

Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

#### Leased Fee Estate

An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.

#### Leasehold Estate

The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

### General Definitions

**Adjusted or Stabilized Overall Capitalization Rate** is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is “normalized” to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

**The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

**Direct or Overall Capitalization** refers to the process of converting a single year’s income with a rate or factor into an indication of value.

**The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of





the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

**Discount Rate** is a yield rate used to convert future payments or receipts into a present value.

**Discounted Cash Flow Analysis** offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables;
- An overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common benchmarks in the selection of the discount rate are the current yields on long-term bonds and mortgage interest rates.

**Exposure Time** is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

**Highest and Best Use** - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute of Canada as:

*"that use which is most likely to produce the greatest net return over a period of time." The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.*

**The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

**Internal Rate of Return** is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.



**Market Value** - The Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define market value as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in their own best interests;
- A reasonable time is allowed for exposure in the market; and
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Net Operating Income** is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

**Overall Capitalization Rate** is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

**Reasonable Exposure Time** - Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

**A Yield Rate** is applied to a series of individual incomes to obtain a present value of each.



## APPENDIX C

## COMPARABLE SALES

# Index No. 1

## Blue Jays Way, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.96 A
Topography	Level
Access/Exposure	Very Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$78,800,017 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$109
Status	Closed
Date	07-Aug-14
Vendor	Ed Mirvish Enterprises Limited
Purchaser	Easton Group of Companies and Remington Group
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

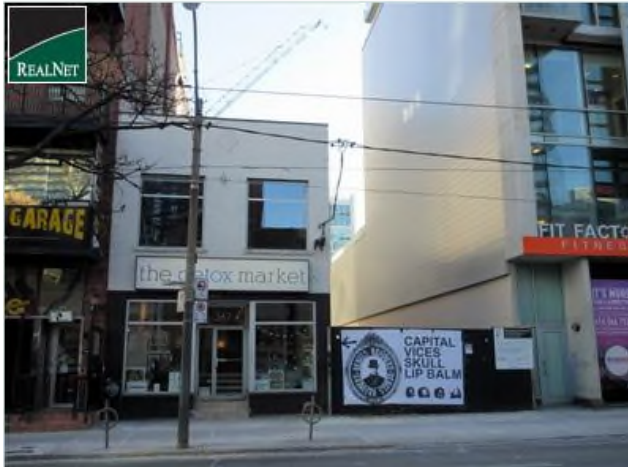
A Site Plan Application (No. 13 128023 STE 20 SA) was submitted on March 4, 2013 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of two mixed use towers of 44 and 48 storeys containing 1,035 units, which includes 122 proposed hotel units in the north tower podium. The development would have a total gross floor area of 724,148 square feet, including approximately 9,042 square feet of retail space, and would incorporate non-profit office space, a pedestrian pathway, museum, and hotel in 135,282 square feet of commercial space. The development would have 443 parking spaces.

### Location / Legal / Land Use

Address	Blue jays Way
Municipality	Toronto
Province	Ontario
Legal	Part of Back Road (Closed by By-law 539-2014) on the North Side of Mercer Street, Plan 57, designated as Part 1 on Reference Plan 66R-26134, City of Toronto

## Index No. 2

367-369 King Street West, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.108 A
Topography	Level
Access/Exposure	Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$7,500,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$117
Status	Closed
Date	15-Jan-15
Vendor	TAS Designbuild and Lifetime
Purchaser	Main and Main Developments Inc.
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

A Rezoning Application (No. 12 272708 STE 20 OZ) and A Site Plan Application (No. 12 272712 STE 20 SA) were submitted on November 2, 2012 pertaining to the land in this transaction. The Applications proposed the development of a 15 storey, 62 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 64,357 square feet, including approximately 10,170 square feet of retail space and would have 0 parking spaces and 69 bicycle spaces.

### Location / Legal / Land Use

Address	367-369 King Street West
Municipality	Toronto
Province	Ontario

Legal 21413-0060: Part of Lots 5 & 6 on Plan D263, designated as Part 1 on Plan 64R-3978

21413-0061: Part of Lots 4 & 5 on Plan D263, designated as Part 1 on Plan 64R-15903

## Index No. 3

19 Duncan Street, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.59 A
Topography	Level
Access/Exposure	Very Good
Servicing	Serviced
Site Improvements	Improved

### Location / Legal / Land Use

Address	19 Duncan Street
Municipality	Toronto
Province	Ontario
Legal	Part of Block C on Plan 223E, as described in Instrument No. ES61173

### Transaction Details

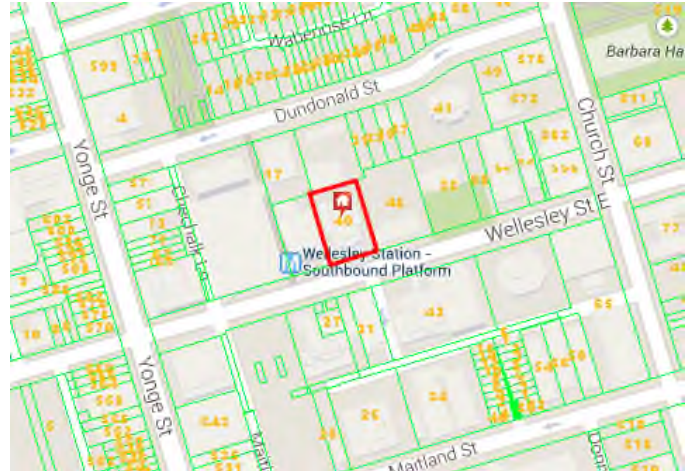
Sale Price	\$47,050,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$100
Status	Closed
Date	10-Feb-15
Vendor	An individual(s) acting in his/her own
Purchaser	Allied Properties REIT and Westbank
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

No application had been submitted to the City of Toronto Planning Department as of the date of this sale, however, we have estimated, based on development densities in the area, that a development of approximately 470,000 square feet would be possible.

## Index No. 4

40 Wellesley Street East, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.33 A
Topography	Level
Access/Exposure	Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

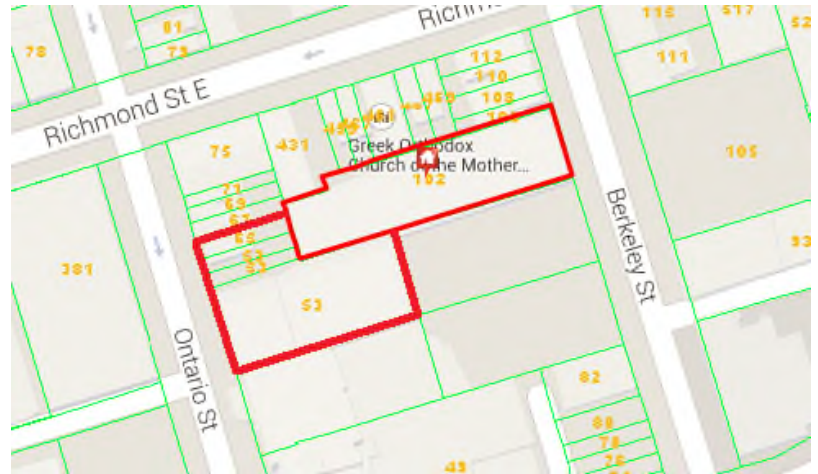
Sale Price	\$19,270,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$78
Status	Closed
Date	3-Nov-14
Vendor	862015 Ontario Inc.
Purchaser	Cresford Developments
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

An Official Plan Amendment and Rezoning Application (No. 05 212275 STE 27 OZ) was submitted on December 28, 2005 pertaining to the land in this transaction. The subsequently revised Application proposed the development of a 37 storey, 265 unit residential condominium development with retail at grade. The development would have a total gross floor area of approximately 248,380 square feet, including approximately 6,232 square feet of retail space and would have 109 parking spaces on 4 levels of underground parking.

## Index No. 5

53-65 Ontario Street, Toronto, Ontario



### Property Description

Property Type	Land
Property Sub-Type	Residential
Site Area	0.35 A
Topography	Level
Access/Exposure	Very Good

Servicing	Serviced
Site Improvements	Improved

### Transaction Details

Sale Price	\$16,915,000 (100% Equivalent)
Interest Transferred	100 %
Sale Price per BSF	\$84
Status	Closed
Date	31-Jul-14
Vendor	Double D-Cup Inc.
Purchaser	Lamb Development Corp.
Document No.	n/a
Rights Conveyed	Fee Simple

### Comments

A Rezoning Application (No. 15 113777 STE 28 OZ) was submitted on February 9, 2015 pertaining to the land in this transaction and adjacent parcels. The Application proposed the development of a 25 storey, 277 unit residential condominium development with retail at grade. The existing building at 102 Berkeley Street would remain as is and is not part of the development. The development would have a total gross floor area of approximately 200,220 square feet, including approximately 6,674 square feet of retail space and would have 176 parking spaces and 282 bicycle spaces.

### Location / Legal / Land Use

Address	53-65 Ontario Street
Municipality	Toronto
Province	Ontario
Legal	21091-0010: Parcel 10-5, Section A7A, Part of Lot 10, Plan 7A, Toronto, designated as Part 4 on Plan 66R-17669
	1091-0011:





## APPENDIX D

## CERTIFICATION



## Certification

**RE: 263 ADELAIDE STREET WEST, TORONTO, ONTARIO.**

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I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada (A.I.C.).
- Matthew Bruchkowsky conducted an exterior inspection of the Subject property on **April 15, 2015**.
- I have the knowledge and experience to complete the assignment competently.
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, **Matthew Bruchkowsky** has fulfilled the requirements of the program.
- The value estimate contained in this report applies as at the effective date of valuation as defined within the body of this report.

## Final Estimate of Value

Based on our analysis, the market value of the Fee Simple Interest in the Subject Property, subject to the underlying contingent and limiting conditions outlined herein as at **April 15, 2015**, based on an exposure time of one to three months, the market value of the property is:

**FORTY ONE MILLION DOLLARS**  
**\$41,000,000**

**COLLEIRS INTERNATIONAL REALTY ADVISORS INC.**

A handwritten signature in blue ink, appearing to read "M. Bruchkowsky".

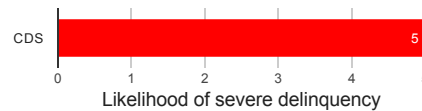
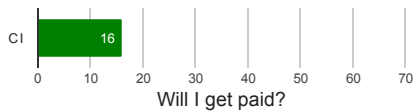
Matthew Bruchkowsky, AACI, P. App.  
Senior Director  
Valuation & Advisory Services, Toronto

## BUSINESS CREDIT REPORT

### Business information

Company name	ADELAIDE STREET LOFTS INC	Requestor ID	
Legal name		Reference number	
Address	263 ADELAIDE ST W SUITE 350 <a href="#">Map</a> TORONTO ONTARIO CANADA M5H1Y2	Report date	2016-09-29
Phone		File in database since	2014-02-20
Fax		File-number	0118911474
		Subject number	GHA253

### Score summary



### Report Highlights and Alerts

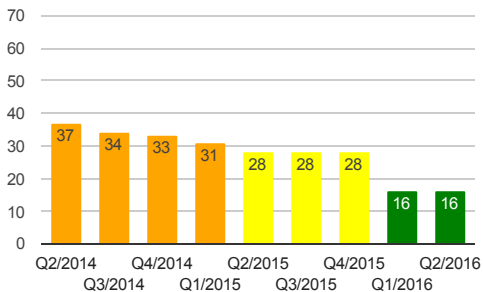
	Non Financial		Alerts
<b>Number of Accounts Reporting</b>	-	<b># of Collections</b>	1
<b>Number of Delinquencies</b>	-	<b>Total Amount</b>	\$10,651
<b>Delinquency Amount</b>	-	<b>Most recent date</b>	2014-03-11
<b>Most Severe Status</b>	-	<b># of Legal items</b>	0
<b>Date</b>	-	<b>Total Amount</b>	\$0
<b>Single Highest Credit</b>	-	<b>Most recent date</b>	-
<b>90 Day Single Highest Credit</b>	-	<b># of Judgments</b>	0
<b>13 Month Single Highest Credit</b>	-	<b>Total Amount</b>	\$0
<b>All Lines Single Highest Credit</b>	-	<b>Most recent date</b>	-
<b>Credit Limit</b>	-	<b># of Returned cheques</b>	0
<b>90 Day Credit Limit</b>	-	<b>Total Amount</b>	\$0
<b>13 Month Credit Limit</b>	-	<b>Most recent date</b>	-
<b>All Lines Credit Limit</b>	-	<b># of Liens</b>	0
<b>Charge Offs</b>	-	<b>Total Amount</b>	\$0
<b>Number of accounts charged off</b>	-	<b>Most recent date</b>	-
<b>Total amount charged off</b>	-	<b>Bank report on file</b>	No
<b>Largest charge off amount</b>	-	<b>Corporate search on file</b>	No
<b>Date</b>	-	<b># of inquiries on file</b>	0
<b>Total Current Credit Exposure</b>	-		
<b>Total Outstanding</b>	-		
<b>Total Current Balance</b>	-		
<b>Total Past Due</b>	-		

### Score details

CI 16  
 Long-term secured debt is NOT included in the Credit Information calculation.

The Credit Information score for this business was determined based on the following\*:

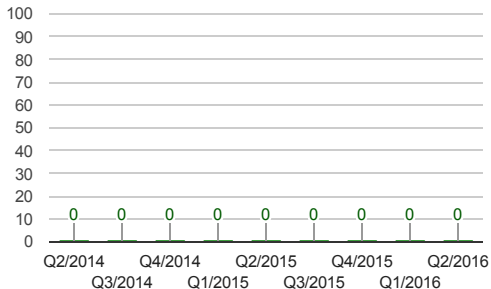
	Score
Active in Equifax credit database for 02 years	6
Current Payment Index is 0	0
Number of Supplier references on file is 0	10
On 2016-09-29 the Payment Index was 0 points higher than 2015-09-29	0
Number of derogatory items on file in the past 2 years is 0	0
The most recent derogatory item was recorded 0 months ago	0
Derogatory item amounts as a % of dollars owed suppliers is 0	0



**R** NA  
Long-term secured debt is NOT included in the Payment Index calculations.

The Payment Index is similar to "days beyond terms." The following ranges were calculated as benchmarks:

	Payment index	% of database
All suppliers reported being paid within terms	0	62
Average to pay is slightly beyond terms	1-10	11
Average pay is 10 to 20 days beyond terms	11-20	8
Average pay is 20 to 30 days beyond terms	21-30	5
Average pay is 30 to 40 days beyond terms	31-40	6
Only 1% of businesses fall into this range	41-90	5
All suppliers reported being paid in the third period past due or not at all	91-100	3
No suppliers reported in this time period	NA	NA



**CDS risk class** 5  
5 CDS Score between 101 and 332. Very high risk of delinquency.

**BFRS risk class** 1  
1 BFRS Score higher than or equal to 1344. Very low risk of failure.

**Industry trade summary**

PI score	Number of credit references	High credit	Total owing	Trend amount				
				Current	Period 1	Period 2	Period 3	
90 Day	NA	0	\$0	\$0	\$0	\$0	\$0	\$0
13 Month	NA	0	\$0	\$0	\$0	\$0	\$0	\$0
All References	NA	0	\$0	\$0	\$0	\$0	\$0	\$0

**Quarterly industry payment trend**

Year/ quarter	Payment index	Credit information score	Number of references	Total amount	Current amount	Trend amount		
						Period 1	Period 2	Period 3
2016/2	NA	16	0	\$0	\$0	\$0	\$0	\$0
2016/1	NA	16	0	\$0	\$0	\$0	\$0	\$0
2015/4	NA	28	0	\$0	\$0	\$0	\$0	\$0
2015/3	NA	28	0	\$0	\$0	\$0	\$0	\$0
2015/2	NA	28	0	\$0	\$0	\$0	\$0	\$0
2015/1	NA	31	0	\$0	\$0	\$0	\$0	\$0
2014/4	NA	33	0	\$0	\$0	\$0	\$0	\$0
2014/3	NA	34	0	\$0	\$0	\$0	\$0	\$0
2014/2	NA	37	0	\$0	\$0	\$0	\$0	\$0

**Collection detail**

The data presented here represents collection information as reported by the collection agency noted. In some situations, accounts are sometimes placed for collection even though the account is disputed.

Reported	Creditor		Collection agency	CANADA LEGAL
2014-07-03	Debtor	ADELAIDE STREET		REFERRAL INC
Claim placed		LOFTS INC	Status update	2014-03-11
2014-03-11	Claim amount	\$10,651	Date paid	2014-04-16
	Amount paid	\$10,651	Closed	
	Account balance	\$0		
	Status	Claim Collected		



# BOUSFIELDS INC.

September 25, 2015

Project No. 10120

City of Toronto  
Community Planning – Toronto & East York District  
Toronto City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

Attention: Mr. Avery Carr

Dear Mr. Carr:

**Re: ADDENDUM TO PLANNING AND URBAN DESIGN AND PLANNING  
RATIOANLE REPORT, 263 Adelaide Street West, Toronto  
File: 12 152660 STE 20 OZ**

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The following report is an addendum to the original Planning and Urban Design Rationale Report for 263 Adelaide Street West dated April 2012, prepared by Bousfields Inc. and submitted to the City of Toronto.

That report was prepared in support of a rezoning application by Neilas Inc. (Neilas) to permit the redevelopment of the subject site with a 42-storey mixed-use building comprised of a 5-storey podium incorporating a heritage façade and a 37-storey residential tower. The development would include 328 residential units, office and retail space within the podium element, and an underground parking garage. That report concluded that the original application was consistent with the planning and urban design framework established in the PPS, the Growth Plan for the Greater Golden Horseshoe, the City of Toronto Official Plan, the King Spadina Secondary Plan and applicable urban design guidelines. The proposal required an amendment to City of Toronto Zoning By-law 438-86 in order to increase the permitted height, and to revise other development regulations as necessary to accommodate the proposal. The original proposal was shown on the architectural drawings prepared by Teeple Architects Inc., dated March 30, 2012.

The purpose of this Addendum Report is to amend the original Planning and Urban Design Rationale Report for 263 Adelaide Street West to support revisions to the proposal addressing design, site-related and overall block-related planning issues raised by City Planning staff during their review of both the original Neilas proposal and the proposals by the adjacent property owner from an overall block planning perspective. Immediately to the west of the subject site along the John Street frontage (283 Adelaide Street West), Pinnacle Developments has proposed and submitted for approval a mixed-use development including a public open space and 48-storey residential tower adjacent. South of the subject site are the lands owned by the Caplan Estate, which include much of the lands located along the Pearl Street frontage east to Duncan Street. The Estate has expressed interest in redeveloping these lands, but, at this time no development application has been submitted to the City.

Of particular importance to City Planning Staff is how the future development of the overall block area (bounded by John Street to the west, Adelaide Street West to the north, Duncan Street to the east, and Pearl Street to the south) can be coordinated and secured through the current approval process. The intent is to ensure that acceptable and appropriate planning and urban design conditions and relationships can be achieved on the overall block and be appropriately related to existing and approved forms of development along the perimeter of the block, including preservation, coordinated podium development and the predetermined location and size of three tower elements on three of the site areas. To secure this, the City proposed and the landowners have accepted that the agreed upon pattern, form and magnitude of development would be secured through a block specific OPA in addition to the zoning by-law amendments necessary to accommodate the individual site developments. This process has culminated in a City-initiated OPA for the development of the overall block, which is concurrently going through a process of public consultation.

The revised Neilas proposal is shown on the architectural drawings prepared by Teeple Architects Inc., dated September 25, 2015.

The major urban design changes on the subject site include increasing the proposed overall building height to 49 storeys (a 44-storey residential tower height above a 5-storey podium base incorporating a 5-storey heritage façade facing Adelaide Street); a revised tower floor plate layout, with a reduced maximum GFA of 650 square metres and with setbacks at the podium level of 3.0 metres from the Adelaide Street frontage, 5.5 metres from the easterly property line, 5.5 metres from the southerly property line and with the southwesterly portion of the building setback and sculpted to achieve a 20 metre separation distance between the tower face and the tower face of the Pinnacle residential tower located to the southwest (295 Adelaide Street West). Inset balconies are located along the northerly, easterly and southerly building faces, and a narrow continuous external balcony of varying width, but not exceeding 1.8 metres, is located along the southwest face of the building.

A revised shadow impact study, prepared by our firm (dated September 2015), is included to illustrate changes to shadows resulting from the revised tower height, size and configuration. This study shows that the revised development proposal will not result in any shadow impact on *Neighbourhood* or park areas on March 21, June 21 and September 21, as outlined by the applicable Official Plan policies (3.1.2 (3) and 4.2 (2)).

Other than grade-related commercial retail space along Adelaide Street West, the revised proposal no longer contains commercial space within the podium of the building. The 2<sup>nd</sup> level will now include residential suites, bicycle storage space and mechanical service spaces. Residential suites and storage space comprise the 3<sup>rd</sup> and 4<sup>th</sup> levels and residential suites, residential amenity and storage space

comprise the 5<sup>th</sup> level. Indoor and outdoor residential amenity space is provided on the 6<sup>th</sup> floor, which is the first floor of the tower immediately above the heritage facade. Above the 49<sup>th</sup> storey, the two-storey (6.0 metre) mechanical penthouse space is setback an additional 3.0 metres from the edge of the tower.

Parking and service access and egress remain the same as the original proposal. At-grade car entry to parking and loading vehicle access will be taken from a new entry at the easterly portion of the building along Adelaide Street West. Contained within the building on the first floor are areas for moving, loading, staging and waste storage. Automobile egress from the building is taken onto Pearl Street. Service vehicles will use a “right-out” movement from the Adelaide Street West entrance. Five levels of underground parking continue to be provided, with a parking count decrease from 116 spaces in the original submission to 104 spaces in the current proposal.

As described in the original Housing Report prepared by Bousfields, dated August 2012, all leases were originally commercial leases and prohibited residential use; however, it was noted and agreed during a joint owner/City site visit that some tenants were using their suites for live/work purposes. A Housing Issues Report Addendum will follow under a separate cover once further investigations have occurred with the Housing department.

The general overall planning and urban design policy and guideline analysis and assessment contained in the original Planning and Urban Design Rationale Report continue to be relevant to the proposed development.

From a land use perspective, the proposal continues to be consistent with numerous policy directions supporting intensification and infill on under-utilized sites within built up urban areas. From an urban form perspective, the proposed urban design would continue to be contextually appropriate within the King-Spadina area and consistent with the urban design policies of the Official Plan and Secondary Plan. Although unnecessary from a planning perspective, the new site-specific OPA secures this conformity within the context of an overall block plan. A revised draft zoning by-law has been attached, which would also conform to the City-initiated OPA for the development of the overall block.

## **STATISTICAL CHANGES TO THE PROPOSED DEVELOPMENT**

The following chart is a summary of key statistical changes to the proposed development from the original April 2012 submission.

	<b>April 2012 Submission</b>	<b>September 2015 Resubmission</b>
<b>Site Area</b>	1,433.4 sm	1,433.4 sm
<b>Height</b>	42 Storeys; 135.9 m (145 m including MPH)	47 Storeys; 155.1 m (161.1 m including MPH)

<b>GFA</b>		
- Residential	23,456.9 sm	39,187.8 sm
- Non-Res.	5,057.8 sm	160.1 sm
- Total	<b>28,516.7 sm</b>	<b>39,347.9 sm</b>
<b>FSI</b>	20.00	27.45
<b>Unit Count</b>		
- Bachelor	42	4
- 1 BR	210	134
- 2 BR	44	184
- 3 BR	32	47
- Total	<b>328</b>	<b>369</b>
<b>Amenity Area</b>		
- Indoor	549 sm	337 sm
- Outdoor	296 sm	692 sm
- Total	<b>845 sm</b>	<b>1,029 sm</b>
<b>Vehicle Parking</b>	116 spaces	104 spaces
<b>Bicycle Parking</b>	344 spaces	374 spaces

#### UPDATED CONSULTANT'S REPORTS

In addition, consultant reports concerning traffic impact, tree preservation, pedestrian level wind impact, functional servicing and stormwater management, waste management, and archaeological and cultural heritage have also been revised where necessary to reflect the current proposal and are attached to the amended application.

With respect to the revised development proposal for the subject site, the status of each report is as follows:

- WSP has provided a report in response to City of Toronto comments, dated July 13, 2015. In this report, WSP concludes that the proposed supply of 104 parking spaces is acceptable for the site and relies on findings that transit use, cycling and walking are encouraged in the area. The difference in trip generation data between the original and revised development proposals is noted to be negligible. A covering letter from WSP, dated September 25, 2015, confirms that the recommendations made in July 2015 do not change as a result of minor statistical changes to the development proposal between July and September 2015.
- Kuntz Forestry Consulting has provided an updated report (dated June 8, 2015) to their original Tree Inventory and Preservation Plan Report (dated June 21, 2011). No changes to their original recommendation have been made.
- In a letter dated July 2, 2015, RWDI has indicated that the revisions to the development proposal will show similar results to those presented in their original Pedestrian Wind Study (dated April 2, 2012), and that no further testing is required.



- A revised Functional Servicing and Stormwater Management Report (dated June 25, 2015) has been provided by Fabian Papa & Partners, in which it is noted that the proposed development continues to be feasible from municipal servicing and stormwater management perspectives.
- A draft Waste Management Master Report has been prepared by Cini-Little International Inc. (dated August 25, 2015). The report states that the spatial requirement for the commercial/retail areas in the proposed development does not meet the general criteria for the City of Toronto Commercial Garbage and Recycling pick up and exceeds the level of 550 square meters, which is the benchmark that allows the City to consider picking up the waste and recyclable materials from these areas. Therefore the services of a Private Waste Contractor will be required to pick up the waste from the commercial/retail areas. The report outlines a typical pick-up schedule for both residential and commercial/retail waste that could be followed within the development upon completion.
- In a letter dated May 29, 2015, ASI Archaeological & Cultural Heritage Services has advised that the conclusion from the original Stage 1 Archaeological Assessment (dated January 2012) that the property may be considered free of any archaeological concern requires no revision.
- A revised Heritage Impact Assessment is currently being prepared by ERA Architects Inc. and will follow under a separate cover.

In summary these amended reports concluded that the revised proposal is acceptable and appropriate.

Should you have any questions with respect to this addendum, please call the author at 416-947-9744.

Yours sincerely,



Robert Glover, OAA FRAIC OPPI MCIP  
Bousfields Inc.

## Draft Zoning By-law Amendment

### CITY OF TORONTO BY-LAW No. XXX-2015

#### To amend the General Zoning By-law No. 438-86, as amended, of the former City of Toronto, with respect to lands known municipally as 263 Adelaide Street West.

WHEREAS authority is given to Council of the City of Toronto by Section 34 of the *Planning Act*, R.S.O. 1990, c.P. 13, as amended, to pass this By-law; and

WHEREAS Council of the City of Toronto has provided adequate information to the public and has held at least one public meeting in accordance with Section 34 of the *Planning Act*; and

The Council of the City of Toronto HEREBY ENACTS as follows:

1. This By-law applies to the lands delineated by a heavy line and identified as “263 Adelaide Street West” as shown on Map 1 attached hereto.
2. None of the provisions of Sections 4(2)(a), 4(5)(b), 4(8), 4(10)(d), 4(12), 4(14)(a), 4(16), 4(17), 7(3) PART II 1, 3, 4, 5, 7, and 8, 7(3) PART III 2 and 12(2)246 of Zoning By-law No. 438-86, being “A By-law to regulate the use of land and the erection, use, bulk, height, spacing of and other matters relating to buildings and structures and to prohibit certain uses of lands and the erection and use of certain buildings and structures in various areas of the City of Toronto”, as amended, shall apply to prevent the erection and use of a *mixed-use building* on the *lot* provided that:
  - a) the aggregate total of the *residential gross floor area* and *non-residential gross floor area* shall not exceed 32,800 square metres, subject to the following:
    - (i) the *residential gross floor area* shall not exceed 32,400 square metres; and
    - (ii) the *non-residential gross floor area* shall not exceed 400 square metres;
  - b) a maximum of 369 *dwelling units* shall be permitted;
  - c) no portion of a building or structure on the *lot* shall have a greater *height* in metres than the *height* limit specified by the numbers following the symbol “H”, shown on Map 2, except that:
    - (i) a mechanical penthouse shall be permitted within the area on Map 2, provided the overall *height* of the building does not exceed 162.5 metres; and
    - (ii) the maximum height for parapets, stair towers, terrace guards and dividers, planters, railings, decorative screens, elements of a green roof, lightning rods

and exhaust flues, and window washing equipment shall not exceed 2.0 metres above the *height* limit of the building shown on Map 2;

- d) no portion of a building or structure erected on the *lot* above *grade* shall be located otherwise than wholly within the areas delineated by a heavy line on Map 2 attached hereto except that:
  - (i) cornices, awnings, skylights, ornamental elements, trellises, lighting fixtures, windows sills, stairway and railings, stair enclosures, fences, landscape features and seating areas, public art features, retaining walls, wheelchair ramps, ramps to an underground and above *grade* garages may extend to a maximum of 1.8 metres beyond the heavy line shown on Map 2; and
  - (ii) canopies and balconies may extend a maximum of 2.0 metres beyond the heavy line shown on Map 2, as measured perpendicular to the exterior wall of the building;
- e) *residential amenity space* shall be provided as follows:
  - (i) a minimum of 2.0 square metres of indoor *residential amenity space* for each *dwelling unit* shall be provided in a multi-purpose room or rooms in the building; and
  - (ii) a minimum of 1.8 square metres of outdoor *residential amenity space* for each *dwelling unit* shall be provided, of which 40 square metres is to be provided in a location adjoining or directly accessible from the indoor *residential amenity space*;
- f) despite Section 14(10) of Zoning By-law No. 438-86, as amended, the motor vehicle entrance/exit from the building that is facing a *street* shall have a minimum width of 4.70 metres;
- g) a minimum numbers of *parking spaces* shall be provided and maintained on the *lot* in accordance with the following:
  - (i) 104 *parking spaces* for the use of the residents of the building;
  - (ii) no *parking spaces* shall be required for commercial uses; and
  - (iii) no *parking spaces* shall be required for the use of residential visitors.
- h) despite Section 4(17), of Zoning By-law No. 438-86, as amended, a maximum of 8 *parking spaces* with a width of less than 2.9 metres may be provided and designated for small cars only;
- i) despite Section 4(17), of Zoning By-law No. 438-86, as amended, there is no requirement to increase the width of a *parking space* due to an obstruction;

- j) the minimum width of a drive aisle accessing *parking spaces* shall be 5.5 metres;
- k) a minimum of one combined *loading space – type “G”* and *loading space – type “B”* shall be provided and maintained within a building or structure, and access to the parking area below may be temporarily obstructed when the loading space is occupied;
- l) a minimum of 374 *bicycle parking spaces* shall be provided and maintained on the *lot* for the residents of and visitors to the building in accordance with the following:
  - (i) a minimum of 337 *bicycle parking spaces - occupant*, shall be provided and maintained on the *lot*; and
  - (ii) a minimum of 37 *bicycle parking spaces - visitor*, shall be provided and maintained on the *lot*;
- m) despite the definition of *bicycle parking space – visitor* in Section 2(1)(iii) of Zoning By-law No. 438-86, as amended, a *bicycle parking space* for visitors may be provided within a secure room;
- n) a sales office, used exclusively for the initial sale and/or initial leasing of *dwelling units* or *non-residential gross floor area* to be erected on the *lot*, shall be permitted;

**3.** For the purpose of this By-law:

- a) *sales office* means a building, structure, facility or trailer on the *lot* used for the purpose of the initial sale and/or initial leasing of *dwelling units* or *non-residential gross floor area* to be erected on the *lot*;
- b) *grade* means 87.16 metres Canadian Geodetic Datum;
- c) *height* means the vertical distance between *grade* and the highest point of the roof except for those elements prescribed in this By-law;
- d) *lot* means the lands delineated by a heavy line on Map 1 attached hereto; and
- e) each other word or expression, that is italicized in this By-law, shall have the same meaning as that word or expression as defined in By-law No. 438-86, as amended.

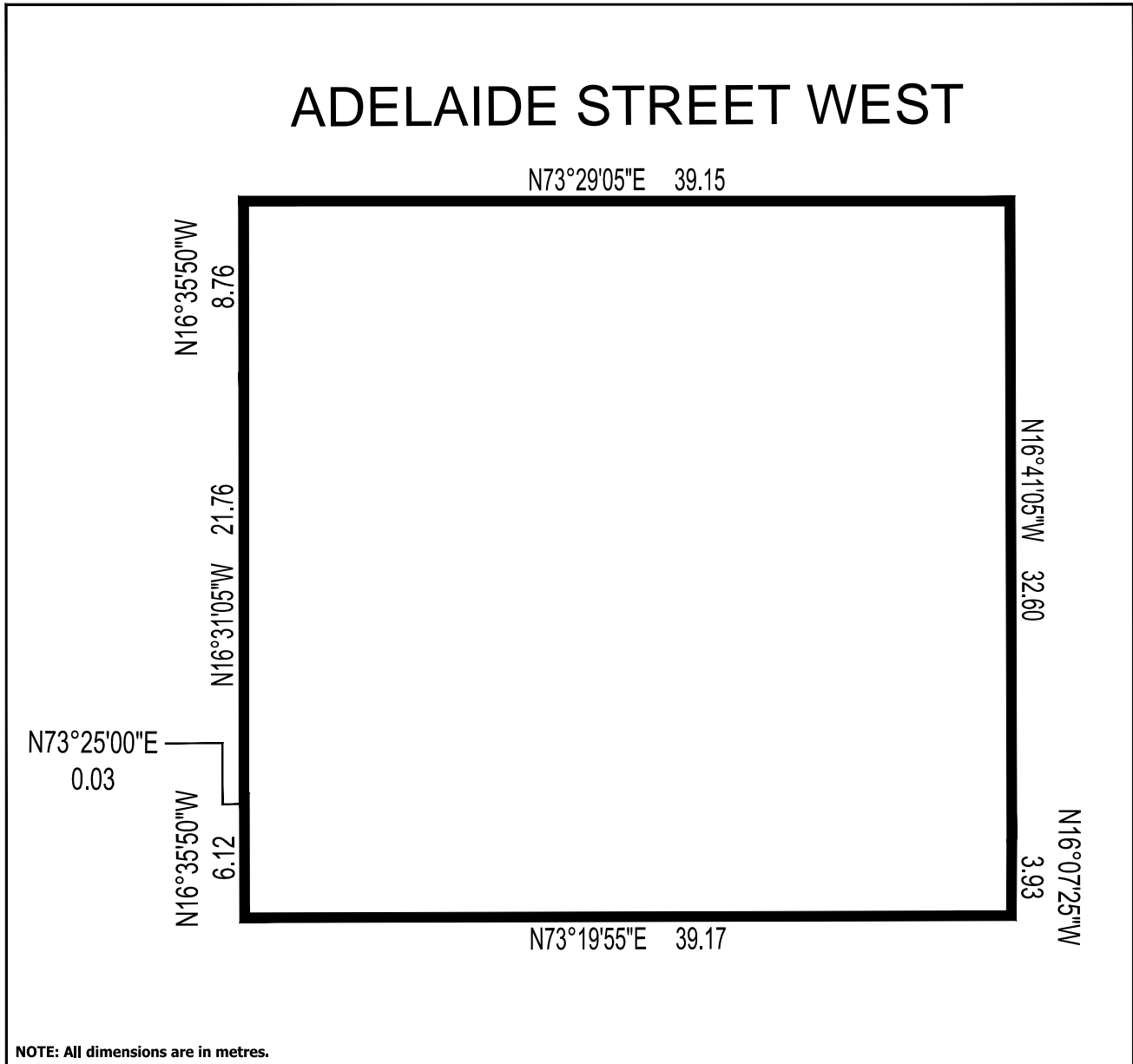
ENACTED AND PASSED this

day of

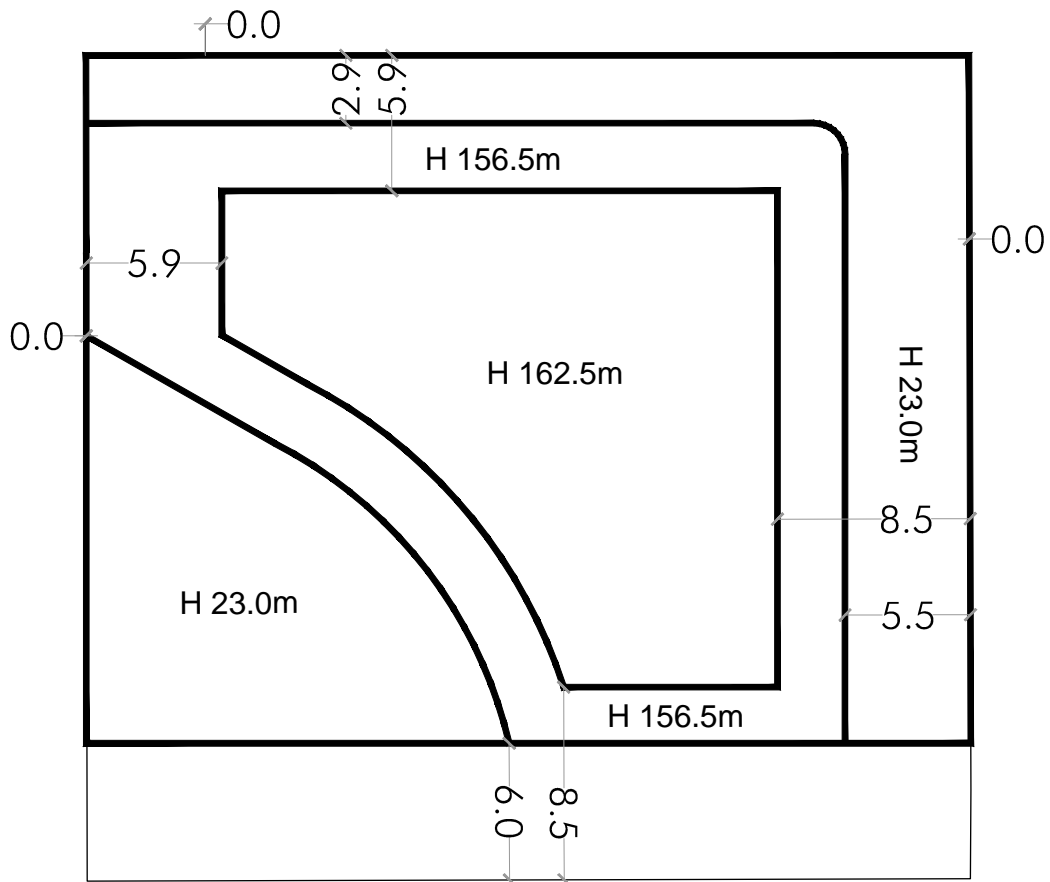
, A.D. 2015.

FRANCES NUNZIATA,  
Speaker  
(Corporate Seal)

ULLI S. WATKISS  
City Clerk



# ADELAIDE STREET WEST



NOTE: All dimensions are in metres.



## CERTIFICATE OF INSURANCE

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated.

Notwithstanding any requirement, term or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions and exclusions of such Policy(ies). This certificate does not amend, extend or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

**Certificate Holder:**

Hi-Rise Capital Ltd.  
 200 Adelaide Street West, Suite 401  
 Toronto, Ontario  
 M5H 1W7

**Named Insured and Address:**

Hi-Rise Capital Ltd.  
 200 Adelaide Street West, Suite 401  
 Toronto, Ontario  
 M5H 1W7

**This certificate is issued regarding:**

Evidence of Errors & Omissions Liability Coverage

<b><i>Policy Term:</i></b>	January 31, 2016 to January 31, 2017
<b><i>Insurer:</i></b>	Arch Insurance Company
<b><i>Policy No.:</i></b>	SPL0059444-00
<b><i>Limit of Liability:</i></b>	\$ 2,500,000 Each Claim \$ 5,000,000 Aggregate – Each Policy Period
<b><i>Deductible:</i></b>	\$ 100,000 Each and Every "Claim"
<b><i>Endorsements:</i></b>	1. Canada Prior Pending Exclusion: policy inception 2. Statutory Conditions Alberta and B.C. 3. FSCO Amendatory (manuscript) 4. A Consumer Protection Document Newfoundland and Labrador

Issued at: Toronto, Ontario  
 Dated: October 12, 2016

\_\_\_\_\_  
 Jones Brown Inc., Authorized Representative

Request ID: 012568481  
Demande n°:  
Transaction ID: 042475893  
Transaction n°:  
Category ID: CT  
Catégorie:

Province of Ontario  
Province de l'Ontario  
Ministry of Government Services  
Ministère des Services gouvernementaux

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# Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

**ADELAIDE STREET LOFTS INC.**

Ontario Corporation No.

Numéro matricule de la personne morale en  
Ontario

**002259079**

is a corporation incorporated,  
under the laws of the Province of Ontario.

est une société constituée aux termes  
des lois de la province de l'Ontario.

These articles of incorporation  
are effective on

Les présents statuts constitutifs  
entrent en vigueur le

**OCTOBER 04 OCTOBRE, 2010**



Director/Directrice

Business Corporations Act/Loi sur les sociétés par actions



# **APPENDIX E**

**Adelaide Lofts**

## **APPENDIX "E"**

### **ADDITIONAL DOCUMENTS**

The following documents will be delivered to the investor upon registration of your investment. The documents will be sent in the form of a closing book with excerpts only from relevant reports.

#### **SECONDARY DOCUMENTS**

Appraisal Report  
Phase I Environmental Site  
Boundary and Topographical Survey  
Planning Rationale Report  
Heritage Impact Assessment  
Traffic Impact Study  
Parking Justification Study  
Functional Servicing & Stormwater Management Report  
Stage 1 Archeological Resource Assessment  
Preliminary Structural Wind Load Review  
Pedestrian Level Wind Study  
Tree Inventory and Preservation Plan  
Development Approval Application  
Hi-Rise Capital Ltd. Commitment  
Hi-Rise Capital Ltd. Registered Charge

**HI-RISE CAPITAL LTD.**

-and-  
Applicant

**SUPERINTENDENT OF FINANCIAL SERVICES et al.**  
Respondents

Court File No. CV-19-616261-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF JANET NAIRNE  
(Sworn March 28, 2019)**

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Lawyers for the Respondent,  
Superintendent of Financial Services

**IN THE MATTER OF SECTION 60 OF THE TRUSTEE ACT, R.S.O. 1990, C. T. 23, AS AMENDED, AND RULE 10 OF THE ONTARIO  
RULES OF CIVIL PROCEDURE, R.R.O. 1990, REG. 194, AS AMENDED**

**HI-RISE CAPITAL LTD.**

- and -

**SUPERINTENDENT OF FINANCIAL SERVICES et al.**

Applicant

Respondents

Court File No.: CV-19-616261-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**RESPONDING APPLICATION RECORD OF THE  
RESPONDENT, SUPERINTENDENT OF FINANCIAL  
SERVICES**

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