



February 17, 2021

Update on Investor Claim Notices & Accrued Interest Calculations

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 its communication dated February 16, 2021 (the “**Last Update**”), a copy of which is posted on the Website, and to provide Investors with the following update.

Accrued Interest Calculation on Investor Claim Notices

As you may know, your Investor Claim Notice includes information specific to your personal investments. In particular, it includes the following details:

- Investment Number
- Investment Class (*ie*, whether you are recorded as a registered or non-registered Investor)
- Initial Principal Investment Amount
- Current Principal Investment Amount
- Accrued Interest
- Total Investor Claim Amount

Since the delivery of the Investor Claim Notices, Representative Counsel has received numerous inquiries from Investors regarding how the “Accrued Interest” was calculated on their investments. The explanation is as follows:

- Representative Counsel and its Distribution Agent determined your principal investment and your interest rate based on your investment documents (*ie*, your Loan Participation Agreement) and other third-party records.
- The calculation of “Accrued Interest” on your principal investment amount incorporates the following:
 - Your Initial Principal Investment Amount as set out in your Loan Participation Agreement;
 - Redemption of your initial investment (if any). This means that if any part of your investment was redeemed or otherwise paid out at some point since you

- invested, it would reduce the principal amount of your investment by such redemption/cash payment;
- o **Interest was then calculated on a quarterly basis based on the outstanding principal amount during the respective quarter at the rate set out in your Loan Participation Agreement, less any cash interest payments made to you (if any); and,**
- o Interest was calculated from the period commencing on the date of your investment to November 16, 2020.

The sale Transaction of the Property closed on November 16, 2020. Pursuant to the Order of Justice Hainey dated November 23, 2020 and the Court-approved Distribution Plan (the “**Distribution Plan Approval Order**”), the Court approved that interest on principal investments would be calculated to November 16, 2020. Accordingly, interest is calculated on your principal investment using the above-noted method and to November 16, 2020.

A copy of the Distribution Plan Approval Order is posted under the ‘Document’ Section of the Website.

Next Steps

Please consult the Communication on the Website dated February 3, 2021 for full details with respect to your Investor Claim Notice. As a reminder:

- (a) Upon receipt of your Investor Claim Notice please review it thoroughly to confirm its accuracy. **If you agree with the information contained in your Investor Claim Notice then there is nothing further for you to do.**
- (b) **However, if you disagree with any of the information contained in your Investor Claim Notice, then you must notify Representative Counsel of your objection within 14 days of the date of your Investor Claim Notice, using the form of Notice of Objection included with your Investor Claim Notice.**

Address Change Procedure

1. Representative Counsel has previously requested that any Investor who has changed his or her address immediately notify Representative Counsel.
2. If you have moved and your address has changed since you made your investment, please notify Representative Counsel immediately by following the Court-approved Address Change Procedure and:
 - (a) Email Representative Counsel at HiRiseCapital@millerthomson.com to advise of your new address; and
 - (b) Provide proof of your new address. For example, you may email a copy of a utility bill (or any similar mailed document) with your name and new address on it.



IMPORTANT Note to Investors Regarding Communications & Investor Inquiries

Representative Counsel continues to receive inquiries that have been addressed in our Communications. The Communications we deliver to Investors are intended to provide Investors with updates on new developments and new information. Accordingly, Representative Counsel will not be repeating the same information in each of its Communications. Please consult the Website and the Communications, as it is likely that the information you are seeking has already been provided to Investors by Representative Counsel. To the extent you require further information or clarification after you have reviewed the Website and previous Communications, please feel free to contact Representative Counsel.

Representative Counsel continues to receive inquiries directly to this email, as well as to the personal emails and telephone numbers of the lawyers involved. As set out in previous communications and in order to ensure that all inquiries are managed efficiently and cost-effectively, please do not email Representative Counsel's individual lawyers directly. **As a reminder, Representative Counsel will not be communicating with Investors through their personal emails.**

In order to manage the volume of inquiries and to effectively respond, Investors should submit inquiries to Representative Counsel through the dedicated email account at HiRiseCapital@millerthomson.com. Representative Counsel reviews all emails received through this email address on a daily basis, and will respond to **new** inquiries through further communications to Investors (which will be emailed to all Investors and posted on the Website).

It is crucial at this time that all Investors respect this request. Thank you all for your patience.

Yours Truly,

Miller Thomson LLP,
solely in its capacity as
Representative Counsel

