

Jeremy Nemers

From: Goldband, David <David.Goldband@ca.gt.com>
Sent: November-28-16 2:08 PM
To: Peter Matukas
Cc: Heather Miller; Gregory Harris; Krieger, Jonathan; Jeremy Nemers; Steve Graff; Ian Aversa
Subject: RE: Textbook Student Suites (525 Princess Street) Trustee Corporation et al (HH File #: 14623)
Attachments: Wire Instructions Grant Thornton Limited as Trustee of Textbook Student Suites re 445 Princess Street.pdf; Wire Instructions Grant Thornton Limited as Trustee of Textbook Student Suites re 525 Princess Street.pdf

Hi Peter,

Please find attached wire instructions for both of the projects mentioned in your email below. Similar to last time, please provide a copy of the wire confirmation once it is made so we can notify our bank of the incoming wire.

Based on our review of the trust ledgers, there should also be funds in the Guildwood and Silver Seven accounts so please advise on your timing in delivering those funds as well.

Regards,

David Goldband
 Grant Thornton Limited
 416.369.6446

From: Peter Matukas [mailto:PeterMatukas@harrisandharris.com]
Sent: Monday, November 28, 2016 1:53 PM
To: Goldband, David
Cc: Heather Miller; Gregory Harris
Subject: Textbook Student Suites (525 Princess Street) Trustee Corporation et al (HH File #: 14623)
Importance: High

David,

I am writing to request the wire co-ordinates for the 445 Princess St. (our file #: 14193) project so we can deliver those funds to you. Please note that we have previously delivered the requested materials upon this project on November 4, 2016. The funds could not be sent at that time as we were in the process of cancelling numerous post-dated cheques as our firm had previously advised.

Please also note that we will be sending the materials and trust monies for 525 Princess St. (our file #: 13896) and will thus require a separate e-mail from you for that file with wire co-ordinates on where to deliver the funds.

I look forward to your response.

Thank you,
 Peter

Peter V. Matukas
 Harris + Harris LLP

Barristers and Solicitors
2355 Skymark Avenue, Suite 300
Mississauga, Ontario L4W 4Y6
Tel No. 905.629.7800
Fax No. 905.629.4350
Email: petermatukas@harrisandharris.com
www.harrisandharris.com



HARRIS + HARRIS LLP
BARRISTERS AND SOLICITORS

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INFORMATION ON PAYMENT INSTRUCTIONS

INFORMATION FOR REMITTER

Format for CAD Payments:

Grant Thornton Limited
 11th Floor, 200 King Street West
 Box 11
 Toronto, ON M5H 3T4
 T (416) 360-0100
 F (416) 360-4949
 www.GrantThornton.ca

FIELD NAME	FORMAT FOR CAD PAYMENT
DESTINATION BANK OR INTERMEDIARY BANK	ROYAL BANK OF CANADA - TORONTO SWIFT BIC ROYCCAT2
BENEFICIARY'S BANK	ROYAL BANK OF CANADA Main Branch - Toronto 200 Bay Street - Toronto ON M5J 2J5 Institution - // CC 0003 SWIFT BIC ROYCCAT2
BENEFICIARY	Client Account Number - 00002 121 677 9 Client Name - Grant Thornton Limited as Trustee of "Textbook Student Suites (445 Princess Street) Trustee Corporation".
BENEFICIARY ADDRESS	200 King Street West, 11 th Floor, Box 11, Toronto, ON M5H 3T4 Tel (416)360-3056 Fax (416)360-3056

Format for USD Payments:

FIELD NAME	FORMAT FOR USD PAYMENT
INTERMEDIARY BANK	JP MORGAN CHASE BANK - NEW YORK SWIFT BIC CHASUS33 FED ABA 021000021
P BENEFICIARY'S BANK	ROYAL BANK OF CANADA Main Branch - Toronto 200 Bay Street - Toronto ON M5J 2J5 Institution - // CC 0003 SWIFT BIC ROYCCAT2
BENEFICIARY	Client Account Number - 00002 121 677 9 Client Name - Grant Thornton Limited as Trustee of "Textbook Student Suites (445 Princess Street) Trustee Corporation".
BENEFICIARY ADDRESS	200 King Street West, 11 th Floor, Box 11, Toronto, ON M5H 3T4 Tel (416)360-3056 Fax (416)360-3056



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BENEFICIARY'S BANK	ROYAL BANK OF CANADA Main Branch - Toronto 200 Bay Street - Toronto ON M5J 2J5 Institution - // CC 0003 SWIFT BIC ROYCCAT2
BENEFICIARY ADDRESS	Client Account Number - 00002 130 270 2 Client Name - Grant Thornton Limited as Trustee of "Textbook Student Suites (525 Princess Street) Trustee Corporation", 200 King Street West, 11 th Floor, Box 11, Toronto, ON M5H 3T4 Tel (416)360-3056 Fax (416)360-3056

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INTERMEDIARY BANK	JP MORGAN CHASE BANK - NEW YORK SWIFT BIC CHASUS33 FED ABA 021000021
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HARRIS + HARRIS LLP
BARRISTERS AND SOLICITORS

November 28, 2016

VIA EMAIL
sgraff@airdberlis.com

Aird & Berlis LLP
Brookfield Place
181 Brookfield Place, Suite 1800, Box 754
Toronto, ON M5J 2T9

Attention: Steven Graff

Dear Mr. Graff:

The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street)
Trustee Corporation, et al./Court File No. CV-16-11567-00CL

We are in receipt of your letter dated Sunday, November 27, 2016.

Firstly, thank you for the professional courtesy of threatening our firm with a contempt action by way of letter delivered Sunday afternoon, requiring a response effectively less than 24 hours later.

Secondly, we did advise you that it would take approximately 40 hours of time to cancel the various outstanding post-dated cheques that had been delivered to investors. We also indicated that this was predicated on the persons involved not having other activities to do. As I am sure you are aware, since the date of the initial request to forward the funds held in trust, there have been numerous requests from Grant Thornton with respect to provision of information. Grant Thornton has required that we provide supporting information in Excel spreadsheet format in order to make their reconciliation of the investor trust amounts a simpler process, which we have endeavored to do. In addition, Grant Thornton has sent follow up requests and we have compiled information and provided literally hundreds of individual files electronically to Grant Thornton for its review. Moreover, we have corresponded back and forth with Grant Thornton with respect to investor requests for replacement cheques and other miscellaneous matters and have always complied with instructions received from Grant Thornton.

Thirdly, the court did make an order that Harris + Harris LLP would transfer the interest holdback trust funds to the trustee; however, the court never specified a date by which such funds were required to be transferred. To date, we have never been provided with any information suggesting that there was any sense of urgency to have the funds transferred; provided that Harris + Harris LLP had given its undertaking that none of the investor interest holdback proceeds would be disbursed other than to Grant Thornton, which requests we have continued to comply with at this point in time. We have also advised that no funds were scheduled to be drawn upon any Harris + Harris LLP account with respect to interest holdback

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post-dated cheques until January 1, 2017 and, as such, there is no chance that any funds could be withdrawn, prior thereto, from our firm's account by a third party.

Fourthly, we have endeavored to provide information regarding the various investor files to Grant Thornton, as mentioned above; in the order of the most recent files first (and hence the files most likely to still have interest holdback proceeds in trust); however, in some cases (such as the McMurray project in Bracebridge), while there have been no funds in trust, we determined that such file should be brought to the attention of Grant Thornton sooner rather than later; as there is a scheduled sale of that project on January 4, 2017, at which time sufficient proceeds would be realized to repay all of the syndicated mortgage funds outstanding in such project. Dealing with that file on a priority basis, pushed the other files back accordingly.

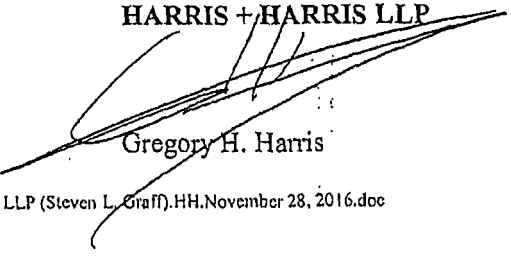
Again, our firm certainly has been more than compliant with the terms of the court order, the numerous information requests from Grant Thornton and information requests from other third parties who have been requested to provide information by Grant Thornton and for which they have sought information from our firm, as holder of various records.

If, notwithstanding the foregoing, you believe it is a valuable use of court time to bring the contempt motion against our firm, there certainly is nothing that we can do to stop you from taking such course of action. In any such proceeding, we will certainly be bringing to the court's attention this letter and evidence of our firm's ongoing compliance with trustee requests and the provision of tremendous numbers of files and related information.

We will be providing the 445 Princess Street trust funds today (the information materials had been previously provided to Grant Thornton) and Peter Matukas has advised me that both the information materials and trust funds will be ready to be transferred for 525 Princess Street tomorrow. As we have been doing, we intend to keep processing the various project files from the most recently closed to the furthest back (save and subject to any exceptions, such as the McMurray project that we believe should be brought to the trustee's attention on a more urgent basis), and will keep you advised as to our progress. We expect to be able to continue our pace of delivery of project materials/information (and trust funds where applicable) at the rate of one project every 2 to 3 days.

Yours very truly,

HARRIS + HARRIS LLP


Gregory H. Harris

GHH/nc

G:\WP51\H 14001-15000\14623\Correspondence\Letter to Aird & Berlis LLP (Steven L. Graff).HH.November 28, 2016.doc

Tab D



VIA Email - john@textbooksuites.com

November 2, 2016

John Davies
c/o Textbook Suites Inc.
51 Caldari Road, Suite #A1M
Concord, ON L4K 4G3

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 380-4949
www.GrantThornton.ca

Dear Mr. Davies:

Re: **Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation (collectively, the "Tier 1 Trustee Corporations", and individually, a "Tier 1 Trustee Corporation")**

As you know, Grant Thornton Limited ("GTL") was appointed as trustee over all of the assets, undertakings and properties of the Tier 1 Trustee Corporations (in such capacity, the "Trustee") pursuant to an order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on October 27, 2016 (the "Appointment Order"). A copy of the Appointment Order is available at www.grantthornton.ca/tier1.

In accordance with the terms of the Appointment Order, all interest payments required to be made under the terms of the syndicated mortgages held by a Tier 1 Trustee Corporation (collectively, the "Mortgages", and individually, a "Mortgage") by a developer under your control that received funds from a Mortgage (collectively, the "Developers", and individually, a "Developer") must be made to GTL, in its capacity as the Trustee. Failure to make the scheduled interest payments will result in a default under the respective Mortgage.

As you know, the Trustee has attempted to organize a meeting with you, and you have now advised that you and your counsel are not available to meet until November 10, 2016, which date is much later than had originally been contemplated. The Trustee and its counsel are available to meet you and your counsel at the offices of Aird & Berlis LLP at 2:30 p.m. on November 10, 2016, and look forward to meeting with you on that date and time.

In the interim, and in accordance with the terms of the Appointment Order, the Trustee requests, by no later than the close of business on Monday, November 7, 2016, the following information related to each Developer:

- 1) Quarterly updates provided to the Tier 1 Trustee Corporation;

- 2) Pro-forma analysis modelling-out the profitability of the underlying project;
- 3) Pro-forma statements detailing the costs, cash flow projections and use of Mortgage funds;
- 4) A statement showing the amounts and dates of all advances under each real property charge ranking ahead or behind the respective Mortgage;
- 5) The Developer's most-recently prepared financial statements;
- 6) A detailed accounting of the use of funds advanced from the respective Mortgage;
- 7) A detailed accounting of the use of funds advanced from any subsequent capital raises by the Developer;
- 8) A detailed summary of the status of the project;
- 9) Copies of any correspondence with end investors under the Mortgage and particulars of any meetings held with such investors since the date of the Appointment Order; and
- 10) Any additional information which you believe should be brought to the Trustee's attention in connection with any of the foregoing.

Going forward, please provide the Trustee with draft copies of any correspondence intended for the end investors under the Mortgages so that the Trustee can review and approve such communication in advance. Please also provide the Trustee with advance notice and details of any meetings scheduled with end investors under the Mortgages so that the Trustee may consider the necessity of any such meeting and have the ability to attend.

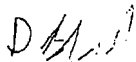
We look forward to meeting with you on November 10, 2016 at 2:30 p.m.

Yours truly,

GRANT THORNTON LIMITED

solely in its capacity as Trustee of
the Tier 1 Trustee Corporations

Per:



David Goldband, CPA, CA, CIRP, LIT
Senior Manager

cc: Aird & Berlis LLP
Doug Christie

TEXTBOOK

51-A Caldwell Road, Unit 1M
 Concord, ON L4K 4G3
 416-477-7744

November 7, 2016

VIA EMAIL – david.goldbland@ca.gt.com

Grant Thornton Limited
 11th Floor, 200 King Street West
 Box 11
 Toronto, ON,
 M5H 3T4

Attention: David Goldbland, Senior Manager

Re: Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation (the "Projects")

Dear Mr. Goldbland,

Further to your letter of November 2, 2016 we have been hard at work assembling the information you requested for the Projects and other developer entities that received funds from a Tier 1 syndicated mortgage. Please note that given the enormous magnitude of the information requested and the very limited time available to assemble and deliver it, we have focused on information that will get you up to speed and familiar with each Project and developer as quickly as possible. More information will follow in the days and weeks ahead.

In the meantime, the following information has been assembled for each of the Projects and developers:

Textbook Student Suites (525 Princess Street) Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal (Development Approach)
Market Study & Feasibility Report
Development Pro Forma

Textbook Student Suites (525 Princess Street) Trustee Corporation
Plans & Drawings: <ul style="list-style-type: none"> • Architectural plans & renderings • Surveys
Reports: <ul style="list-style-type: none"> • Site Servicing & Stormwater Management • Phase I Environmental Site Assessment • Phase II Environmental Site Assessment • Archaeological Report • Parking Justification • Municipal Pre-Consultation

Textbook Student Suites (555 Princess Street) Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal (Development Approach)
Market Study & Feasibility Report
Development Pro Forma
Plans & Drawings: <ul style="list-style-type: none"> • Architectural plans & renderings • Surveys
Reports: <ul style="list-style-type: none"> • Site Servicing & Stormwater Management • Phase I Environmental Site Assessment • Phase II Environmental Site Assessment • Archaeological Report • Parking Justification • Municipal Pre-Consultation

Textbook Student Suites (Ross Park) Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal Reports, Development Approach
Market Study & Feasibility Report
Development Pro Forma
Plans & Drawings:

Textbook Student Suites (Ross Park) Trustee Corporation
<ul style="list-style-type: none"> • Architectural drawings & renderings • Landscape plans • Tree preservation plans
Reports: <ul style="list-style-type: none"> • Functional Servicing Report • Archaeological Report • Geotechnical Investigation • Neighbourhood Character Statement • Noise Feasibility Study • Phase 1 Environmental Site Assessment • Planning Justification Report • Traffic Study and Parking Justification Report • Urban Design Brief • Site servicing cost estimate
Sales & Deposits <ul style="list-style-type: none"> • Condominium documents • Sales Tracker • Deposit Report
Planning Submissions <ul style="list-style-type: none"> • Zoning By-Law Submission (Nov 2015) • SPA Submission (Dec 2015) • SPA Resubmission (date tbd)

Scollard Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal Report (Development Approach)
Development Pro Forma
Plans & Drawings: <ul style="list-style-type: none"> • Architectural drawings & renderings • Surveys • Structural Drawings • Electrical Drawings • Mechanical Drawings • Landscape Drawings

Scollard Trustee Corporation
Reports: <ul style="list-style-type: none"> • Phase I Environmental Site Assessment • Baseline Building Condition Assessment • Noise Impact Study
Condominium Documents
Financing <ul style="list-style-type: none"> • Firm Capital Mortgage Statement as of July 15, 2016 • Firm Capital Mortgage Commitment Letter
Sales & Deposits <ul style="list-style-type: none"> • Phase 1 & 2 Sales Tracker • Phase 1 & 2 Deposit Report as of June 30, 2016
Contracts <ul style="list-style-type: none"> • CCDC – Sales Centre Contract • Glynn Group Cost Consultant

Textbook Student Suites (774 Bronson Avenue) Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal Report, Development Approach
Market Study & Feasibility Report
Development Pro Forma
Plans & Drawings <ul style="list-style-type: none"> • Architectural plans & renderings • Civil engineering plans • Landscape plans • Sun Shadow Study • Surveys
Reports <ul style="list-style-type: none"> • Functional Servicing & Stormwater Management • Geotechnical Report • Noise Study • Phase I Environmental Site Assessment • Phase II Environmental Site Assessment • Planning Rationale • Transportation Study
Zoning By Law Submission Reports Including:

Textbook Student Suites (774 Bronson Avenue) Trustee Corporation
<ul style="list-style-type: none"> • Civil • Geotechnical • Acoustic • Environmental • Transportation • Planning Rationale
Financing <ul style="list-style-type: none"> • Loan Agreement / Term Sheet with Vector Financial Services Limited
Planning Submissions: <ul style="list-style-type: none"> • Material in support of SPA & Zoning Submission (January 2016) • Material in Support of SPA & Zoning Re-Submission (October 2016)

Textbook Student Suites (445 Princess Street) Trustee Corporation
Agreement of Purchase and Sale documents
Appraisal Report, Development Approach
Market Study & Feasibility Report
Development Pro Forma
Plans & Drawings: <ul style="list-style-type: none"> • Architectural drawings & renderings • Surveys
Reports: <ul style="list-style-type: none"> • Phase I Environmental Site Assessment • Baseline Building Condition Assessment • Archaeological Assessment
Lease with Shoppers Drug Mart
Financing: <ul style="list-style-type: none"> • 1st Mortgage Term Sheet / Commitment Letter

Legacy Lane Investments Ltd.
Appraisal Report & Reliance Letter
Consultant Reports <ul style="list-style-type: none"> • Traffic Report • Site Servicing • Traffic Impact

Legacy Lane Investments Ltd.
Disclosure Statement
Development Pro forma
Memorandum of Understanding
Site Photos
Site Plan Application Drawings & Documents <ul style="list-style-type: none"> • Architectural Drawings • Landscape Drawings • SPA Draft

McMurray Street Investments Inc.
Agreement of Purchase and Sale
Appraisal Report
Architectural Drawings
Consultant Reports <ul style="list-style-type: none"> • Pelican Woodcliff Phase 1 CTC Prelim Report
Landscape Drawings
Project Renderings
Sales Centre Photos

MC Trustee (Kitchener), Ltd.
City Approvals & Letters <ul style="list-style-type: none"> • Approval landscape letter • Approval in principle of SPA • Conditions prior to Site Plan
Consultant Reports <ul style="list-style-type: none"> • Kitchener Memory Care Agreement – API Consultants • Stormwater Management Report
Geotechnical Investigation
Development Pro Forma
Appraisal & Reliance Letter
Kitchener Development Agreements
Market Study
Memory Care Business Plan
Site Photos

MG Trustee (Kitchener) Ltd.
Site Plan Application Drawings & Documents

Memory Care Investments (Oakville) Ltd.
City Approvals and Letters
Consultant Reports
Geotechnical Investigation
Development Pro Forma
Appraisal Report & Reliance Letter
Architectural Fee Proposal
Market Study
Memory Care Business Plan
Site Application & Documents

Memory Care Investments (Burlington) Ltd.
City Approvals and Letters
Consultant Reports
Geotechnical Investigation
Development Pro Forma
Appraisal Report & Reliance Letter
Market Study
Memory Care Business Plan
Site Photos
Site Application & Documents

All of this can be accessed thru separate Dropbox folders which we have created for you and your colleagues via the following link:



Note the Password is: 

Also, please note that to the best of our knowledge we are not connected with the following "Tier 1 Trustee Corporations" or "Tier 1 Trustee Corporation", as the case may be, referenced in your letter:

2223947 Ontario Limited
Keele Medical Trustee Corporation; and,
Hazelton 4070 Dixie Road Trustee Corporation

Accordingly, no information for these Projects has been delivered.

We look forward to discussing all of this with you further at the offices of Aird & Berlis on Thursday afternoon at 2:30pm.

Yours truly,

TEXTBOOK SUITES INC.



John Davies
Co-President

cc: Doug Christie



VIA Email - john@textbooksuites.com

November 8, 2016

John Davies
c/o Textbook Suites Inc.
51 Caldari Road, Suite #A1M
Concord, ON L4K 4G3

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 368-0100
F (416) 380-4949
www.GrantThornton.ca

Dear Mr. Davies:

Re: Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation (collectively, the "Tier 1 Trustee Corporations", and individually, a "Tier 1 Trustee Corporation")

Thank you for the information provided on November 7, 2016, which was in response to our letter dated November 2, 2016 (attached to this letter for your reference). Unless otherwise defined herein, all capitalized terms in this letter are defined as they are in our previous letter.

We have reviewed the documentation provided on November 7, 2016 and it appears that, of the information requested in our previous letter, the documents provided relate primarily to all or part of the following two requests:

- Request #2 - Pro-forma analysis modelling-out the profitability of the underlying project; and
- Request #3 - Pro-forma statements detailing the costs, cash flow projections and use of Mortgage funds.

Most of the requested information has not been provided. Attached as **Schedule A** to this letter is a summary of what has been provided and what remains outstanding.

In addition to the information that remains outstanding from our November 2 request, please provide the following:

- 1) Evidence of current liability insurance for each piece of real property on which a Mortgage exists (with the exception of 1606-1614 Charles Street, which has been provided); and



Grant Thornton

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- 2) Evidence that all property taxes are paid current for each piece of real property on which a Mortgage exists.

We look forward to receiving the outstanding information promptly.

Yours truly,

GRANT THORNTON LIMITED
solely in its capacity as Trustee of
the Tier 1 Trustee Corporations

Per:

A handwritten signature in dark ink, appearing to read "D. Goldband".

David Goldband, CPA, CA, CIRP, LIT
Senior Manager

Encl.

cc: Aird & Berlis LLP
Doug Christie

Schedule A

Requests from Trustee's Letter Dated November 2, 2016

	1	2	3	4	5	6	7	8	9	10
28 McMurray Street_Bracebridge	N	Y	Y	N	N	N	N	N	N	Y - Provided reports and other information related to projects
105 Garden Drive_Oakville	N	Y	Y	N	N	N	N	N	N	Y - Provided reports and other information related to projects
169 Borden Avenue North_Kitchener	N	Y	Y	N	N	N	N	N	N	Y - Provided reports and other information related to projects
445 Princess_Kingston	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
525 Princess_Kingston	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
555 Princess_Kingston	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
774 Bronson_Ottawa Ross Park - 1234-1246	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
Richmond Street_London	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
1605-1614 Charles Street_Whitby	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
2168-2174 Ghent Ave_Burlington	N	Y	Y	N	N	N	N	N	N	Y - Provided reports and other information related to projects
Legacy Lane	N	Y	Provided summary of costs; Remaining information o/s	N	N	N	N	N	N	Y - Provided reports and other information related to projects
27603951.2										



VIA Email - john@textbooksuites.com

November 2, 2016

John Davies
c/o Textbook Suites Inc.
51 Caldari Road, Suite #A1M
Concord, ON L4K 4G3

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4849
www.GrantThornton.ca

Dear Mr. Davies:

Re: Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation (collectively, the "Tier 1 Trustee Corporations", and individually, a "Tier 1 Trustee Corporation")

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In accordance with the terms of the Appointment Order, all interest payments required to be made under the terms of the syndicated mortgages held by a Tier 1 Trustee Corporation (collectively, the "Mortgages", and individually, a "Mortgage") by a developer under your control that received funds from a Mortgage (collectively, the "Developers", and individually, a "Developer") must be made to GTL, in its capacity as the Trustee. Failure to make the scheduled interest payments will result in a default under the respective Mortgage.

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In the interim, and in accordance with the terms of the Appointment Order, the Trustee requests, by no later than the close of business on Monday, November 7, 2016, the following information related to each Developer:

- 1) Quarterly updates provided to the Tier 1 Trustee Corporation;



- 2) Pro-forma analysis modelling-out the profitability of the underlying project;
- 3) Pro-forma statements detailing the costs, cash flow projections and use of Mortgage funds;
- 4) A statement showing the amounts and dates of all advances under each real property charge ranking ahead or behind the respective Mortgage;
- 5) The Developer's most-recently prepared financial statements;
- 6) A detailed accounting of the use of funds advanced from the respective Mortgage;
- 7) A detailed accounting of the use of funds advanced from any subsequent capital raises by the Developer;
- 8) A detailed summary of the status of the project;
- 9) Copies of any correspondence with end investors under the Mortgage and particulars of any meetings held with such investors since the date of the Appointment Order; and
- 10) Any additional information which you believe should be brought to the Trustee's attention in connection with any of the foregoing.

Going forward, please provide the Trustee with draft copies of any correspondence intended for the end investors under the Mortgages so that the Trustee can review and approve such communication in advance. Please also provide the Trustee with advance notice and details of any meetings scheduled with end investors under the Mortgages so that the Trustee may consider the necessity of any such meeting and have the ability to attend.

We look forward to meeting with you on November 10, 2016 at 2:30 p.m.

Yours truly,

GRANT THORNTON LIMITED
solely in its capacity as Trustee of
the Tier 1 Trustee Corporations

Per:

David Goldband, CPA, CA, CIRP, LIT
Senior Manager

cc: Aird & Berlis LLP
Doug Christie

Goldband, David

From: Goldband, David
Sent: Thursday, November 10, 2016 9:48 AM
To: 'John Davies'
Cc: dchristle@rubinchristie.ca; 'Steve Graff'; 'Jeremy Nemers'; Krieger, Jonathan; 'Ian Aversa'; Freed, Franny; 'Walter Thompson'
Subject: RE: The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al. / Court File No. CV-16-11567-00CL

Hi John,

Kindly provide whatever additional information you can in advance of our meeting today. We look forward to meeting with you at the offices of Aird & Berlis (181 Bay Street, 18th floor) at 2:30pm.

Regards,

David Goldband
 Grant Thornton Limited
 416.369.6446

From: John Davies [mailto:john@textbooksuites.com]
Sent: Wednesday, November 09, 2016 10:28 AM
To: Goldband, David
Cc: dchristle@rubinchristie.ca; 'Steve Graff'; 'Jeremy Nemers'; Krieger, Jonathan; 'Ian Aversa'; Freed, Franny; 'Walter Thompson'
Subject: RE: The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al. / Court File No. CV-16-11567-00CL

Hello David:

We received your last correspondence and did reach out to our accountant to start preparing the financial overviews etc. Our accounting role here in the office is essentially AP and project monitoring opposite consultants, office overhead, payroll and the like.

We have forwarded relevant development materials about each project to illustrate the scope and extent of the work which takes our projects from conception through to readiness for construction. There is a wealth of background reports, design development studies, engineering and feasibility studies involved in the development process and we have provided much of that to you in the project drop box files.

There hasn't been sufficient time for our accounting staff to prepare everything you require, but our accountant did spend the full day in our office yesterday working on the financial summaries. We'll forward that to you as it's completed.

In the meantime I'll ask our staff to assemble the additional information you have requested.

Best,

John.

From: Goldband, David [<mailto:David.Goldband@ca.gt.com>]
 Sent: November 8, 2016 4:08 PM
 To: John Davies <john@textbooksuites.com>
 Cc: dchristie@rubinchristie.ca; Steve Graff <sgraff@airdberlis.com>; Jeremy Nemers <jnemers@airdberlis.com>; Krieger, Jonathan <Jonathan.Krieger@ca.gt.com>; Ian Aversa (iaversa@airdberlis.com) <iaversa@airdberlis.com>; Freed, Franny <Franny.Freed@ca.gt.com>
 Subject: RE: The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al. / Court File No. CV-16-11567-00CL

Hi John,

Please find attached a letter in respect of the above noted matter.

Regards,

David Goldband
 Grant Thornton Limited
 416.369.6446

From: John Davies [<mailto:john@textbooksuites.com>]
 Sent: Monday, November 07, 2016 5:02 PM
 To: Goldband, David
 Cc: dchristie@rubinchristie.ca
 Subject: RE: The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al. / Court File No. CV-16-11567-00CL

Hello David:

Attached please find correspondence and files related to our projects.

Thanks,

John.

From: Goldband, David [<mailto:David.Goldband@ca.gt.com>]
 Sent: November 2, 2016 8:27 PM
 To: John Davies <john@textbooksuites.com>
 Cc: Krieger, Jonathan <Jonathan.Krieger@ca.gt.com>; Freed, Franny <Franny.Freed@ca.gt.com>; Ian Aversa (iaversa@airdberlis.com) <iaversa@airdberlis.com>; Steve Graff (sgraff@airdberlis.com) <sgraff@airdberlis.com>; Jeremy Nemers (jnemers@airdberlis.com) <jnemers@airdberlis.com>; dchristie@rubinchristie.ca
 Subject: The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al. / Court File No. CV-16-11567-00CL

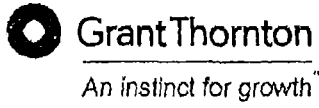
Hi John,

Please see the attached correspondence of today's date.

Regards,
 David

David Goldband, CPA, CA, CIRP | Senior Manager
 Grant Thornton LLP
 11th Floor | 200 King Street West | Box 11 | Toronto | ON | M5H 3T4

T +1 416 369 6446 | F +1 416 360 4949
E David.Goldband@ca.gt.com | W <http://www.grantthornton.ca/>



Grant Thornton LLP is proud to be recognized as one of Canada's best workplaces for our ninth consecutive year!

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AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

November 16, 2016

VIA EMAIL (dchristie@rubinchristie.ca)

Rubin & Christie LLP
219 Finch Avenue West, Second Floor
Toronto, ON M2R 1M2

Attention: Douglas Christie

Dear Mr. Christie:

Re: **The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation et al. / Court File No. CV-16-11567-00CL**

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee (in such capacity, the "Trustee") of the named Respondents in the Appointment Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on October 27, 2016 (the "Appointment Order"). A copy of the Appointment Order is available on the Trustee's website at www.granthornton.ca/tier1.

As you know, and pursuant to the terms of the Appointment Order, the Trustee made several requests for information from your developer/borrower clients (being the named Moving Parties in the notice of motion dated November 7, 2016), including, without limitation, by way of letters to your clients' principal, Mr. Davies, dated November 2, 2016 and November 8, 2016. As you also know, the Trustee followed-up with its requests for information from your clients during a meeting at our offices on November 10, 2016 at which you, Mr. Davies, Mr. Thompson (being Mr. Davies' colleague), the Trustee and its counsel were present (the "November 10 Meeting").

Below is an itemized list of the information that the Trustee has requested from Mr. Davies in respect of each of the 11 projects for which the Moving Parties are responsible as developers and borrowers under the syndicated mortgages held by the Respondents (the "Mortgages"), and the status of the information provided to date (collectively, the "Requested Information"):

- 1) Quarterly updates provided to the Respondents – nothing has been provided to the Trustee to date;
- 2) Pro-forma analysis modelling-out the profitability of the underlying project – provided to the Trustee;

Page 2

- 3) Pro-forma statements detailing the costs, cash flow projections and use of Mortgage funds – only a partial response has been provided to the Trustee to date, with only a summary of costs having been provided for seven of the 11 projects;
- 4) A statement showing the amounts and dates of all advances under each real property charge ranking ahead of or behind the respective Mortgage – nothing has been provided to the Trustee to date;
- 5) Each of the Moving Parties' most-recently prepared financial statements – nothing has been provided to the Trustee to date;
- 6) A detailed accounting of the use of funds advanced from each Mortgage – nothing has been provided to the Trustee to date;
- 7) A detailed accounting of the use of funds advanced from any subsequent capital raises by the Moving Parties – nothing has been provided to the Trustee to date;
- 8) A detailed summary of the status of each project – nothing has been provided to the Trustee to date;
- 9) Copies of any correspondence with end investors under the Mortgages and particulars of any meetings held with such investors since the date of the Appointment Order – nothing has been provided to the Trustee to date;
- 10) Evidence of current liability insurance for each piece of real property on which a Mortgage exists (with the exception of 1606-1614 Charles Street, which had already been provided) – nothing has been provided to the Trustee to date;
- 11) Evidence that all property taxes are paid current for each piece of real property on which a Mortgage exists – nothing has been provided to the Trustee to date; and
- 12) Any additional information which Mr. Davies' believes should be brought to the Trustee's attention in connection with any of the foregoing – certain reports and other information have been provided, without any guidance from Mr. Davies as to how he considers them to be relevant to the foregoing requests.

Despite assurances at the November 10 Meeting from Mr. Davies that he had been preparing and would be forwarding the requested information as it became available, all that has been sent to the Trustee since the November 10 Meeting is a letter of intent from DUCA Financial Services dated August 16, 2016 and accepted August 24, 2016 (the "DUCA LOI"), a commitment letter from Centurion Mortgage Capital Corporation dated October 17, 2016 and accepted October 19, 2016 (the "Centurion Commitment Letter") and a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) from Firm Capital Mortgage Fund Inc, dated November 8, 2016 (the "Firm Capital Notice"), which materials relate to the real property owned by Scollard Development Corporation (the "Boathaus Project").

As discussed at the November 10 Meeting, we understand that there is particular urgency in regards to the Boathaus Project, as the term of the mortgage to which the Firm Capital

Page 3

Notice relates (the "Firm Capital Mortgage") is set to mature in the ordinary course on January 1, 2017, subject to earlier enforcement as a result of the Firm Capital Notice, and Mr. Davies is requesting that the Trustee agree to postpone the Respondents' Mortgage on the Boathaus Project in favour of the mortgage contemplated by the Centurion Commitment Letter (the "Proposed Postponement"). The situation is further complicated because the Respondents' Mortgage on the Boathaus Project was, and remains, in default as a result of a missed interest payment to investors on October 1, 2016. It is for these reasons that we suggested at the November 10 Meeting that Mr. Davies prioritize forwarding to the Trustee the Requested Information as it relates to the Boathaus Project, such that the Trustee would be in a position to assess the Proposed Postponement.

The Trustee therefore repeats its request that Mr. Davies provide the Requested Information relating to the Boathaus Project as soon as possible. In addition, we also ask that Mr. Davies, as soon as possible:

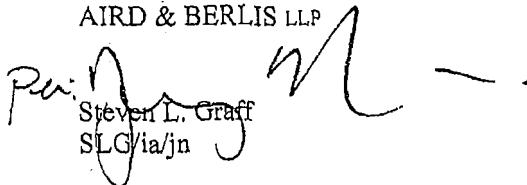
- 1) Advise the Trustee when and how he plans to cure the Firm Capital Mortgage default (which default he indicated at the November 10 Meeting would be cured);
- 2) Advise the Trustee when and how he plans to cure the interest arrears default in respect of the Respondents' Mortgage on the Boathaus Project (which default he indicated at the November 10 Meeting would be cured); and
- 3) Confirm with the Trustee that he has provided to Centurion Mortgage Capital Corporation any and all documents and information necessary to obtain the mortgage contemplated by the Centurion Commitment Letter (other than the Proposed Postponement) and provide the Trustee with a copy of such documents and information.

At this time, and provided that the default in the Firm Capital Mortgage is cured by Mr. Davies, it is the Trustee's intention to call an investor meeting prior to the maturity of the Firm Capital Mortgage to, amongst other things: (i) share the material provided by Mr. Davies relating to the Boathaus Project; and (ii) solicit and tabulate investors' input as to whether they desire to proceed with the Proposed Postponement.

We look forward to hearing from you and/or Mr. Davies as soon as possible.

Yours very truly,

AIRD & BERLIS LLP

pw

 Steven L. Graff
 SLG/ia/jn

cc: Client
 cc: The Superintendent of Financial Services

27671452.2

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

November 22, 2016

VIA EMAIL (dchristie@rubinchristie.ca)Rubin & Christie LLP
219 Finch Avenue West, Second Floor
Toronto, ON M2R 1M2

Attention: Douglas Christie

Dear Mr. Christie:

**Re: The Superintendent of Financial Services v. Textbook Student Suites (525
Princess Street) Trustee Corporation et al. /
Court File No. CV-16-11567-00CL**

We are writing to follow-up on our letter of November 16, 2016 ("Our November 16 Letter"). Unless otherwise defined herein, all capitalized terms are defined as they are in Our November 16 Letter.

As you know, Our November 16 Letter was a follow-up to several requests by the Trustee for information from Mr. Davies pursuant to the terms of the Appointment Order, including, without limitation, by way of letters to Mr. Davies dated November 2, 2016 and November 8, 2016 and by way of the November 10 Meeting.

A detailed list of the Requested Information is contained in Our November 16 Letter, a copy of which is enclosed for ease of reference. Almost all the Requested Information continues to be outstanding as at the date hereof. More specifically, all the Requested Information that was listed as outstanding in Our November 16 Letter remains outstanding. Moreover, none of the additional information requested in Our November 16 Letter (together with the Requested Information, the "Information") has been provided, other than confirmation that the default in respect of the Firm Capital Mortgage has purportedly been cured (the evidence of which we have now asked you for multiple times and which you and your client have failed to provide). Finally, where are the development summaries (among other documentation and information) that were promised by your client 3 weeks ago?

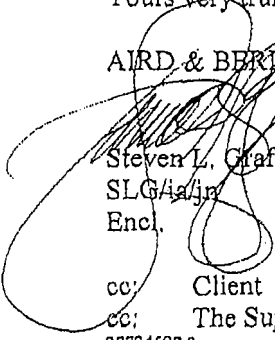
The continued failure by Mr. Davies to deliver the Information effectively precludes the Trustee from performing its mandate in respect of 11 of the 16 projects (being the 11 projects for which Mr. Davies' companies are the borrowers/developers). The delay is simply unsatisfactory and no longer tolerable.

Page 2

Should the Trustee not receive the Information from Mr. Davies by the close of business this Friday, November 25, 2016, the Trustee will be bringing a motion on an urgent basis to have Mr. Davies found in contempt and to further compel delivery of the Information. If it is necessary, we will also seek to have an interim receiver or an information officer appointed in respect of each of the development companies so that the Trustee can obtain the necessary information to perform its mandate;

Yours very truly,

AIRD & BERLIS LLP



Steven L. Gaff
SLG/ajj
Enc.

cc: Client
cc: The Superintendent of Financial Services
27724592.2

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
 Direct: 416.865.7726
 Email: sgraff@airdberlis.com

November 16, 2016

VIA EMAIL (dchristie@rubinchristie.ca)

Rubin & Christie LLP
 219 Finch Avenue West, Second Floor
 Toronto, ON M2R 1M2

Attention: Douglas Christie

Dear Mr. Christie:

Re: **The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation et al. / Court File No. CV-16-11567-00CL**

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee (in such capacity, the "Trustee") of the named Respondents in the Appointment Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on October 27, 2016 (the "Appointment Order"). A copy of the Appointment Order is available on the Trustee's website at www.granthornton.ca/tjer1.

As you know, and pursuant to the terms of the Appointment Order, the Trustee made several requests for information from your developer/borrower clients (being the named Moving Parties in the notice of motion dated November 7, 2016), including, without limitation, by way of letters to your clients' principal, Mr. Davies, dated November 2, 2016 and November 8, 2016. As you also know, the Trustee followed-up with its requests for information from your clients during a meeting at our offices on November 10, 2016 at which you, Mr. Davies, Mr. Thompson (being Mr. Davies' colleague), the Trustee and its counsel were present (the "November 10 Meeting").

Below is an itemized list of the information that the Trustee has requested from Mr. Davies in respect of each of the 11 projects for which the Moving Parties are responsible as developers and borrowers under the syndicated mortgages held by the Respondents (the "Mortgages"), and the status of the information provided to date (collectively, the "Requested Information"):

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- 5) Each of the Moving Parties' most-recently prepared financial statements – nothing has been provided to the Trustee to date;
- 6) A detailed accounting of the use of funds advanced from each Mortgage – nothing has been provided to the Trustee to date;
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- 9) Copies of any correspondence with end investors under the Mortgages and particulars of any meetings held with such investors since the date of the Appointment Order – nothing has been provided to the Trustee to date;
- 10) Evidence of current liability insurance for each piece of real property on which a Mortgage exists (with the exception of 1606-1614 Charles Street, which had already been provided) – nothing has been provided to the Trustee to date;
- 11) Evidence that all property taxes are paid current for each piece of real property on which a Mortgage exists – nothing has been provided to the Trustee to date; and
- 12) Any additional information which Mr. Davies' believes should be brought to the Trustee's attention in connection with any of the foregoing – certain reports and other information have been provided, without any guidance from Mr. Davies as to how he considers them to be relevant to the foregoing requests.

Despite assurances at the November 10 Meeting from Mr. Davies that he had been preparing and would be forwarding the requested information as it became available, all that has been sent to the Trustee since the November 10 Meeting is a letter of intent from DUCA Financial Services dated August 16, 2016 and accepted August 24, 2016 (the "DUCA LOI"), a commitment letter from Centurion Mortgage Capital Corporation dated October 17, 2016 and accepted October 19, 2016 (the "Centurion Commitment Letter") and a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) from Firm Capital Mortgage Fund Inc. dated November 8, 2016 (the "Firm Capital Notice"), which materials relate to the real property owned by Scollard Development Corporation (the "Boathaus Project").

As discussed at the November 10 Meeting, we understand that there is particular urgency in regards to the Boathaus Project, as the term of the mortgage to which the Firm Capital

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The Trustee therefore repeats its request that Mr. Davies provide the Requested Information relating to the Boathaus Project as soon as possible. In addition, we also ask that Mr. Davies, as soon as possible;

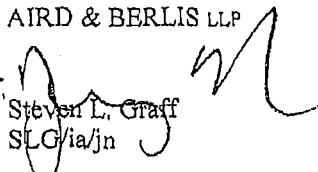
- 1) Advise the Trustee when and how he plans to cure the Firm Capital Mortgage default (which default he indicated at the November 10 Meeting would be cured);
- 2) Advise the Trustee when and how he plans to cure the interest arrears default in respect of the Respondents' Mortgage on the Boathaus Project (which default he indicated at the November 10 Meeting would be cured); and
- 3) Confirm with the Trustee that he has provided to Centurion Mortgage Capital Corporation any and all documents and information necessary to obtain the mortgage contemplated by the Centurion Commitment Letter (other than the Proposed Postponement) and provide the Trustee with a copy of such documents and information.

At this time, and provided that the default in the Firm Capital Mortgage is cured by Mr. Davies, it is the Trustee's intention to call an investor meeting prior to the maturity of the Firm Capital Mortgage to, amongst other things: (i) share the material provided by Mr. Davies relating to the Boathaus Project; and (ii) solicit and tabulate investors' input as to whether they desire to proceed with the Proposed Postponement.

We look forward to hearing from you and/or Mr. Davies as soon as possible.

Yours very truly,

AIRD & BERLIS LLP

pu

 Steven L. Graff
 SLG/ia/jn

cc: Client
 cc: The Superintendent of Financial Services

27671452.2

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

November 23, 2016

VIA EMAIL (dchristie@rubinchristie.ca)Rubin & Christie LLP
219 Finch Avenue West, Second Floor
Toronto, ON M2R 1M2

Attention: Douglas Christie

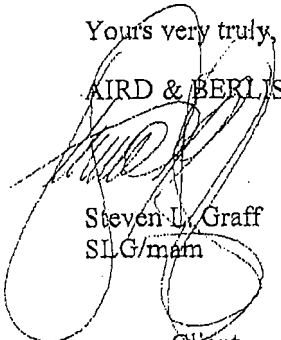
Dear Mr. Christie:

**Re: The Superintendent of Financial Services v. Textbook Student Suites (525
Princess Street) Trustee Corporation et al,
Court File No. CV-16-11567-00CL**

Further to my letter of yesterday, in view of the concerns raised by several investors to the Trustee we require a copy of the Trust ledgers relating to each of the projects in respect of which your client is the developer.

Yours very truly,

AIRD & BERLIS LLP


Steven L. Graff
SLG/mamcc: Client
cc: The Superintendent of Financial Services

27737405.1

Tab E

Date: Nov 12, 2016 6:14 PM
Subject: IMPORTANT and URGENT

cc. [REDACTED]

Dear [REDACTED]

PLEASE read this email carefully AND your reply (as per instructions below) is URGENT!!!

Tier 1 projects you are invested in Memory Care (KW)

First of all, thank you for your patience during this current fiasco with FSCO and Grant Thornton. We were totally caught off guard with this unnecessary overnight intrusion by FSCO and Grant Thornton.

As I promised, my commitment to you is to look after your best interests to the very best of my ability.

I was in Toronto yesterday afternoon to meet with John Davies (the developer), a top downtown Toronto law firm, and a few other key advisors to map out our plan of action against this unprecedented interference from FSCO and Grant Thornton.

By now, you have probably received numerous legalese emails and possibly a few letters from FSCO, Grant Thornton and Olympia Trust (for registered investments) related to the Tier 1 projects. FSCO and Grant Thornton's objective is to create anxiety among our investors.

You should have very recently received a letter (not an email) from Grant Thornton. This letter outlined what they claim their role is to be as Bare Trustee and requesting you, the investor, to send them your information.

If you haven't already done so, please be advised NOT to send or sign anything from that Grant Thornton package, especially NOT The Trust Certificate, as we believe that Grant Thornton is NOT the ideal Bare Trustee to represent the best interests of our investors in this particular situation.

Grant Thornton has their own agenda (which I cannot state in this email). Grant Thornton has already taken \$428,700 in fees (for less than 3 weeks of work to date) from the interest funds placed IN TRUST for the investors by the developer. I (and our lawyers) do not understand how can Grant Thornton can draw on the funds held IN TRUST by Harris + Harris LLP for our investors. Grant Thornton's public report on their website denies this, however we have confirmation and proof of this from both Harris + Harris and from Grant Thornton's own lawyers!

I would like to outline a few key points that you should be aware of as an investor:

- Although it has taken 2 weeks for our group to get organized in a cohesive manner, we have retained the highly regarded speciality law firm of; Lax O'Sullivan Lisus Gottlieb LLP (LOLG), who specializes in business litigation, including corporate and commercial disputes, insolvency and restructuring mandates. This law firm has acted as counsel in many major court proceedings, including those on behalf of Aon, KingsSett Capital, Pfizer Inc and Open Text and has significant experience in trials and court applications.
- I honestly believe that the best chance to get your investment in full:
 1. Is for the projects to be built and completed as planned. Everything was on track before FSCO and Grant Thornton stepped in.
 2. To replace Grant Thornton as the Bare Trustee.
 3. To appoint an independent 3rd party Mortgage Administrator and Trustee, with experience in Commercial Real Estate, Developments.
- We have asked this law firm to become involved on behalf of all of our investors in the proceeding commenced by the Superintendent of Financial Services (Court File No. CV-16-11567-00CL). Specifically, due to Grant Thornton's interference and own agenda, we are very concerned about:
 1. the developer losing control of the Projects,
 2. Investors' views not being sought by or considered by FSCO or by Grant Thornton with regard to the Projects,
 3. the Investors' funds held In Trust by Harris + Harris being used to fund the costs of Grant Thornton and its legal counsel, and
 4. the Court ordering that Grant Thornton's and its lawyer's fees be added to the indebtedness secured by the mortgages over the Projects.
- Quite simply
 1. your interest funds, held IN TRUST by Harris + Harris should not be used to fund Grant Thornton; that is an inappropriate use of the funds
 2. Grant Thornton's fees should not be added to the debt load so that indirectly they are being paid, as well, by our investors

On Monday, November 14, our law firm will be representing all of our investors before the court as per our above concerns.

WHAT WE URGENTLY NEED FROM YOU:

1. We need your voice to be heard. If you are in agreement with the steps we are taking above and the actions we are recommending please simply respond to this email by saying "YES I AGREE" in the Subject Line
2. Do **NOT** sign or send any portion of the Grant Thornton package back to them ... especially **NOT** the Trust Certificate.

Within a week, I will send you another update email informing you of the outcome of Monday's proceedings and any further actions to be taken at this time.

PS: The Globe and Mail recently reported (Nov 8) that "*There was a lack of appropriate governance and accountability*" and FSCO is being replaced by a new provincial regulator ...
<http://www.theglobeandmail.com/report-on-business/ontario-will-create-new-regulatory-authority-finance-minister-says/article32721245/>

With Regards,

Peter Lantos B.Comm, CMIP, CRMS, EPC

Certified Mortgage Investment Professional / Certified Reverse Mortgage Specialist / Elder Planning Counselor

www.PeterLantos.com

www.PeterLantosInsurance.ca

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
 Direct: 416.865.7726
 Email: sgraft@airdberlis.com

WITH PREJUDICE

November 15, 2016

VIA EMAIL: (peter@peterlantos.com)

Peter Lantos Mortgage Investments & Insurance Planning
 2650 Bristol Circle
 Suite 100
 Oakville, ON L6H 6Z7

Attention: Peter Lantos

Dear Mr. Lantos:

Re: The Superintendent of Financial Services v. Textbook Student Suites (525
 Princess Street) Trustee Corporation, et al. (the "Bare Trustees") /
 Court File No. CV-16-11567-00CL

We are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee (the "Trustee") of the Bare Trustees, as appointed by Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Appointment Order"). A copy of the Appointment Order and accompanying Endorsement are available on the Trustee's website at www.grantthornton.ca/tier1.

We are in receipt of a copy of your correspondence to at least one investor dated November 12, 2016 ("Your Investor Email"). Your Investor Email includes several wild and completely unsubstantiated, false and defamatory accusations, including:

- a) that the Trustee has "*already taken \$428,700 in fees*" when, in fact, no such fees of this amount – or any amount, for that matter – have even been invoiced, much less taken by the Trustee;
- b) that you have "*confirmation and proof of [item (a)] from both Harris + Harris and from Grant Thornton's own lawyers!*," when you clearly have no such confirmation or proof, as no fees of any amount have been invoiced, much less taken, by the Trustee;
- c) that "*[e]verything was on track before FSCO and Grant Thornton stepped in,*" when, in fact, on their face, several of the mortgages were already in default prior to the Trustee's appointment; and

Page 2

- d) that you are concerned about the Trustee's supposed "*interference and own agenda*," baldly stating that the Trustee's "*objective is to create anxiety among [the] investors*," when, in fact, the Trustee's mandate as an independent officer of the Court is to protect the interests of the investors in accordance with the terms of the Appointment Order.

Your Investor Email also directs investors to disregard the Trustee's request for investors to submit their contact information to the Trustee. The purpose of the Trustee's request is to allow the Trustee to communicate efficiently with the investors and keep all stakeholders informed of the Trustee's administration, including taking steps to address the improper content in Your Investor Email, which no doubt add to the anxiety of the investor group.

Of further concern is that Your Investor Email appears to acknowledge that you have reviewed the First Report of the Trustee dated November 10, 2016, thereby leaving the distinct and false impression that the Trustee has been lying to investors and the Court, which is also an extremely serious and completely unsubstantiated allegation.

We require that, within the next 48 hours, you:

- a) provide the Trustee with a full and complete list of persons/entities and associated contact information to whom Your Investor Email, or correspondence of a similar nature was sent; and
- b) issue a formal retraction to each recipient, copying the Trustee, in which you:
 - i. acknowledge the inaccuracy of your statements;
 - ii. withdraw your direction that investors withhold their contact information from the Trustee; and
 - iii. apologize to the investors for the harm, inaccuracy and confusion caused by your statements.

The Trustee's mandate, as an independent officer of the Court, is to protect the investors' interests. We consider the statements in Your Investor Email to offend the Appointment Order.

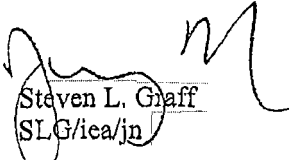

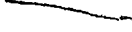
In the event that you do not comply with the above request, the Trustee will be scheduling an urgent Court appearance for you to explain your actions and why you should not be held in contempt personally for placing the investors' interests in peril in the face of the Appointment Order.

Please govern yourself accordingly.

Page 3

Yours very truly,

AIRD & BERLIS LLP

per:   
Steven L. Gaff
SLG/ica/jn

- cc: Client
- cc: The Superintendent of Financial Services
- cc: Matthew Gottlieb, Lax O'Sullivan Lisus Gottlieb LLP

27657832.2

Jeremy Nemers

From: Jeremy Nemers
Sent: November-16-16 2:14 PM
To: 'Peter Lantos'
Cc: Steve Graff; Ian Aversa; jkrieger@grantthornton.ca; David.Goldband@ca.gt.com; 'Mark Bailey'; 'Daniel Di Fonzo'; mgottlieb@counsel-toronto.com
Subject: RE: Court File No. CV-16-11567-00CL / The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al.

Mr. Lantos,

We are agreeable to you complying with all the items set out in our letter within 72 hours from yesterday evening.

Thank you,

Jeremy

From: Peter Lantos [mailto:peter@peterlantos.com]
Sent: November-16-16 9:30 AM
To: Jeremy Nemers <jnemers@airdberlis.com>
Cc: Steve Graff <sgraff@airdberlis.com>; Ian Aversa <iaversa@airdberlis.com>; jkrieger@grantthornton.ca; David.Goldband@ca.gt.com; 'Mark Bailey' <Mark.Bailey@fsc.gov.on.ca>; 'Daniel Di Fonzo' <Daniel.DiFonzo@fsc.gov.on.ca>; mgottlieb@counsel-toronto.com
Subject: RE: Court File No. CV-16-11567-00CL / The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al.

Mr. Nemers,

I acknowledge that I have received your email.

I kindly request that I please be granted an extension from 48 hours to 72 hours in order to gather my information and reply to your letter in a professional manner.

With Regards,

Peter Lantos B.Comm, CMIP, CRMS, EPC
Certified Mortgage Investment Professional / Certified Reverse Mortgage Specialist / Elder Planning Counselor

Peter Lantos Mortgage Investments and Insurance / Retirement Planning
Mortgage Lic #M13000423 Mortgage Broker #12497 Life Ins Lic #9300730

From: Jeremy Nemers [mailto:jnemers@airdberlis.com]
Sent: November-15-16 6:34 PM
To: 'peter@peterlantos.com'
Cc: Steve Graff; Ian Aversa; Jonathan Krieger (jkrieger@grantthornton.ca) (jkrieger@grantthornton.ca); Goldband, David (David.Goldband@ca.gt.com) (David.Goldband@ca.gt.com); Mark Bailey; 'Daniel Di Fonzo'; 'mgottlieb@counsel-

toronto.com'

Subject: Court File No. CV-16-11567-00CL / The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al.

Importance: High

Mr. Lantos,

Please find the attached correspondence from my colleague, Steven L. Graff, of today's date.

Jeremy Nemers, B.Comm., J.D.

T 416.865.7724

F 416.863.1515

E jnemers@airdberlis.com

Brookfield Place • 181 Bay Street

Suite 1800 • Box 754

Toronto ON • M5J 2T9 • Canada

www.airdberlis.com

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Please consider the environment before printing this email.

Goldband, David

From: Peter Lantos <peter@peterlantos.com>
Sent: Friday, November 18, 2016 10:45 AM
To: 'Steve Graff'
Cc: 'Jeremy Nemers'; 'Ian Aversa'; Krieger, Jonathan; Goldband, David; 'Mark Bailey'; 'Daniel Di Fonzo'; mgottlieb@counsel-toronto.com
Subject: RE: Court File No. CV-16-11567-00CL / The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al.
Attachments: Attachment 1.pdf; Attachment 2.pdf; Attachment 3.pdf; Attachment 4.pdf
Follow Up Flag: Follow up
Flag Status: Completed

Dear Mr. Graff,

I am replying to you in regards to your letter of November 15, 2016. I apologize in advance for this lengthy email however I feel it is important for all the recipients to understand what is going on at the street level.

A Brief History of Myself

I would like to make it very clear that everything I do is in the best interests of my clients who always have been and always will be my #1 priority, first and foremost. I represent 59 unique clients who have invested over \$3.5M in various Tier 1 projects.

I have been in the insurance / investment industry for over 35 years and I have never had a single complaint against me by either a client, a company or a regulatory body. I have always been 100% compliant in all my dealings. As a matter of fact I even reached out to Mr. David Goldband at Grant Thornton 2 weeks ago and asked if I may be of any help or assistance with the Tier 1 review?

Titan Equity Ltd

Firstly, I would like all the recipients of this email to know that I had a number of clients invested with Titan Equity in the Villa del Sol project. This was a brand new 5 storey 35,888 sq. ft. retirement home, already built, located on Pine Valley Dr. just north of Hwy 407 in Vaughn. This property was appraised by a fully accredited AACI appraiser at \$15.5M in April 2012. Grant Thornton was appointed receiver of Titan approx. August 2015. Villa del Sol was liquidated by Grant Thornton in March 2016 for slightly over \$6M, leaving \$0 for the investors.

This project was located in a highly desirable area, in a very hot GTA market, and there had been increased interest and activity in retirement and nursing homes by a number of institutional investors as well operators such as Chartwell and Revera. This property was given away at a fire sale price leaving the Titan investors with \$0. So how may I ask did Grant Thornton act in the best interests of these investors? Although I am sure that

Grant Thornton went through their standard liquidation "process", they could have done much more in my humble opinion to attract higher offers that would have allowed the Titan investors to recoup a major portion of their principal.

So yes, my previous experience has caused me to be a little leery of Grant Thornton. My #1 objective is to look after the best interests of my clients and to return the principal back to my investors.

Tier 1 Advisory

With regards to the email that I sent to my Tier 1 investors dated November 12, 2016, I kindly ask that you please place yourself at the street level for a moment ...

1. to date, every investor has received every single quarterly interest payment (except for Vaughn Crossings).
2. on Oct 24, 2016 I receive an email from FSCO stating that "FSCO takes action relating to unlawful syndicated mortgage practices". No one at Tier 1 is allowed to say anything to the advisors. No one at FSCO is saying anything other than the situation is being reviewed. So as the advisor representing several investors, I am left in the dark as to what is happening.

I immediately sent the following email Fariba.Mirhassanivahed@fSCO.gov.on.ca on Oct 24th

Dear Fariba,

The suspension states that Subsection 19(3) of the Act provides that, if in the Superintendent's opinion, the interests of the public may be adversely affected by any delay in the revocation of a licence as a result of the steps required by section 21, the Superintendent may, without notice, make an interim order suspending the licence.

Can you please tell me what is the status of the millions of dollars of investor funds in the various projects? What is FSCO doing to protect and recover these funds?

*Sincerely,
Peter Lantos*

A few days later I received the following reply from Manon Azar

Mr. Lantos,

In response to your e-mail to my colleague Fariba, I'm sure you have heard by now that FSCO applied to the Court for a court-appointed officer to help protect the interests of syndicated mortgage investors in Tier 1 related real estate development projects. The Trustee's role is to act in the best interests of the investors.

*For more information, please visit the trustee's website (
http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/tier1)*

*Regards,
Manon Azar
Compliance Officer*

As you can see, I merely received the "standard company lline". (A similar reply that I received for over a year with the Villa del Sol project). I have also called a number of times as both a private investor (which I am) and as the advisor representing several clients with millions of dollars invested in these projects. To the recipients listed above, I am tried my very best to follow proper protocol procedures so I can inform my investors!

On November 3, 2016, Olympia Trust sends out a series of 4 emails, with 14 attachments and over 1,000 pages of legalese. And each email stated the following ...

Olympia Trust Company ("Olympia") has been named in this proceeding because the Mortgage held in your Self-Directed plan is registered in Olympia's name. However, Olympia does not intend to engage legal counsel or take any legal action in connection with this matter. **You should consult with your own legal advisor as to whether you need to take any legal action.** If you do decide to take legal action, you must advise us as to the lawyer representing you as they will likely require our consent in order to deal with this matter. We remind you that your account agreement provides that you are responsible for all costs and expenses (including legal fees) incurred in connection with your Mortgage investment.

Almost immediately, my phone is ringing off the hook from very anxious investors wondering what this is all about? I have no answers and nobody at Tier 1, or FSCO, or Grant Thornton, or Olympia Trust can tell me what is going on.

In my desperate attempt to get some answers, so that I can then advise my anxious investors, I sent an email to Mr. Mark Bailey on November 4th

Hello Mr. Bailey,

I am under the impression that FSCO's mandate is to protect the interests of investors.

Two days ago, Olympia Trust sent out 4 successive emails containing 14 different PDF files, hundreds of pages all in legalese!

Why is Olympia Trust allowed to create mass panic among the investors?

With Regards,

Peter Lantos B.Comm. CMIP, CRMS, EPC

I received the following reply the next day (I bolded the sentence below)

Mr. Lantos,

*My colleague, Mark Bailey, forwarded me a copy of your email to him of this morning. Olympia Trust was served with a copy of the application materials, which I take to be the materials to which you are referring, as a result of it being the holder of the registered account funds in the mortgage investments. In this capacity, it had an interest in the application. **The Superintendent did not approve and was not aware of Olympia Trust's distribution of the application materials to investors.***

Nevertheless, these materials are available on the website of the court appointed trustee, Grant Thornton Limited. Olympia Trust was not in contravention of any of its obligations or requirement in its distribution of these materials. Investors are encouraged to contact Grant Thornton for more information.

Regards,

Daniel Di Fonzo

My reply back to Mr. Di Fonzo and Mr. Baily

Hello Daniel,

I understand what you are saying and I am not implying in any way that Olympia Trust contravened any of its obligations or requirements.

But instead of sending out 4 emails with 14 attachments and over 1,000 pages of legalese pages, they could have written a much more "customer friendly" email rather than creating mass panic and directed the investor to the Grant Thornton website for further information.

I sincerely do believe that FSCO is trying to act in the investor's best interests, but having a 3rd party creating panic with endless emails and legalese, is certainly not in the best interests of the investors.

With Regards,

Peter Lantos B.Comm, CMIP, CRMS, EPC

As you can see from the preceding, I have tried my very best over the last 3 weeks to get answers from both FSCO and Grant Thornton, both as an advisor and as an investor. I have tried my very best to follow proper protocol.

May I suggest that perhaps some open communication from the regulators and Grant Thornton would help to alleviate investor anxiety and panic. Fortunately I have very solid relationships with 99% of my clients and I have been able to minimize their anxiety levels with the bare minimum information (other than thousands of pages of legalese) I have received to date from all parties involved.

Letter from Steven Graff, Aird & Berlis LLP, dated November 15, 2016

The purpose of my email dated November 12, 2016 was because I was not getting any answers to any of my questions from any of the parties and my clients are seeking honest answers from me. My #1 priority is to protect the best interests of my clients. The facts I presented in the email were based on substantiated information I had available at that time and the email was not intended to be defamatory in any way whatsoever. As I mentioned above, I have even extended my assistance to Grant Thornton in this Tier 1 debacle.

PLEASE NOTE: my email of Nov 12th was not meant as a permanent defiance of Grant Thornton's directives in any way whatsoever. It was merely intended as a temporary refrain until I (the advisor) could figure out what is going on and to allow my clients to make informed decisions. My email was based on the most current information I had at hand at the time. May I suggest that Grant Thornton try to communicate in plain English (not legalese) as to what the main issues are, what is going on, and what the plan of action is? All the reports on the GT website are in legalese. My clients do not understand legalese. Legalese emails and documents create unnecessary anxiety and panic.

This is a list of attachments that were available to me on Nov 12th as I wrote my email to my clients

Attachment #1 according to Part 13.1 of the Syndicated Mortgage Participation Agreement, "The Bare Trustee may be relieved of its duties under this Agreement by a Majority of the Lenders".

Attachment #2 ... a copy of the wire transfer in the sum of \$428,700 from Harris + Harris to Grant Thornton

Attachment #3 ... a copy of a letter from Steven Graff to Harris + Harris stating that " the Trustee is therefore prepared to grant H&H additional time to complete the transfer of the totality of the Trust Funds"

Attachment #4 update of the projects as provided by John Davies on Nov 12th

FINAL WORD

I do believe that it is very important that the recipients of this email seriously recognize that the onslaught of legalese emails and letters from Olympia Trust, FSCO and Grant Thornton has indeed created a great deal of investor anxiety and panic on the street.

I have an excellent relationship with 99% of my clients. My email of Nov 12th pacified my Investors, it did not create any additional anxiety (as suggested by Mr. Graff).

Semantically, Mr. Graff is correct in saying that Grant Thornton has not taken any fees from the Trust Account or frozen the Trust Account. However Grant Thornton does in fact have 100% control of the Trust Account and hence hundreds of investors did not receive their Q3 interest payments and "the Trustee cannot confirm whether future interest payments will be made at this time".

It is my understanding that Grant Thornton's counsel has very recently reached out to Matt Gottleib and Dennis Jewitt to work together with Grant Thornton to resolve this entire Tier 1 fiasco. As a result I am in the process of drafting an email to my investors to update and inform them of this *positive* progress.

Subsequently, in light of this very recent positive development, I sincerely believe that a formal retraction, as requested by Mr. Graff, would only be confusing to my investors at this point in time, and raise additional unnecessary questions, considering the fact that I always have acted in the best interests of my clients based on the information I had available to me as of Nov 12th.

As I suggested to Mr. Goldband 2 weeks ago, I am more than willing to co-operate and work with Grant Thornton in any way that I can to assure that the investors' position is not jeopardized and they receive their investments as quickly as possible. In no way was it my intent to do any harm to Grant Thornton or to make any unsubstantiated allegations.

With Regards,

Peter Lantos B.Comm, RHU, CMIP, CRMS, EPC
 Certified Mortgage Investment Professional / Certified Reverse Mortgage Specialist / Elder Planning Counselor

Peter Lantos Mortgage Investments and Insurance / Retirement Planning
 Mortgage Lic #M13000423 Mortgage Broker #12497 Life Ins Lic #9300730

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
 Direct: 416.865.7726
 Email: sgraft@airdberlis.com

WITH PREJUDICE

November 21, 2016

VIA EMAIL: (peter@peterlantos.com)

Peter Lantos Mortgage Investments & Insurance Planning
 2650 Bristol Circle
 Suite 100
 Oakville, ON L6H 6Z7

Attention: Peter Lantos

Dear Mr. Lantos:

**Re: The Superintendent of Financial Services v. Textbook Student Suites (525
 Princess Street) Trustee Corporation, et al. (the "Bare Trustees") /
 Court File No. CV-16-11567-00CL**

We are in receipt of your email sent to us on November 18, 2016, which was in response to our letter dated November 15, 2016 ("**Our November 15 Letter**"). All capitalized terms below are defined as they appear in Our November 15 Letter.

Your email of earlier today contains several additional inaccuracies. These include your claim that "*to date, every investor has received every single quarterly interest payment (except for Vaughan Crossings).*" According to the trust ledgers received from Harris + Harris LLP, interest payments for October 1, 2016 were not made (as funds were not available) for seven of the 16 projects. It is not because the Trustee assumed control over certain trust monies over a month later that "*hundreds of investors did not receive their Q3 interest payments.*" Contrary to your original claim to investors that "*[e]verything was on track before FSCO and Grant Thornton stepped in,*" several of the mortgages were already in default prior to the Trustee's appointment.

The Trustee has posted a frequently asked questions document (the "**FAQs**") on its website. In the event that you have questions about the proceedings, we encourage you to consult the FAQs or make specific factual enquiries with the Trustee so as not to communicate unsubstantiated, false and defamatory statements to the investor community as you have done.

Regardless of your intentions, your improper statements have been circulated and their retraction is required so as not to undermine the Trustee's mandate, place investors at additional risk and offend the Appointment Order.

Page 2

We are therefore writing to ask you, one final time, to comply with the requests listed in Our November 15 Letter, and to do so forthwith:

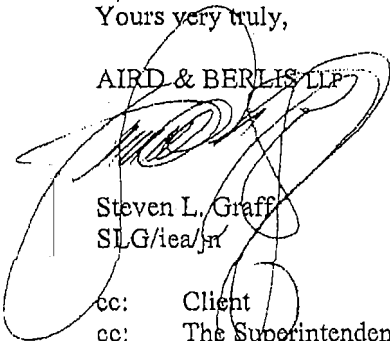
- a) provide the Trustee with a full and complete list of persons/entities and associated contact information to whom Your Investor Email, or correspondence of a similar nature was sent; and
- b) issue a formal retraction to each recipient, copying the Trustee, in which you:
 - i. acknowledge the inaccuracy of your statements;
 - ii. withdraw your direction that investors withhold their contact information from the Trustee; and
 - iii. apologize to the investors for the harm, inaccuracy and confusion caused by your statements.

We are encouraged by your statement that you are more than willing to cooperate and work with the Trustee in any way that you can to assure that the investors' position is not jeopardized, and it is in this spirit that we trust you will comply with the above requests. If you do not comply with these requests, which the Trustee considers to be very reasonable in the circumstances given what was alleged, you should expect the Trustee to be taking the steps outlined in Our November 15 Letter without further communication from us.

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP



Steven L. Graff
SLG/iea/jn

- cc: Client
- cc: The Superintendent of Financial Services
- cc: Matthew Gottlieb, Lax O'Sullivan Lisus Gottlieb LLP

27700752.2

Goldband, David

From: Peter Lantos <peter@peterlantos.com>
Sent: Monday, November 21, 2016 3:17 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: 'Ian Aversa'
Email of Nov 12
Importance: High

Dear [REDACTED]

On Nov 15th I received a letter from Aird & Berlis LLP, the Barristers and Solicitors for Grant Thornton.

They have accused me of making unsubstantiated, false and defamatory statements to you and my other clients.

I have refuted their claims with a lengthy email to them on Nov 18th to no avail.

They have demanded that I send this retraction of my Nov 12 email to you, so that I not communicate unsubstantiated, false and defamatory statements to my clients, nor to undermine the Trustee's mandate, place you at additional risk, nor offend the Appointment Order.

Therefore in order to comply with their requests, I;

- i) acknowledge the inaccuracy of my statements;
- ii) withdraw my direction that you withhold your contractual information from the Trustee;
- iii) apologize to you for the harm, inaccuracy and confusion caused by my statements.

Sincerely,

Peter Lantos B.Comm, CMIP, CRMS, EPC
Certified Mortgage Investment Professional / Certified Reverse Mortgage Specialist / Elder Planning Counselor

Tab F

Goldband, David

Subject: FW: Grant Thornton lawyers demand for Trust monies In H+H account for Textbook investors

From: "John Davies" <Johndavies55@rogers.com<mailto:johndavies55@rogers.com>>

Date: November 15, 2016 at 12:29:09 PM EST

To:



Subject: RE: Grant Thornton lawyers demand for Trust monies in H+H account for Textbook Investors

Good morning, Tamara:

Let me set the record straight.

The wire transfer was not to pay a specific Grant Thornton invoice, but nevertheless all of the Harris Trust money will be used to pay Grant Thornton and their lawyer's fees. That is what the Court Order permits. That's why they went to Court. Make no mistake about that.

You make an interesting point, however. "According to Grant Thornton their fees don't get paid until the sale of the land is completed". Is there clearer evidence of their intention than that? Sale of the land is complete? Really?

In answer to your issue about the 1st mortgage situation. Here is a summary of the 6 projects.

1. There is a \$1.2 million 1st mortgage on Burlington to pay City of Burlington Development Charges (\$1.3 million) and Building Permit (\$250,000) fees. These must be paid to obtain permission to start construction. Construction started, then stopped because of the present situation. In addition, we have paid approximately \$400,000 to Varcon Construction for Project Management Fees and construction work on site.
2. There is a \$950,000 1st mortgage on Kitchener. The money was used (\$450,000) to demolish the former seniors building on the property. This reduced our realty taxes and paved the way for construction. The remainder was used for applications to the City for approvals to start construction, and engineering and revisions to architects drawings.

3. There is a \$2 million 1st on Bracebridge. Those funds were used to demolish the former high school (950,000), and renovations to the 1920 school building (\$800,000) that is being converted to 12 lofts. The total mortgages on the property total \$5.5 million. The property has been sold unconditionally for \$8 million.
4. There is a \$3.5 million 1st on Ross Park. The Tier 1 raise was for a 2nd mortgage loan, not a 1st mortgage.
5. There is a \$5.7 million 1st mortgage on Textbook 774 Bronson. The Tier 1 raise was a 2nd mortgage loan, not a 1st mortgage.
6. There is a \$7 million 1st mortgage on Textbook 445 Princess. The Tier 1 raise was a 2nd mortgage loan, not a 1st mortgage.

Every appraisals clearly states that the appraisals are based on the "Development Model" which determines the value of a property based on the ultimate use on the site. These are not as-is, where-is appraisals and the appraisals are very clear they are residual value appraisals.

Your clear understanding is that there would be NO 1st mortgages ahead of Tier 1 mortgages? You should read all 11 loan agreements you signed. Every one of them states that Tier 1 investors SHALL subordinate their 1st position facilitate 1st mortgage construction financing, and further, the amount of that construction financing is set out in EVERY Tier 1 loan agreement. As soon as this current brouhaha gets resolved, we'll be immediately registering 10's of millions of Centurion construction financing ahead of the \$13.6 million, Tier 1 Boathaus loan. Read the documents.

The total Tier 1 raises for all of our 11 projects is \$93,460,136.

The Tier 1 financing was used to purchase the property and advance the projects to a state of development readiness. That is what we have done. The money the investors loaned us has been wisely spent. We have made solid progress advancing every one of our projects.

We sold McMurray for a solid profit. We have started construction on Burlington. We have the 'H' Holding Designation related to the water main issue finally removed in Oakville after 3 years of work by ourselves and our engineers. Oakville is ready to go. We purchased Boathaus a little over 2 years ago. 214 firm sales out of 291 suites. We are negotiating a fixed price construction contract and we have a construction financing commitment for the full cost of the project. Real estate development is a complex, time consuming and expensive venture. Walter Thompson and I have 60 years of combined experience in this profession.

Do we wish that we had been able to overcome some of the obstacles and advance a few of the projects more quickly? Of course we do. The delays have cost our company dearly. One year of interest on \$93 million of Tier 1 borrowings at 8% costs us \$7.4 million. If you think project delays are no big deal to us, you are mistaken.

Opposite distraught investors, let me assure you that I have their best interests in my heart every day. You yourself only have to recall the 28 McMurray Street situation. The loan came due 9 months ago. Instead of throwing my hands up in despair and letting some receiver steal it for pennies on the dollar, we got to work. We found a JV financing partner to repay the investors their full capital investment plus all the interest.

Tamara, I speak to our investors every day and I take the responsibility to protect their investment extremely seriously.

Sincerely,

John.

From: [REDACTED]

Sent: November 14, 2016 6:06 PM

To: 'John Davies' <johndavies55@rogers.com<mailto:johndavies55@rogers.com>>; [REDACTED]

Subject: RE: Grant Thornton lawyers demand for Trust monies in H+H account for Textbook Investors

This wire of funds was NOT for the payment of fees to Grant Thornton, it was so that Grant Thornton had all of the trust money in their possession. According to Grant Thornton there fees will not be paid until the sale of the land is completed.

One must ask themselves this question-

Why is there 1st mortgages on 6 of the 11 projects that you have? It was my clear understanding that NO 1st mortgages were supposed to be put in front of the syndicated investors.

I have a whole lot of trouble understanding why all of the appraisals provided were based on SERVICED lands not raw land PRIOR to servicing.

I have millions of questions that still remain unanswered but I can tell you that we will get to the bottom of this and find out the truth of all of these transactions.

There has been over \$200 MILLION given to you I would really like to know why there is not one bit of construction going on???

There is a lot of angry, upset and distraught investors and we need to look after their best interest!!!!

Tamara Adamson

"The Link to all your Financial Needs"

A vous a vie (yours for life)

Link Insurance & Financial Services

175 West Beaver Creek Road, #24

Richmond Hill, ON L4B 3M1

Toronto: 416-731-4145

Arizona: 602-882-6368

www.lnkns.ca<<http://www.lnkns.ca/>>

From: John Davies [mailto:Johndavles55@rogers.com]

Sent: November 12 11:50 AM

To: 

Subject: Grant Thornton lawyers demand for Trust monies in H+H account for Textbook investors

If anyone has any remaining doubts about whether Grant Thornton is really trying to take the investors deposit money earmarked for interest payments, see attached.

From: Gregory Harris [mailto:GregHarris@harrisandharris.com]

Just in from counsel to Grant Thornton.

Gregory H. Harris
Harris + Harris LLP
2355 Skymark Avenue
Suite 300
Mississauga, Ontario

L4W 4Y6
Phone 905.629.7800 x 240
Fax 905.629.4350
Cell 416.460.2507

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[Harris + Harris LLP]

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From: Jeremy Nemers [mailto:jnemers@airdberlis.com]

Sent: November-04-16 6:21 PM

To: Gregory Harris

Cc: Krieger, Jonathan (Jonathan.Krieger@ca.gt.com<<mailto:Jonathan.Krieger@ca.gt.com>>)

(Jonathan.Krieger@ca.gt.com<<mailto:Jonathan.Krieger@ca.gt.com>>); Goldband, David

(David.Goldband@ca.gt.com<<mailto:David.Goldband@ca.gt.com>>)

(David.Goldband@ca.gt.com<<mailto:David.Goldband@ca.gt.com>>); Steve Graff; Ian Aversa; Peter Matukas

Subject: Court File No. CV-16-11567-00CL / The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation, et al.

Counsel,

Please see the attached correspondence of today's date from my colleague, Steven Graff.

Thank you,

Jeremy Nemers

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E jnemers@airdberlls.com<<mailto:jnemers@airdberlls.com>>

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Tab G

Goldband, David

Subject: FW: Boathaus

From: [REDACTED]
Date: November 13, 2016 at 9:17:46 AM EST
To: [REDACTED]
Subject: Fwd: Boathaus

[REDACTED]

[REDACTED]

Begin forwarded message:

From: [johndavies55@rogers.com](mailto: johndavies55@rogers.com)
Date: November 13, 2016 at 5:58:35 AM EST

[REDACTED]

Subject: Re: Boathaus

[REDACTED]

You've accused me of being underhanded. You haven't asked me why the Tier 1 loan was \$13.6 million when we could have raised \$16.0 million based on the appraisal. Let me tell you.

The raise was cut off at \$13.0 but another \$600,000 came in right at the end of the raise. The raise took almost 4 months and the Tier 1 brokers were demanding to be paid their commissions. As well, the Vendor of the land had already given us an extension on the closing because of how long it was taking to complete the raise. We made the decision to cut off the raise at \$13 million because after all the deductions for brokerage fees, the 8% interest reserve and the other Tier 1 fees and legal costs, \$13 million netted us \$9 million, which was what we required to close on the land. If the Tier 1 brokers had been faster in raising the cash I would have closed the full \$16 million with Tier 1, but we ran out of time.

The Firm loan was done in ten days without the 17% deduction for Tier 1 broker fees, etc. As I stated in my previous e-mail, I was entitled to raise up to \$16 million because that was the appraised amount. I was not obligated to use SMI funds for all of it. The \$2.350 million cost me a 3% fee. If Tier 1 had done the raise it would have cost me 17% in fees. Interest rate was the same. There was absolutely nothing underhanded about the situation. Just math and good business.

If you want to find an issue to worry about, ask Grant Thornton if they're going to let Bracebridge close as planned without them taking the \$3.5 million Tier 1 repayment to pay their fees. If they're scooping interest reserve funds out of the Harris + Harris Trust account to pay themselves, you might be tempted to believe they have their eye on the Bracebridge closing proceeds too. Those proceeds will be in the Harris Trust account and I'm not sure what the difference is between interest reserve cash and closing proceeds. FSCO and Grant Thornton don't seem to have an issue taking the investors money to pay their fees regardless of the source.

Another one of those things that keeps me awake all night.

John.

Sent from my Porsche Design P'9983 smartphone from BlackBerry.

From: [REDACTED]
Sent: Saturday, November 12, 2016 7:08 PM
To: John Davies
Cc: [REDACTED]
Subject: Re: Boathaus

John

It is my understanding that once the investors had invested in Whitby for over 13 million why would you go to a secondary place for additional financing .

The maximum loan to value was 80 percent (It seems you have taken it to the 100 percent level).

Why would you have not gone back for addl syndicated funds if it was necessary or raised more money on the first tranche ? It seems this was underhanded and put all the investors at risk due to putting them into a second position .

I would like to know how many of these projects you have done the same thing ? I will have my lawyer look into this and I am hoping that you have not done this Across the board I

As I dig deeper it seems the more information I am finding out , it's certainly not the " rosy" position painted by you or raj or Coleman .

If my lawyer finds out that there was unethical doings , then if I were you I would be concerned about criminal charges than the loss of money .

[REDACTED]

[REDACTED]

On Nov 12, 2016, at 4:41 PM, John Davies <[johndavies55@rogers.com](mailto: johndavies55@rogers.com)> wrote:

[REDACTED]

Thanks for the call. We need to get a few items clarified so [REDACTED] has the facts before her meeting tomorrow.

We received an appraisal from Michael Cane Appraisal for Boathaus that established the land value at \$16 million using the development approach. I could have raised the full \$16 million thru Tier 1 but I only raised \$13.6 million from Tier 1. I then borrowed \$2.350 million from Firm Capital. The Firm \$2.350 million plus the \$13.6 million from Tier 1 is equal to the \$16 million appraisal valuation that Olympia Trust signed off on. It wasn't construction funding.

Before we placed the Firm \$2.350 million mortgage we asked for and received approval from Tier 1, Harris + Harris and Olympia Trust. They each stated that as long as the Firm loan did not take us past the \$16 million of appraised value, there was no issue. Anything greater than \$2.350 million would have necessitated a new appraisal.

From the \$13.6 million Tier 1 raise: In round numbers, 17% was deducted for outside broker commissions, Tier 1 fees and commissions, mortgage broker fee, etc. That's roughly \$2.2 million off the advance. Then deduct the 8%, 1st year interest reserve. That's a further \$1.1 million off the advance. Then deduct Olympia Trust fees, deduct Tax Opinion lawyer fees, deduct lawyer for Tier 1 Trustee Corporation fees, etc. Call that roughly 5%. That is a further \$680,000 off the advance. Total deductions from the \$13.6 million raise equals roughly \$4.0 million. Less: \$9.0 million for land cost.

Net proceeds from \$13.6 million after all fees, interest reserve and land roughly \$600,000

From the \$2.350 million Firm advance: 3% was deducted for Firm Loan Fee. That's \$70,000 A 1 year interest 8.5% Interest holdback was

deducted. That's \$200,000 Legal fees and broker costs was roughly \$80,000. Total deductions from the Firm Advance: \$350,000.

Net to Developer: \$2.0 million.

I've sent you the Balance Sheet which itemizes the Costs to Date in great detail. In round number the 2nd year of Tier 1 Interest was \$1 million which has been paid, and the 2nd year of Firm interest was \$200,000. Given where we are in the genesis of the project we've paid around \$1.5 million in interest AFTER the 1st Year Interest Holdback Deductions

There is no smoking gun, Colman. We borrowed in total \$16 million between Tier 1 and Firm Capital. Our total project (paid to date) costs as set out on the Balance Sheet is \$17.2 million Accounts payable add a further \$1.9 million for architects, commissions, marketing, etc.

Total: \$19.227 million of Project Costs to date vs \$16.0 million of total borrowings.

Regards,

John.

Tab H



November 18, 2016

Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation (collectively, the "Tier 1 Trustee Corporations", and individually, a "Tier 1 Trustee Corporation")

Frequently Asked Questions and Answers from the Trustee's Discussions with Investors to Date

The questions set forth below represent those that have been received by Grant Thornton Limited, in its capacity as court-appointed trustee of the Tier 1 Trustee Corporations (the "Trustee"), from investors since its appointment pursuant to an order of the Ontario Superior Court (Commercial List) (the "Court") made on October 27, 2016 (the "Appointment Order").

A. Please explain the reason for the proceedings initiated by the Superintendent of Financial Services ("FSCO").

The reasons for FSCO's application to appoint the Trustee are outlined in the affidavit of Mohammed Ali Marfatia sworn October 20, 2016, which is contained in the document entitled "Application Record of the Superintendent of Financial Services returnable October 27, 2016" that is available on the Trustee's website (www.grantthornton.ca/tier1). In summary, the affidavit alleges that, among other things:

- Raj Singh, the sole director and officer of each of the Tier 1 Trustee Corporations, is a shareholder or has a profit participation interest in 11 of the 16 Tier 1 projects, placing him in a clear conflict of interest position not properly disclosed to investors, in that, among other things, he was required to administer and enforce the syndicated mortgage investments ("SMIs") on behalf of the investors as against borrowers in which he had a financial interest in the majority of cases;
- Raj Singh appears to have received a referral or management fee for placing the SMIs;
- Raj Singh and the Tier 1 Trustee Corporations were not licensed as mortgage administrators;
- the appraisals which were provided to the investors to market the SMIs represented 'as is' valuations, but appear to use an approach that values the properties as if they were fully developed; and
- the Tier 1 Trustee Corporations were not licensed to carry on business as trust corporations.

Based on the above, FSCO determined that the interests of the investors were not being properly addressed and felt it necessary and appropriate to appoint the Trustee.

B. What is the Trustee's mandate?

The Trustee's mandate is set out in the Appointment Order. It includes, among other things, to:

- administer scheduled mortgage payments received from project developers;
- take steps to address mortgage defaults; and
- review any requests to subordinate the mortgages in favour of construction financing.

The Trustee has been appointed as an independent third-party officer of the Court whose responsibility is to ensure that the interests of the investors are protected.



C. What is the Trustee doing to maximize returns for investors?

To date, the Trustee has made several requests for information from the Tier 1 developers to understand, among other things, the status of the various projects, the use of funds of the Tier 1 SMIs by the Tier 1 developers, and the status of construction financing. No material decisions will be made in respect of the Tier 1 SMIs until sufficient information is received and analyzed and, where appropriate, investor input is sought. The Trustee intends to communicate with the investors in respect of the Tier 1 projects as information is provided to the Trustee. Correspondence to investors and details of meetings will be posted on the Trustee's website.

A detailed summary of the steps the Trustee has taken to date are included in the First Report of the Trustee dated November 10, 2016 (the "First Report"), available on the Trustee's website. The Trustee's efforts to date and efforts moving forward, including those of the Trustee's legal counsel, are done with a goal of minimizing disruption and costs to the investors and increasing their overall recovery.

D. I have been told that the Trustee wants to force the sale of the Tier 1 projects. Is this true?

This is not true. Ideally, the Tier 1 mortgages will continue to be serviced by the Tier 1 developers in the ordinary course, including the ongoing payment of interest by the Tier 1 developers to the Trustee. However, should this not occur (particularly as a number of the SMIs were already in default prior to the Trustee's appointment), the Trustee will evaluate all realistic options, canvassing investors where appropriate, in the interest of generating the greatest recovery for investors.

E. I have been advised that the Trustee and its counsel have already issued an invoice for over \$400,000 of fees. Is this true?

This is not true. To date, neither the Trustee nor its counsel has issued an invoice. This misconception appears to have been promoted by a handful of parties and likely relates to the Trustee's requests to have Harris + Harris LLP deliver the funds held in its trust accounts to the Trustee. The primary purpose of such request is to ensure that the funds are removed from the accounts of the parties previously representing the Tier 1 Trustee Corporations and other conflicted entities/persons and ensure the funds are protected by and held in the Trustee's accounts in accordance with the Appointment Order.

F. Please describe how the costs of the Trustee's appointment will be paid. Is it possible that the trust funds referenced in the above answer may be used to pay professional fees?

The Appointment Order grants a charge to the Trustee and its counsel over the assets held in trust by the Tier 1 Trustee Corporations, which includes the mortgages as well as the trust funds. The Appointment Order allows the professional fees to be added to the indebtedness of the Tier 1 mortgages to be paid by the Tier 1 developers upon discharge of the mortgages. It is possible that some of the trust funds may be used to pay professional fees where the developer is unable to repay the Tier 1 mortgage balances or meet their interest obligations. With that in mind, the Trustee and its counsel are working expeditiously to administer these proceedings in the most efficient manner possible.

While it is the Trustee's hope that the investors will not have to incur the costs of these proceedings, there is a realistic potential of certain costs being borne by the investors in an attempt to protect the principal amounts as best as possible.



- G. I was told by my advisor that I should ignore correspondence from the Trustee, and that the Trustee is acting against my interests. Is this true?**

This is not true. The Trustee's mandate as an independent officer of the Court is to protect the interests of the investors. All steps taken by the Trustee to date and all steps going forward are done with the best interests of the investors in mind. In order to facilitate future communications, please email tier1@grantthornton.ca and provide: i) your full name; ii) your mailing address; iii) your email address; and iv) the project(s) in which you are invested as well as the amount of your investment(s). This will enable the Trustee to remain in contact with you and ensure that you are invited to any investor meetings and/or conference calls that may be organized.

- H. I have been told that John Davies wants to replace Grant Thornton Limited as Trustee and is seeking my support as an investor. Should I engage in discussions with John Davies in this regard?**

It is the Trustee's view that Mr. Davies is not in a position to provide objective guidance to the investors, as he is the principal of the developer for 11 of the 16 projects, some of which were in default prior to the Trustee's appointment (and remain in default). Mr. Davies unsuccessfully opposed FSCO's initial Court application for the Trustee's appointment and then unsuccessfully sought to stay/suspend certain terms of the Trustee's appointment before the Divisional Court. Mr. Davies has now filed further materials to appeal these same terms of the Trustee's appointment before the Court of Appeal for Ontario.

- I. I was told that all of the projects were fine until the Trustee was appointed. Is this true?**

This is not true. As outlined in the First Report, a number of the projects were in default prior to the Appointment Order and the Trustee is currently taking steps to understand what actions, if any, were taken by the Tier 1 Trustee Corporations to address the defaults. The Trustee will evaluate the alternatives available with respect to each mortgage in default and, where appropriate, seek the investors' guidance.

- J. Will I get future interest payments?**

Upon the Trustee's appointment, there were no funds in the trust accounts with Harris + Harris LLP for nine of the 16 Tier 1 projects. For this reason, interest payments for the period ending October 1, 2016, to the extent not already paid, will not be made at this time. The balances outstanding to investors that have not received their October 1, 2016 interest payments will reflect their outstanding principal, plus the amount of any unpaid interest.

The Trustee cannot confirm the extent to which future interest payments will be made at this time, as the ability of the Trustee to make such payments is contingent on, among other things, the developers meeting their interest payment obligations to the Trustee.

- K. Am I able to redeem my investment today? Will I recover my entire principal?**

No. The SMIs have a term associated with the investments which does not allow for a 'redemption' prior to maturity. It is also fair to say that it is likely that certain projects may not result in a full recovery to investors. The success of a project is contingent on, among other things, the developer's ability to secure suitable construction financing, construction of the project coming in within the budget, interest rates, rentals/unit sales (depending on the use of the property) and other market conditions. A number of Tier 1 mortgages were in default prior to the Appointment Order. The Trustee is reviewing each project as the information is made available to it by the relevant developer to make a determination as to the best alternative in consultation with the investors, where appropriate.



- L.** I attended at the development site where I invested my money. Why has the project been delayed, and why is the Tier 1 developer in default? How can I get an update on the status of the project in which I invested?

At this time, the Trustee cannot advise why certain of the Tier 1 projects may be delayed. Before construction can commence, there are several 'soft costs' that must be incurred by the developer to prepare the land for construction. This may include underground work, architectural work, sight surveys, environmental reports and other pre-construction matters. As stated above, the Trustee has made a significant number of requests for information from the Tier 1 developers, many of which requests have not yet been answered. As is stated above, the Trustee intends to communicate with the investors in respect of the Tier 1 projects as information is provided to the Trustee. Correspondence to investors and details of meetings will be posted on the Trustee's website.

- M.** Is it true that there are some mortgages registered ahead of the Tier 1 mortgages which may not relate to construction financing?

The Trustee has been advised that this may be the case and is investigating this matter further. Should the Trustee confirm the existence of a mortgage ahead of the Tier 1 mortgage which does not relate to construction financing, the Trustee will bring this to the attention of the Court and the affected investors to determine the best course of action.

- N.** Have the developers of the Tier 1 projects accounted for the use of investor money?

The Trustee has specifically requested from all the Tier 1 developers an accounting of the use of money advanced by the investors of the Tier 1 Trustee Corporations. To date, none have provided the requested accounting. The Trustee continues to pursue this information and will update the Court and the investors once that information is provided and examined.

- O.** Is this Tier 1 group of companies a Ponzi scheme?

A Ponzi scheme generally refers to an investment strategy where new investor money is raised to fund obligations to existing investors. To date, the Trustee does not have sufficient information to opine as to whether the Tier 1 group of companies constitutes a Ponzi scheme.

- P.** Is the Trustee pursuing any parties for alleged wrongdoings?

At this point, the Trustee's mandate, as set out in the Appointment Order, does not extend to pursuing individuals for alleged wrongdoings. However, if information comes to light suggesting that there is cause to pursue individuals, the Trustee will bring such information to the attention of the Court and the investors.

- Q.** Should I hire a lawyer?

The Trustee's mandate is to act in the best interests of the investors. If individual investors believe it is appropriate to seek the guidance of a lawyer to represent their individual interests, they should do so.

The Trustee – Grant Thornton Limited

Email:

Tier1@GrantThornton.ca

Toll-Free Telephone Number:

1-866-481-9216

TAB 1

Barristers & Solicitors

WeirFouldsLLP

November 24, 2016

Edmond Lamek
 Partner
 T: 416-947-5042
 elamek@weirfoulds.com

File 18030.00001

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 145 King Street West, Suite 2750
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Jonathan Krieger
 Grant Thornton LLP
 11th Floor
 200 King Street West
 Toronto, Ontario, M5H 3T4

Dear Sirs:

Re: Textbook (525 Princess Street) Inc., Textbook (555 Princess Street) Inc., Textbook (445 Princess Street) Inc., Textbook (Ross Park) Inc., Textbook (774 Bronson Avenue), Memory Care Investments (Oakville) Ltd., Memory Care Investments (Kitchener) Ltd. Memory Care Investments (Burlington) Ltd., Legacy Lane Investments Ltd. Scollard Development Corporation, and McMurray Street Investments Inc.

I have recently been engaged by the Textbook and Memory Care project development companies listed above (the "**Development Companies**") with respect to the liquidity issues that have arisen for each them as a result of the uncertainty generated by the appointment of the MBLAA Trustee over the Tier 1 syndicated investor mortgage trustee corporations which advanced funds to the Development Companies and hold mortgages on their Projects.

In that regard the Development Companies have been diligently working to obtain interim financing for each Project in order to get the Projects to the position where traditional construction financing will become available, all with a view to protecting the investments of the syndicated mortgage investors from a liquidation scenario, and enabling the Development Companies to undertake a concurrent restructuring of their balance sheets with the approval of the requisite majorities of syndicate mortgage investors. That financing has been secured for the vast majority of the Projects.

It will not come as a surprise to any of you that given the current circumstances, the only basis upon which any financier is prepared to advance funds into the Projects is on the basis of priority DIP financing. In that regard, Bobby Kofman and I would like to meet with the three of you, preferably at 11a.m. tomorrow, November 25, if possible to discuss our proposed strategy with you with a view to a CCAA filing in the near future in order to secure the DIP funding necessary to move forward towards the construction of the Textbook and Memory Care Projects and the path forward to protecting the investments and interests of the syndicated mortgage investors and other creditors of the Development Companies.

Please let me know if you are available at 11:00 tomorrow morning. We are happy to meet at Grant Thornton's offices if that is convenient for you.

Yours truly,

WeirFoulds^{LLP}



Edmond Lamek

EL/dm

c: Bobby Kofman
Danny Nunes
Douglas Christie

9871880.1

- and -

TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION, ET AL.

Applicant

Respondents

Court File No. CV-16-11567-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

SECOND REPORT OF THE TRUSTEE

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Lawyers for Grant Thornton Limited, in its capacity as the Trustee

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

**TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION, ET AL.**

Applicant

Respondents

Court File No. CV-16-11567-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto**

**MOTION RECORD
(returnable January 31, 2017)
Volume 1 of 2**

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appointed trustee of the Tier 1 Trustee Corporations*