

September 17, 2019

Important Update on Status of Proceeding and Court Appointment of Information Officer

Pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 21, 2019 (the “**Order**”) Miller Thomson LLP (“**Representative Counsel**”) was appointed to represent all individuals and/or entities (“**Investors**”) that hold an interest in a syndicated mortgage, administered by Hi-Rise Capital Ltd. (“**Hi-Rise**”), in respect of the property municipally known as 263 Adelaide Street West, Toronto, Ontario (the “**Property**”) owned by Adelaide Street Lofts Inc. (“**Adelaide**”) and the proposed development known as the “Adelaide Street Lofts” (the “**Project**”), in connection with the negotiation and implementation of a settlement with respect to such investments. A copy of the Order can be found on the ‘Documents’ section of Representative Counsel’s website (the “**Website**”), available at <https://www.millerthomson.com/en/hirise/>.

Representative Counsel writes this update further to our communication dated September 11, 2019 entitled “Important Update on Proposed Transaction” (the “**Last Update**”), a copy of which is posted on the ‘Communications’ section of the Website, and to provide Investors with the following status update on this proceeding.

On September 17, 2019, the Court issued an Order (the “**Information Officer Appointment Order**”) appointing Alvarez & Marsal Canada Inc. as a Court officer to act as an information officer (in such capacity, the “**Information Officer**”).

The Information Officer Appointment Order was made on consent of Representative Counsel, Adelaide, Hi-Rise, the Financial Services Regulatory Authority and Meridian Credit Union. A copy of the Information Officer Appointment Order is posted under the ‘Document’ section of the Website.

The key terms of the Information Officer Appointment Order are as follows:

1. The Information Officer’s mandate (the “**Mandate**”) includes reviewing:
 - (a) all matters relating to the Property;
 - (b) Hi-Rise’s mortgage over the Property;
 - (c) Adelaide’s proposed sale of the Property including but not limited to:
 - (i) the marketing and sales process undertaken in respect of the Property;
 - (ii) all aspects of any and all proposed transactions in respect of the Property (and may engage in discussions with Tricon Lifestyle Rentals Investment LP to ascertain its interest in the Property); and
 - (iii) the financial implications of such proposed transactions.
2. As part of the Mandate, the Information Officer will also report to the Court and all stakeholders on its findings. The Information Officer will file a report with the Court by October 7, 2019.

3. The meeting of Investors called by Hi-Rise for September 25, 2019 has been deferred to October 23, 2019 (the “**Meeting Adjournment**”).
4. Hi-Rise can communicate to Investors about the Meeting Adjournment and Representative Counsel will review and approve this communication before it is delivered to Investors.
5. Other than this communication, Hi-Rise or Adelaide is not permitted to communicate with Investors in any manner until September 30, 2019, unless Representative Counsel agrees.
6. After September 30, 2019, Hi-Rise or Adelaide may communicate with Investors. However, from here on out, all communications delivered by Hi-Rise or Adelaide to Investors are subject to review by Representative Counsel.
7. Hi-Rise and Adelaide are restricted from negotiating any settlement with Investors on a private basis.
8. Adelaide will pay the Information Officer and its lawyers their reasonable fees and disbursements.
9. The Information Officer and their lawyer are granted a charge on the Property in the amount of \$100,000 as security for its fees and disbursements.

What does this mean for Investors?

The meeting of Investors and the vote scheduled for September 25, 2019 will not take place. You will receive a communication from Hi-Rise in the next few days regarding the Meeting Adjournment. Representative Counsel has reviewed and approved this communication.

The Information Officer will commence its mandate immediately and will deliver its report by October 7, 2019. **As of right now, there is nothing further for you to do. We will advise all Investors as soon as we have a status update.**

Neither Adelaide nor Hi-Rise is permitted to negotiate or enter into private settlement agreements with Investors regarding their investments. This means that you cannot enter into a private settlement agreement regarding your investment and that you must take part in a vote in this proceeding with all other Investors.

If you receive a communication either directly or indirectly from Hi-Rise or Adelaide, or anyone on behalf of Hi-Rise or Adelaide that you are unsure about, please email Representative Counsel at: HiRiseCapital@millerthomson.com.

Yours Truly,

Miller Thomson LLP,
solely in its capacity as
Representative Counsel