



June 11, 2021

Update on 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., in respect of the property municipally known as 263 Adelaide Street West, Toronto, Ontario, owned by Adelaide Street Lofts Inc. 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/hi-rise>.

Representative Counsel writes this update further to its communications dated March 12, 2021 (Update on Eighth Report and Municipal Tax Motion), a copy of which is posted on the Website (the “**Last Tax Motion Update**”), and to provide Investors with the following update:

As set out in the Last Tax Motion Update, the Municipal Tax Motion proceeded on May 13, 2021 before the Honourable Mr. Justice Dunphy.

On May 18, 2021, the Court released its Reasons for Decision in respect of the Municipal Tax Motion (the “**Decision**”), a copy of which is posted under the ‘Documents’ section of the Website. In interpreting the language contained in the Minutes of Settlement, the Court found in favour of 263 Holdings, and in summary:

- The Court found that neither 263 Holdings nor Adelaide was required to pay the \$914,743.40 in municipal Tax Arrears that was owing in respect of the Property as at the date of Closing;
- It ordered that the funds heldback in respect of the Tax Arrears (*ie*, the amount of \$914,793.40) be released to 263 Holdings; and
- 263 Holdings is entitled to its costs of the motion, to be determined by the Court.

With respect to costs of the Tax Arrear Motion, the Court ordered that cost submissions be exchanged and filed. In accordance with the Decision: (i) 263 Holdings delivered its cost submissions on May 25, 2021; (ii) Representative Counsel delivered its responding cost submissions on June 1, 2021; and (iii) 263 Holdings delivered reply cost submissions on June 4, 2021. Copies of same are posted under the ‘Documents’ section of the Website.

Next Steps

The Court will next make its determination on the costs payable to 263 Holdings. Once the Court releases a decision on costs, Representative Counsel will update all Investors by way of a further Communication and will post the decision on Costs on its Website.

What this means?

In light of the Court's Decision, the amount of the Tax Arrears will not be available for further Distribution.

Representative Counsel will continue attending to Distribution matters, including the review of Notices of Objections, and will deliver a further Communication regarding next steps once one becomes available. Representative Counsel continues to expect that there will a second Distribution to Investors, depending on resolution of the outstanding Notices of Objection, but the timing and amounts remain uncertain.

For now, there is nothing further for you to do.

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

