



January 31, 2020

### **Important Update on Vote Results**

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”, 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 January 13, 2020 entitled “Important Update on Recommendation Regarding Settlement” (the “**Last Update**”), a copy of which is posted on the ‘Communications’ section of the Website, and to provide Investors with the following update:

#### **Settlement & Vote**

As you know, pursuant to the Minutes of Settlement (attached as Appendix “B” to the Fourth Report of Representative Counsel dated January 9, 2020), the parties entered into a settlement pursuant to which Adelaide would move forward with a sale of 100% of the Property to Lanterra Developments Ltd. (the “**Lanterra Sale**”), among other things (the “**Settlement**”).

As you also know, the Settlement was subject to the approval of Investors and approval by the Court. Accordingly, Hi-Rise called a second vote in order to allow Investors to vote on the Minutes of Settlement and the terms of the Settlement (the “**Vote**”). The voting deadline was January 28, 2020 at 5:00 p.m.

#### **Vote Results**

The Vote results were delivered today, the details of which are as follows:

1. In total, 417 Investors voted, representing approximately 58.9% of Investors, broken down as follows:
  - (a) 195 Registered Investors voted, representing approximately 62% of Registered Investors; and
  - (b) 222 Non-Registered Investors voted, representing approximately 56% of Non-Registered Investors.

2. 100% of Registered Investors (representing \$11,861,862 in value) voted in favour of the Settlement.
3. Approximately 93% of Non-Registered Investors (representing \$19,960,791 in value) voted in favour of the Settlement.
4. **Accordingly, the Vote passed.**

#### **Late Votes**

Certain Investors advised Representative Counsel that they received their voting package late and were unable to cast their vote by the deadline. While these votes are not counted in the above-noted results, TMX tabulated all of the “late votes” submitted and provided same to Representative Counsel.

Only 1.6% of Registered Investors casted their vote after the deadline, and only 3.3% of Non-Registered Investors casted their vote after the deadline. All such “late votes” were in favour of the Settlement.

In light of the overwhelming support in favour of the Settlement, these “late votes” are not material to the outcome of the Vote. In any event, Representative Counsel has calculated the impact of the “late votes” on the results of the Vote. In other words, Representative Counsel has considered what the outcome of the Vote would be if the “late votes” are counted.

If all “late votes” are counted, the percentage of Non-Registered Investors that voted in favour of the Settlement increases to approximately 93.6%.

#### **Next Steps**

Now that the Vote is complete, the following is expected to occur:

1. Hi-Rise will bring a motion to the Court to have the Settlement approved by the Court. The Court date has not yet been set, but it is expected to take place in the near future. Representative Counsel will advise Investors of this Court date once it is scheduled, and will post all Court materials on the Website.
2. Representative Counsel will prepare a Fifth Report in respect of the Vote results, and will post a copy of same on the Website once it is available.
3. After the Settlement and the Vote results are approved by the Court, the parties will work towards the expected closing date of the Lanterra Sale, which is scheduled for May 14, 2020 (the “**Closing Date**”).
4. After the Settlement and the Vote results are approved by the Court, Representative Counsel will begin working on matters related to the distribution process (i.e., distribution of settlement proceeds to Investors).
5. At this time, Representative Counsel expects that distributions to Investors will be made within 4 to 6 weeks after Closing Date (i.e., by early July 2020).



**In the meantime, there is nothing for you to do.** Representative Counsel will deliver another update to all Investors as soon as one becomes available.

**Communications to Representative Counsel**

Representative Counsel continues to receive inquiries from Investors regarding the Settlement and the Vote. Representative Counsel has been receiving many emails and telephone calls from Investors directly, and many Investors have the same questions.

In order to manage the volume of inquiries and to effectively respond to all Investors, we ask that all Investors submit inquiries to Representative Counsel through email at [HiRiseCapital@millerthomson.com](mailto:HiRiseCapital@millerthomson.com).

Representative Counsel reviews all emails received through this email address, and will respond to inquiries through further communications to Investors (which will be emailed to all Investors and posted on the Website). Thank you.

Yours Truly,

Miller Thomson LLP,  
solely in its capacity as  
Representative Counsel

