



March 12, 2021

### **Update on Eighth Report and Municipal Tax Motion**

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 Supplemental Sixth Report dated November 20, 2020 and its Seventh Report dated March 10, 2021, copies of which are posted on the Website.

Please be advised that Representative Counsel has issued its Eighth Report dated March 12, 2021 (the “**Eighth Report**”). A copy of the Eighth Report is available on the Website at [this link](#).

After the closing of the Lanterra Transaction, a dispute arose between Representative Counsel and the Neilas Parties (as defined in the Eighth Report) with respect to liability for payment of outstanding municipal taxes in the amount of \$914,793.40 as at November 16, 2020 (the “**Tax Arrears**”) owing in respect of the Property. Full details in respect of this matter are set out in the Eighth Report.

In this regard, a motion has been scheduled for May 13, 2021, for Court determination with respect to liability for payment of the Tax Arrears (the “**Municipal Tax Motion**”).

In connection with the Municipal Tax Motion, 263 Holdings Inc. filed a motion record dated February 12, 2021 (the “**263 Holdings Motion Record**”), a copy of which is available on the Website at [this link](#), and Representative Counsel has prepared its Eighth Report.

As set out in the Eighth Report, Representative Counsel opposes the relief sought in the 263 Holdings Motion Record, and takes the position that Adelaide should be liable for payment of the Tax Arrears, and not the Investors.

#### **Next Steps**

With respect to the Municipal Tax Motion, there is nothing for you to do. This Communication is delivered only as an update to Investors regarding the status of this proceeding. Representative Counsel will continue to update Investors if and when more information regarding the Municipal Tax Motion becomes available.

### **Address Change Procedure**

As a reminder to all Investors:

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](mailto: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](mailto: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

