

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

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

Respondents

**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O.
2006, c. 29 and SECTION 101 OF THE *COURTS OF JUSTICE ACT, R.S.O. 1990 c.*
C.43**

Court File No. CV-17-11689-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

**AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS
AMENDED**

SUPPLEMENT TO THE SIXTH REPORT OF THE TRUSTEE - APRIL 21, 2017



Grant Thornton Limited
200 King Street, 11th Floor
Toronto, Ontario
M5H 3T4

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- Appendix F Email to the Trustee dated April 21, 2017 forwarding correspondence from Michael Fox dated April 21, 2017
- Appendix G Email from the Trustee to the Investors dated April 19, 2017

INTRODUCTION AND BACKGROUND

1. Grant Thornton Limited (“**GTL**”), in its capacity as the court-appointed trustee (in such capacity, the “**Trustee**”) of each of the 11 above-named Respondents in Court File No. CV-16-11567-00CL (collectively, the “**Tier 1 Trustee Corporations**”, and individually, a “**Tier 1 Trustee Corporation**”), previously filed a report dated April 18, 2017 (the “**Sixth Report**”).
2. The purpose of the Sixth Report was to provide the Court with information to support the Trustee’s request for Orders:
 - (i) expanding the Boathaus Proceedings to include additional properties of the Davies Developers, being (as defined in the Sixth Report), each of the three Memory Care Properties, the Legacy Lane Property, the 525 Princess Property and the 555 Princess Property;
 - (ii) compelling Mr. Davies and the Davies Developers to immediately deliver to the Trustee all internal trust ledgers and bank statements for each of the Davies Developers;
 - (iii) approving the Sixth Report and the conduct and activities of the Trustee as described therein;
 - (iv) sealing the confidential appendix to the Sixth Report; and
 - (v) approving the fees and disbursements of the Trustee and its counsel to and including March 31, 2017 and an allocation of such fees and disbursements.
3. This supplement to the Sixth Report (the “**Sixth Report Supplement**”) should be read in conjunction with the Sixth Report. Unless otherwise stated herein, all capitalized terms are defined as they are in the Sixth Report, and this Sixth Report Supplement presupposes that the reader has reviewed the Sixth Report, inclusive of its appendices. A copy of the Sixth Report, without appendices, is attached hereto as **Appendix “A”**.

4. Copies of materials filed in these proceedings generally are available on the Trustee's website at www.grantthornton.ca/tier1.

PURPOSE OF THIS SIXTH REPORT SUPPLEMENT

5. The purpose of this Sixth Report Supplement is to: (A) provide the Court with an update regarding recent efforts by certain individuals, including Mr. Dennis Jewitt, to frustrate the efforts of the Trustee and the relief sought by the Trustee (as set out in paragraph 2 above) by sending unauthorized correspondence to certain Investors and; (B) support the Trustee's request for a further Order, amongst other things:
 - (i) restraining Mr. Jewitt and his firm, Breakwall Financial Corp. ("BFC") from contacting any Investors unrelated to the Vaughan Crossings Transaction with respect to these proceedings without the prior written consent of the Trustee or further order of the Court; and
 - (ii) costs against Mr. Jewitt, personally, and BFC for the unnecessary time and expense incurred by the Trustee and its counsel for dealing with the repercussions of the issuance of the aforementioned unauthorized correspondence and the preparation of this Sixth Report Supplement.

DISCLAIMER

6. This Sixth Report Supplement has been prepared for the use of the Court and the Tier 1 Trustee Corporations' stakeholders as general information relating to the Tier 1 Trustee Corporations. Accordingly, the reader is cautioned that this Sixth Report Supplement may not be appropriate for any other purpose. The Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Sixth Report Supplement for any other purpose.
7. In preparing this Sixth Report Supplement, the Trustee has relied upon certain unaudited financial information provided by parties who had knowledge of the affairs of the Tier 1 Trustee Corporations. The Trustee has not performed an

audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Trustee expresses no opinion or other form of assurance with respect to such information.

8. All references to dollars in this Sixth Report Supplement are in Canadian currency unless otherwise noted.

UPDATE

9. As detailed in the Sixth Report, on February 6, 2017, the Trustee sent a letter to Representative Counsel, setting out the Trustee's recommendations with respect to all the SMIs, including, without limitation, its recommendations with respect to each of the Memory Care SMIs, the Legacy Lane SMI, the 525 Princess SMI and the 555 Princess SMI, and sought directions from the Investors Committee regarding same. This letter and these recommendations followed formal investor meetings that the Trustee convened with the Investors in each of the aforementioned SMIs. In addition to various subsequent discussions and telephone conversations, follow-up letters were also sent by the Trustee to Representative Counsel on each of March 28, 2017 and April 3, 2017. Copies of all three letters are attached as Confidential Appendix "1" to the Sixth Report. The Trustee previously believed that the contents of these letters contained commercially-sensitive material, the release of which, if released publicly, could prejudice the stakeholders of the Tier 1 Trustee Corporations and the Developers. The Trustee no longer believes this is the case. Copies of these letters are collectively attached hereto as **Appendix "B"**. The Trustee is no longer seeking an Order sealing the Confidential Appendix to the Sixth Report.
10. Notwithstanding a passage of time in excess of two months, the Investors Committee failed to communicate a unified position to the Trustee with respect to the Trustee's recommendations. The delay has been costly, in respect of accruing interest on the non-SMI first mortgages, professional costs of administration and carrying costs associated with the land. The Trustee understands that certain members of the Investors Committee were considering a conditional offer put forward in respect of the Memory Care SMIs by Raj Singh. In light of, amongst other things, the evidence in the Marfatia Affidavit regarding

Mr. Singh's historical involvement in the various entities connected with the SMLs (see paragraphs 5 and 6 of the Sixth Report for a summary), the Trustee's position is that any offer put forward by Mr. Singh should be tested in the open market.

11. One member of the Investor Committee representing the MC Oakville Property, Mr. Dennis Gingell, previously opposed the advice of the Trustee (and we understand the advice of Representative Counsel). Notwithstanding the Trustee's communicated intended path forward to Representative Counsel and the Investor Committee, the Trustee understands that Mr. Gingell continued to negotiate independently with Raj Singh and an outside consultant, Mr. Dennis Jewitt (who was involved in the Vaughan Crossings transaction) to pursue other options for the MC Oakville Property, absent consultation with the MC Oakville SMI Investors. The Trustee does not support the direction proposed by Mr. Gingell for, amongst other things, the reasons set out in its April 3, 2017 letter to Representative Counsel, referred to above. Shortly before the issuance of the Sixth Report, the Trustee and its counsel spoke with Mr. Gingell, who seemed to advise that he now understood the rationale for the Trustee's position and supported it. A copy of an email from Mr. Gingell to the Trustee, in which Mr. Gingell agrees with the proposed receivership proceedings, is attached hereto as **Appendix "C"**.
12. On April 21, 2017, the Trustee was forwarded correspondence that Mr. Jewitt sent to every Investor in the six projects over which the appointment of a receiver and manager is being sought by the Trustee (plus the Investors in the McMurray, Bronson, 445 Princess and Ross Park projects) urging them to voice their concerns and object to the relief sought by the Trustee. Copies of this correspondence (with the attachments), which was forwarded to the Trustee, is collectively attached hereto as **Appendix "D"**. As can be seen on the face of the correspondence and the attachments thereto, Mr. Jewitt drafted a letter in the name of each of these Investors soliciting them to direct the Investors Committee representative to oppose the Trustee's motion as follows: "[u]ntil satisfactory explanations are provided I formally object to the current decision-making protocol, the receivership applications and the professional fees."

13. Mr. Jewitt and the firm he controls, BFC, are involved in the Vaughan Crossings Transaction, which transaction is detailed in the Fifth Report and the Fifth Report Supplement, and which transaction was approved by this Court on April 10, 2017.
14. However, Mr. Jewitt and BFC have no involvement in any other projects that are the subject of these proceedings. Mr. Jewitt and BFC are not investors in any of the projects and, despite persistent efforts on the part of Mr. Jewitt, BFC has not been retained as an advisor or consultant by the Investors Committee or Representative Counsel. The Trustee previously advised each of Mr. Gingell and Mr. Jewitt that the Trustee did not support the engagement of Mr. Jewitt with respect to the remaining SMIs.
15. Given the lack of mandate of BFC or Mr. Jewitt, the Trustee questions whether Mr. Jewitt is acting at the behest of Raj Singh and/or certain entities controlled by Mr. Singh. The Trustee notes that, prior to the commencement of these proceedings and the appointment of GTL as Trustee, Mr. Jewitt was a member of the advisory board of Tier 1 Transaction, an entity controlled by Mr. Singh that was heavily involved in the SMIs. A copy of Mr. Jewitt's biography as previously found on the website of Tier 1 Transaction is attached hereto as **Appendix "E"**. As detailed in the Marfatia Affidavit that was filed by the Superintendent in support of the appointment of GTL as Trustee, prior to the commencement of these proceedings, the Superintendent issued an Interim Compliance Order against Tier 1 Transaction requiring that it cease and desist unlicensed activity.
16. As set out in the Sixth Report, a former investment advisor, Michael Fox, recently sent correspondence to his alleged investor constituents and the Investor Committee, recommending opposition to the Trustee's efforts. Such correspondence, which was appended to the Sixth Report, recommends that Investors support the appointment of an alternate receiver (other than KSV) as recommended by Raj Singh, as well as the retention of Mr. Jewitt. As stated in the Sixth Report, the Trustee is of the view that Mr. Fox's email and position are self-serving and focused on directing the Investors' concerns away from the investment advisors and the parties behind the SMIs and towards the professionals. In addition, the Trustee, for reasons voiced on several occasions,

does not consider Mr. Fox's considered alternatives reasonable, informed or viable. The Trustee does not support the appointment of an alternate receiver for the reasons set out in the Sixth Report and herein.

17. On April 21, 2017, the Trustee was forwarded additional correspondence that Mr. Fox sent to his alleged investor constituents seeking support (in furtherance of Mr. Jewitt's correspondence) to oppose the Trustee's recommendations. A copy of Mr. Fox's correspondence, which was forwarded to the Trustee, is attached hereto as **Appendix "F"**.
18. In addition to causing the Trustee and its counsel to incur unnecessary expenses, the Trustee considers the correspondence issued by Mr. Jewitt to be in direct violation of paragraph 3 of the Appointment Order.
19. Following service of its motion record, the Trustee sent correspondence to all of the Investors attaching the Trustee's motion materials and explaining the relief that the Trustee was seeking. A copy of the Trustee's correspondence to the Investors dated April 19, 2017 is attached hereto as **Appendix "G"**.

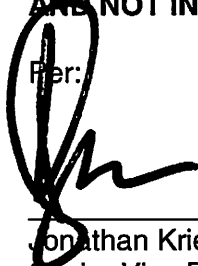
CONCLUSION AND RECOMMENDATION

20. For the reasons set out in this Sixth Report Supplement, the Trustee requests that this Court grant the relief set out in paragraph 2 and 5 of this Sixth Report Supplement be granted.

All of which is respectfully submitted,

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED
TRUSTEE OF THE TIER 1 TRUSTEE CORPORATIONS
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**

Per:



Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

TAB A

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

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APPLICATION UNDER SECTION 37 OF THE *MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006*, S.O. 2006, c. 29 and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

Court File No. CV-17-11689-00CL

**ONTARIO
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IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

SIXTH REPORT OF THE TRUSTEE - APRIL 18, 2017



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

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Appendix 44 Fee affidavit of Steven L. Graff, sworn April 13, 2017

Appendix 45 Interim R&D dated April 12, 2017

Confidential Appendix

Confidential Appendix 1 Correspondence between Trustee and Representative Counsel dated February 6, 2017, March 28, 2017 and April 3, 2017

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C.43**

SIXTH REPORT OF THE TRUSTEE

APRIL 18, 2017

INTRODUCTION AND BACKGROUND

1. This report (this "**Sixth Report**") is filed by Grant Thornton Limited ("**GTL**") in its capacity as the court-appointed trustee (in such capacity, the "**Trustee**") of each of the 11 above-named Respondents (collectively, the "**Tier 1 Trustee Corporations**", and individually, a "**Tier 1 Trustee Corporation**"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Commercial List Court**") made on October 27, 2016 (the "**Appointment Order**"), a copy of which is attached hereto as **Appendix "1"** (together with His Honour's endorsement).

2. The purpose of the Trustee's appointment (the "**Appointment**") is to protect the interests of the investing public, who, through the Trustee, are mortgagees with secured lending positions registered on title to real property owned by 16 borrowers/developers (the "**Developers**"). The Developers are distinct entities from the Tier 1 Trustee Corporations.
3. Detailed background information pertaining to the circumstances leading to the Trustee's Appointment is contained in the affidavit of Mohammed Ali Marfatia sworn October 20, 2016 (the "**Marfatia Affidavit**"), which was filed by the Superintendent of Financial Services (the "**Superintendent**") in support of the Appointment.
4. In summary, the Marfatia Affidavit describes a series of 16 syndicated mortgage investments ("**SMIs**") sold to the investing public (the "**Investors**"), in respect of which, amongst other things:
 - (i) the 16 Developers are the owners of the real property, borrowers in the mortgage transactions and developers of the underlying real estate projects;
 - (ii) the 11 Tier 1 Trustee Corporations (prior to the Appointment of the Trustee) were special purpose entities required under their relevant constating agreements to hold the mortgages in trust for the Investors and to act in a fiduciary capacity to administer and enforce the mortgages (some of the Tier 1 Trustee Corporations held more than one mortgage); and
 - (iii) other entities, being First Commonwealth Mortgage Corporation ("**First Commonwealth**") and Tier 1 Mortgage Corporation ("**Tier 1 Mortgage Corp**"), were amongst those licensed mortgage brokers that promoted and sold the SMIs, and a third entity, being Tier 1 Transaction Advisory Services Inc. ("**Tier 1 Transaction**"), was also heavily involved in the SMIs and had applied for a mortgage brokerage license.

5. The Marfatia Affidavit further describes how Mr. Raj Singh, who is simultaneously the President, the CEO and a shareholder of Tier 1 Transaction, a mortgage agent of First Commonwealth, a director, officer, shareholder (either directly or indirectly) and/or profit participation interest holder in at least 11 of the Developers and the sole director, officer and shareholder of all but two of the Tier 1 Trustee Corporations, was in a clear conflict of interest position not properly disclosed to the Investors, in that, amongst other things, he was required to administer and enforce the SMLs on behalf of the Investors as against borrowers in which he had a financial interest in the majority of cases.
6. As discussed in the Marfatia Affidavit, the Superintendent also discovered systematic and recurrent failures by First Commonwealth and Tier 1 Mortgage Corp to abide by the basic consumer protection measures put in place by the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), which resulted in the Superintendent issuing: (i) a Notice of Proposal to revoke the licenses of First Commonwealth, Tier 1 Mortgage Corp and Mr. Singh (amongst others) and to refuse the license surrender application of First Commonwealth; (ii) an Interim Suspension Order against these same entities/persons, preventing them from dealing or trading in mortgages in Ontario; and (iii) an Interim Compliance Order against Tier 1 Transaction, requiring that it cease and desist unlicensed activity.
7. Finally (and without being exhaustive), the Marfatia Affidavit also discussed the Superintendent's concern that the appraisal values provided to the Investors did not reflect the value of the real property at the time of the mortgage, such that the true values may be inadequate to cover the respective SMLs but rather, reflected the value of the developed project.
8. Apart from the Marfatia Affidavit, responding affidavits to the Application were sworn by each of John Davies (a principal for 11 of the 16 Developers, which affidavit was filed in opposition to the Appointment) and Gregory Harris (a lawyer at Harris + Harris LLP ("H+H"), counsel involved in the SMI transactions). The Appointment Order was granted notwithstanding the submissions of these stakeholders and their counsel to the Court.

9. On November 10, 2016, the Trustee filed its first report (the "**First Report**") in the context of a motion (the "**Stay Motion**") before the Ontario Superior Court of Justice (Divisional Court) (the "**Divisional Court**"), which had been brought by 11 of the Developers for whom Mr. John Davies is the principal (the "**Davies Developers**").¹ In substance, the Stay Motion sought a stay of certain paragraphs of the Appointment Order pending the hearing of the Davies Developers' further motion to the Divisional Court for leave to appeal the Appointment Order (the "**Leave to Appeal Motion**"). The First Report also outlined the various degrees to which each of Mr. Davies, Mr. Singh and H+H were cooperating with the Trustee. A copy of the First Report, without appendices, is attached as **Appendix "2"**.
10. The Stay Motion was heard by the Divisional Court on November 14, 2016, which heard submissions from counsel for each of the Superintendent, the Trustee and the Davies Developers. Also making submissions was Matthew Gottlieb from the law firm of Lax O'Sullivan Lisus Gottlieb LLP, which had been retained by Mr. Garry Levy – an Investor in certain of the SMIs and spokesperson for a group of Investors – for the purpose of, amongst other things, potentially bringing a motion to amend the Appointment Order. No such motion has been brought as of the date of this Sixth Report (instead, as set out below, pursuant to an Order granted January 24, 2017, Chaitons LLP has been appointed representative counsel on behalf of Investors who choose not to opt-out from such representation).
11. The Divisional Court dismissed the Stay Motion and ordered the Davies Developers to pay to the Trustee \$5,000 for its costs within 30 days (the "**Cost Award**"). To date, the Davies Developers have not satisfied the Cost Award.
12. The Divisional Court also held that it had no jurisdiction to hear the Leave to Appeal Motion or the underlying appeal of the Appointment Order (the "**Appeal**"), and, on consent of both the Superintendent and the Trustee, transferred the

¹The Davies Developers are Textbook (525 Princess Street) Inc., Textbook (555 Princess Street) Inc., Textbook (Ross Park) Inc., 1703858 Ontario Inc., Memory Care Investments (Oakville) Ltd., Memory Care Investments (Kitchener) Ltd., Textbook (774 Bronson Ave) Inc., Legacy Lane Investments Ltd., Scollard Development Corporation, McMurray Street Investments Inc. and Textbook (445 Princess Street) Inc.

Appeal to the Court of Appeal for Ontario. The Davies Developers then advised that they would also pursue the Stay Motion at the Court of Appeal for Ontario.

13. On November 28, 2016, the Trustee filed its second report (the "**Second Report**"), which provided stakeholders with, amongst other things, an update on the challenges encountered by the Trustee in performing its mandate as a result of the actions of certain parties, including the lack of information provided by the Davies Developers. A copy of the Second Report, without appendices, is attached as **Appendix "3"**. The Second Report was not filed in connection with a specific motion or court attendance.
14. On December 7, 2016, nine of the Davies Developers (and one of Mr. Davies' related companies) (the "**CCAA Applicants**")² sought protection from their creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA Application**") and the appointment of KSV Kofman Inc. ("**KSV**") as proposed "super" monitor, which CCAA Application, *inter alia*, proposed to afford broad powers to KSV, including certain investigative powers. On or about the same day, the Davies Developers formally withdrew both the Stay Motion and the Appeal.
15. The CCAA Application was heard by the Honourable Justice Penny on December 9, 2016 and December 14, 2016, during which period the Trustee filed its third report dated December 13, 2016 (the "**Third Report**"). A copy of the Third Report, without appendices, is attached as **Appendix "4"**.
16. The purpose of the Third Report was to express the Trustee's preliminary views on the CCAA Application, which were summarized therein as follows:
 16. In order [to] properly evaluate the alternatives available to the Davies Developers, the Trustee requires reporting on each [of their Projects (the "**Davies Projects**") and for such reporting to be independently verified by a third party. Absent such information, it is difficult for the Trustee to adequately report and make sound recommendations to the Investors in the Davies Projects. In addition, absent the requested accounting from the Davies Developers, the Trustee cannot evaluate the propriety of the Davies Developers' use of Investors funds.

²The two Davies Developers that were not CCAA Applicants were McMurray Street Investments Inc. and Textbook (445 Princess Street) Inc.

17. Based on the lack of responses from the Davies Developers for the past six weeks since the Appointment Order, the Trustee is only supportive of CCAA [p]roceedings which provide additional powers to [a proposed] Court officer who can facilitate information flow to the Trustee for the benefit of Investors, and, in the interim, stop any enforcement proceedings by prior ranking mortgagees.
18. At this point, the Trustee does not view the proposed CCAA [p]roceedings as a means to a restructuring of the CCAA Applicants. However, the proposed CCAA [p]roceedings appear to create a mechanism for the flow of information under the supervision of a Court officer with enhanced powers under the proposed order (at least in respect of the CCAA Applicants, which includes 9 of the 11 Davies Developers). While the Trustee has concerns with the various Court ordered charges proposed in the CCAA [p]roceedings and its impact on the Investors' positions, the existence of a Court officer creates independent oversight in the short term and will facilitate the transfer of information from the proposed monitor to the Trustee in respect of the CCAA Applicants.
17. A central feature of the CCAA Application was a proposed DIP loan to the CCAA Applicants in an amount of up to \$6.75 million and a corresponding charge over their property (i.e., nine of the Davies Projects) (the "**DIP Charge**"). The proposed DIP lender, Morrison Financial Mortgage Corporation ("**Morrison**"), was not prepared to advance funds unless the DIP Charge ranked ahead of the interests of the first-ranking mortgagees, which caused several mortgagees registered on title ahead of the Investors' interests to oppose the CCAA Application.
18. On December 15, 2016, His Honour dismissed the CCAA Application, providing the written reasons attached as **Appendix "5"** (which appendix also contains an unofficial typed version of the written reasons).
19. Had the CCAA Application been granted as proposed by the Davies Developers, the Trustee understands that part of the funding provided by Morrison was to have been used to take-out a mortgage in the amount of \$2.5 million registered in favour of Firm Capital Mortgage Fund Inc. ("**Firm Capital**") against the real property underlying one of the Davies Projects (the "**Boathaus Property**"). Immediately after the CCAA Application was dismissed, Firm Capital issued a notice of sale in respect of its mortgage on the Boathaus Property (the "**Firm Capital Boathaus Mortgage**"), which notice provided, amongst other things, that Firm Capital would sell the Boathaus Property unless it was repaid by January 21, 2017.

20. On January 21, 2017, in order to prevent the immediate forced sale of the Boathaus Property by Firm Capital, the Trustee brought a motion to have KSV appointed by the Court as receiver and manager of the Boathaus Property³ (in such capacity, the "**Boathaus Receiver**") to, amongst other things, market and solicit offers for the investment in, development of and/or sale of the Boathaus Property (the "**Boathaus Proceedings**"). In connection with this motion, the Trustee filed its fourth report dated January 20, 2017 (the "**Fourth Report**") and a supplement thereto dated January 26, 2017 (the "**Fourth Report Supplement**"), both of which are attached collectively, without appendices, as **Appendix "6"**.
21. As set out in the Fourth Report and the Fourth Report Supplement, a binding commitment for financing (the "**Boathaus Financing**") was received to replace the Firm Capital Boathaus Mortgage (which was registered ahead of the Investors' SMI) and to provide funding towards the administration of the Boathaus Proceedings, both of which were seen as necessary preconditions to proceed with the Boathaus Proceedings. It was also the Trustee's recommendation that the Boathaus Proceedings proceed separately from the present proceedings (and be assigned a separate Court file number) in order to maintain independence between Court officers and maximize procedural efficiency.
22. On February 2, 2017, the Honourable Justice Wilton-Siegel made an Order appointing KSV as the Boathaus Receiver (the "**Boathaus Receivership Order**"). As requested, the Boathaus Receivership Order approved the Boathaus Financing and provided that the Boathaus Proceedings were to proceed as a separate matter in Court file number CV-17-11689-00CL. Certain additional safeguards were also built into the Boathaus Receivership Order on the requests of Trisura Guarantee Insurance Company ("**Trisura**") (the chargee registered on title behind the then-Firm Capital Boathaus Mortgage but ahead of the Investors' SMI) and Leeswood Design Build Ltd. (a construction lien claimant) to protect their respective interests. A copy of the Boathaus Receivership Order, together with the corresponding ancillary Order, official hand-written

³ Together with all the assets, undertakings and properties of the Davies Boathaus Developer acquired for or used in relation to the Boathaus Property.

endorsement and unofficial typed endorsement are attached collectively as **Appendix "7"**.

23. The Davies Boathaus Developer sent a representative to attend at part of the hearing for the limited purpose of seeking an adjournment request to assess a pending offer, which request His Honour denied. Apart from the adjournment request, neither the Davies Boathaus Developer nor its counsel addressed the Court to oppose the relief sought, and no one attended at the hearing on behalf of any of the Davies Developers to challenge the contents of the Trustee's reporting in the First Report, the Second Report, the Third Report, the Fourth Report or the Fourth Report Supplement, all of which were approved at the Court attendance on February 2, 2017 (as reflected in Appendix "7" hereto).
24. The Fourth Report noted, amongst other things, that the Trustee may seek to expand the Boathaus Proceedings at a later date to include other properties of the Developers generally, including the Davies Developers specifically. The Trustee has also filed a fifth report dated January 23, 2017 and a supplement thereto dated April 4, 2017 (together with the First Report, the Second Report, the Third Report and the Fourth Report, the "**Previous Reports**") in response to a receivership application brought by a mortgagee against a Developer that is not a Davies Developer. All the Previous Reports and the Trustee's activities therein have been approved by this Court.

PURPOSE OF THE SIXTH REPORT

25. The purpose of this Sixth Report is to provide the Court with information to support the Trustee's request for Orders:
 - (i) expanding the Boathaus Proceedings to include additional properties of the Davies Developers, being (as defined herein), each of the three Memory Care Properties, the Legacy Lane Property, the 525 Princess Property and the 555 Princess Property;

- (ii) compelling Mr. Davies and the Davies Developers to immediately deliver to the Trustee all internal trust ledgers and bank statements for each of the Davies Developers;
- (iii) approving this Sixth Report and the conduct and activities of the Trustee as described herein;
- (iv) sealing the confidential appendix to this Sixth Report; and
- (v) approving the fees and disbursements of the Trustee and its counsel to and including March 31, 2017 and an allocation of such fees and disbursements.

26. Copies of materials filed in these proceedings generally are available on the Trustee's website at www.grantthornton.ca/tier1.

DISCLAIMER

27. This Sixth Report has been prepared for the use of the Court and the Tier 1 Trustee Corporations' stakeholders as general information relating to the Tier 1 Trustee Corporations. Accordingly, the reader is cautioned that this Sixth Report may not be appropriate for any other purpose. The Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Sixth Report for any other purpose.
28. In preparing this Sixth Report, the Trustee has relied upon certain unaudited financial information provided by parties who had knowledge of the affairs of the Tier 1 Trustee Corporations, including Gregory Harris of H+H, Raj Singh, and John Davies. The Trustee has also relied on information provided to it by KSV in its capacity as the Boathaus Receiver, including its first report dated April 5, 2017 (the "**Boathaus Receiver's First Report**"). The Trustee has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Trustee expresses no opinion or other form of assurance with respect to such information.

29. All references to dollars in this Sixth Report are in Canadian currency unless otherwise noted.

THE OTHER DAVIES DEVELOPERS AND THEIR PROJECTS

30. Apart from the Davies Boathaus Developer and the Boathaus Property that are already subject to the Boathaus Proceedings, there are ten other Davies Developers – each with its own underlying real property. Of these ten other Davies Developers, nine are currently in default to the corresponding Tier 1 Trustee Corporation,⁴ as summarized in the table over the next two pages and set out in more detail in the balance of this Sixth Report:

⁴ The one Davies Developer believed not to be presently in default to its corresponding Tier 1 Trustee Corporation is Textbook (445 Princess Street) Inc. (for which the Tier 1 Trustee Corporation is Textbook Student Suites (445 Princess Street) Trustee Corporation).

DAVIES DEVELOPER	TIER 1 TRUSTEE CORPORATION AND SMI REGISTERED ON TITLE⁵	DAVIES DEVELOPER DEFAULT(S) PER SMI	CHARGE(S) REGISTERED ON TITLE AHEAD OF SMI?
McMurray Property			
McMurray Street Investments Inc. (" Davies McMurray Developer ")	7743718 Canada Inc. (" McMurray Trustee Corporation ") holds an SMI in the principal amount of \$3.5 million (" McMurray SMI ") over 28 McMurray Street West, Bracebridge, ON (" McMurray Property ")	<ul style="list-style-type: none"> statement of claim seeking possession issued by another mortgagee SMI matured prior to Trustee's Appointment without payment of principal (or subsequent interest) to McMurray Trustee Corporation (or to Trustee) two notices of sale under mortgage issued by another mortgagee 	Yes
Memory Care Properties			
Memory Care Investments (Kitchener) Ltd. (" Davies MC Kitchener Developer ")	MC Trustee (Kitchener) Ltd. (" MC Kitchener Trustee Corporation ") holds an SMI (" MC Kitchener SMI ") in the principal amount of \$10.6 million over 169 Borden Avenue North, Kitchener, ON (" MC Kitchener Property ")	<ul style="list-style-type: none"> SMI matured prior to Trustee's Appointment without payment of principal (or subsequent interest) to MC Kitchener Trustee Corporation (or to Trustee) filed for CCAA protection notice of sale under mortgage issued by another mortgagee 	Yes
Memory Care Investments (Oakville) Ltd. (" Davies MC Oakville Developer ")	2223974 Ontario Limited (" Oakville-Burlington-Legacy Trustee Corporation ") holds an SMI (" MC Oakville SMI ") in the principal amount of \$9 million over 103 and 109 Garden Drive, Oakville, ON (" MC Oakville Property ")	<ul style="list-style-type: none"> ceased making interest payments to MC Oakville Trustee Corporation prior to Trustee's Appointment SMI has since matured without payment filed for CCAA protection notice of sale under mortgage issued by another mortgagee 	Yes
1703858 Ontario Inc. (" Davies MC Burlington Developer ")	Oakville-Burlington-Legacy Trustee Corporation holds an SMI (" MC Burlington SMI ") in the principal amount of \$8.3 million over 2168 and 2174 Ghent Avenue, Burlington, ON (" MC Burlington Property ")	<ul style="list-style-type: none"> ceased making interest payments to Legacy Lane Trustee Corporation prior to Trustee's Appointment filed for CCAA protection notice of sale under mortgage issued by another mortgagee 	Yes

⁵ All SMIs held by the Tier 1 Trustee Corporations are jointly held with Olympia Trust Company for the benefit of those Investors holding their underlying positions in RRSPs.

DAVIES DEVELOPER	TIER 1 TRUSTEE CORPORATION AND SMI REGISTERED ON TITLE ⁶	DAVIES DEVELOPER DEFAULT(S) PER SMI	CHARGE(S) REGISTERED ON TITLE AHEAD OF SMI?
Other Davies Defaulting Properties			
Legacy Lane Investments Ltd. ("Davies Legacy Lane Developer")	Oakville-Burlington-Legacy Trustee Corporation holds an SMI ("Legacy Lane SMI") in the principal amount of \$3.5 million over 16 Legacy Lane, Huntsville, ON ("Legacy Lane Property")	<ul style="list-style-type: none"> ceased making interest payments to Legacy Lane Trustee Corporation prior to Trustee's Appointment filed for CCAA protection 	No (excluding construction liens)
Textbook (525 Princess Street) Inc. ("Davies 525 Princess Developer")	Textbook Student Suites (525 Princess Street) Trustee Corporation ("525 Princess Trustee Corporation") holds an SMI ("525 Princess SMI") in the principal amount of \$6.4 million over 525 Princess Street, Kingston, ON ("525 Princess Property")	<ul style="list-style-type: none"> filed for CCAA protection 	No (excluding construction liens)
Textbook (555 Princess Street) Inc. ("Davies 555 Princess Developer")	Textbook Student Suites (555 Princess Street) Trustee Corporation ("555 Princess Trustee Corporation") holds an SMI ("555 Princess SMI") in the principal amount of \$8 million over 555 Princess Street, Kingston, ON ("555 Princess Property")	<ul style="list-style-type: none"> insufficient funds provided to Trustee to satisfy interest obligations filed for CCAA protection 	No (excluding construction liens)
Textbook Ross Park Inc. ("Davies Ross Park Developer")	Textbook Student Suites (Ross Park) Trustee Corporation ("Ross Park Trustee Corporation") holds an SMI ("Ross Park SMI") in the principal amount of \$11.6 million over 1234, 1236, 1238, 1240, 1244 and 1246 Richmond Street, London, ON ("Ross Park Property")	<ul style="list-style-type: none"> ceased making interest payments subsequent to Trustee's Appointment filed for CCAA protection 	Yes
Textbook (774 Bronson Avenue) Inc. ("Davies Bronson Developer")	Textbook Student Suites (774 Bronson Avenue) Trustee Corporation ("Bronson Trustee Corporation") holds an SMI ("Bronson SMI") in the principal amount of \$10.875 million over 774 Bronson Avenue and 557 Cambridge Street South, Ottawa, ON ("Bronson Property")	<ul style="list-style-type: none"> filed for CCAA protection notice of intention to enforce security issued by another mortgagee 	Yes

⁶ All SMIs held by the Tier 1 Trustee Corporations are jointly held with Olympia Trust Company for the benefit of those Investors holding their underlying positions in RRSPs.

31. Each of these nine defaulting Davies Developers and corresponding properties is discussed below.

THE MCMURRAY PROPERTY

32. The McMurray Property is owned by the Davies McMurray Developer, which is one of two Davies Developers that did not seek CCAA protection.⁷ The CCAA Application nonetheless disclosed certain information in respect of the Davies McMurray Developer and the McMurray Property because, according to the evidence filed by John Davies in the CCAA Application, “[c]ircumstances may require [the Davies McMurray Developer] to seek CCAA protection in the future.” A copy of the affidavit sworn by Mr. Davies on December 6, 2016 in support of the CCAA Application is attached, without exhibits, as **Appendix “8”** (the “**Davies Affidavit**”).
33. As indicated in the corporate profile report attached as **Appendix “9”**, the Davies McMurray Developer’s registered office is located in Mississauga, Ontario, with John Davies as the sole director and each of John Davies, Gregory Harris (the lawyer at H+H) and David Arsenault as officers. According to the Davies Affidavit, the shares of the Davies McMurray Developer are held as follows: 30% by the Davies Family Trust; 16% by R. Alan Harris (who, according to the Davies Affidavit, is Gregory Harris’ father); 8% by D. Arsenault Holdings Inc.; and 46% by Tori Manchulenko.
34. According to the Davies Affidavit, the intended use for the McMurray Property is a condominium project.
35. The McMurray Property consists of two parcels of land in Bracebridge, Ontario, as attached as **Appendix “10”**, which parcel registers reflect the following:
- (i) the Davies McMurray Developer purchased the McMurray Property on or about January 15, 2010 for \$650,000;
 - (ii) the McMurray SMI was registered on title on or about May 3, 2012 for \$3.5 million;

⁷ The other being Textbook (445 Princess Street) Inc., which is the one Davies Developer that is not presently believed to be in default to its corresponding Tier 1 Trustee Corporation.

- (iii) several adjustments were subsequently made on title to the McMurray SMI to reflect that Olympia Trust Company ("**OTC**") would ultimately hold the McMurray SMI jointly with the McMurray Trustee Corporation to accommodate RRSP and other Investors, respectively;
 - (iv) a mortgage in favour of Computershare Trust Company of Canada ("**Computershare**") was registered on title for \$2 million on January 16, 2014 (the "**Computershare McMurray Mortgage**"), and a postponement of the McMurray SMI to the Computershare McMurray Mortgage was then immediately registered on title;
 - (v) a \$5 million charge in favour of Trisura was registered on title on November 21, 2014 (the "**Trisura McMurray Charge**"), and a postponement of the McMurray SMI to the Trisura McMurray Charge was registered on title on January 8, 2015; and
 - (vi) the Appointment Order was registered on title on November 3, 2016.
36. Copies of the Computershare McMurray Mortgage (together with a notice of assignment of rents and the postponement by the McMurray SMI) and the Trisura McMurray Charge (together with the postponement by the McMurray SMI) are respectively attached as **Appendix "11"** and **Appendix "12"**.
37. Each of Computershare and Trisura has also made one or more registration(s) against the Davies McMurray Developer under the *Personal Property Security Act* (Ontario) (the "**PPSA**"). The Trustee is not aware of the McMurray Trustee Corporation holding any personal property security against the Davies McMurray Developer. For completeness sake, a copy of the certified PPSA search results against the Davies McMurray Developer, with currency to March 27, 2017, is attached as **Appendix "13"**.
38. Copies of the material components of the McMurray SMI are attached collectively as **Appendix "14"**, being: (i) a loan agreement dated April 20, 2012 between the

Davies McMurray Developer, as developer/borrower, and the McMurray Trustee Corporation, as lender on behalf of the Investors (the "**McMurray SMI Loan Agreement**"); (ii) a syndicated mortgage participation agreement dated April 20, 2012 between McMurray Trustee Corporation and the Investors (the "**McMurray SMI Participation Agreement**"); and (iii) the charge registered on title (the "**McMurray SMI Charge**").

39. The Davies Affidavit acknowledges that both the Computershare McMurray Mortgage and the McMurray SMI matured in the spring of 2016 without repayment of principal, and that interest has also not been paid on the McMurray SMI since July 2016. These constitute Events of Default (as defined in the McMurray SMI Loan Agreement).
40. According to the Davies Affidavit, the Davies McMurray Developer entered into a sale agreement for the McMurray Property to close on January 6, 2016 for \$8 million, consisting of a \$6 million cash component and a \$2 million vendor take-back mortgage (collectively, the "**McMurray Transaction**"). According to the Davies Affidavit, the \$6.0 million cash component was to have been sufficient to repay both the Computershare McMurray Mortgage and the McMurray SMI with all interest arrears.
41. Notwithstanding what was sworn in the Davies Affidavit, the Trustee learned from H+H (the Davies McMurray Developer's counsel) that the anticipated cash proceeds from the McMurray Transaction would be insufficient to repay the entirety of the McMurray SMI, and that the Trustee and OTC would instead be assigned an interest in the \$2.0 million vendor take-back mortgage until the entirety of the McMurray SMI were repaid.
42. On January 4, 2017, shortly before the anticipated closing of the McMurray Transaction, counsel for the Trustee and counsel for the Davies McMurray Developer agreed that the outstanding balance of the McMurray SMI was \$4,390,738, of which \$3,619,000 was to be paid in cash on closing, with the balance to be satisfied through the assignment of interest in the vendor take-back mortgage.

43. On January 4 and 5, 2017, H+H advised the Trustee that it was unsure whether the McMurray Transaction would close, disclosing to the Trustee for the first time that the Davies McMurray Developer had not had any communications with (or received any contact information for) the purchaser or its counsel. The Trustee made immediate enquiries with H+H to understand the nature of its previous interactions with the purchaser, including how it was possible that the Davies McMurray Developer negotiated and entered into a sale agreement with the purchaser, yet did not have contact information for the purchaser. No meaningful response has been provided as of the date of this Sixth Report. Copies of communications between the Trustee's counsel and H+H in this regard are attached collectively as **Appendix "15"**.
44. On January 6, 2017, H+H advised the Trustee that the McMurray Transaction did not close because of the purchaser's purported conduct and behaviour (which H+H described as being a lack of communication and cooperation).
45. On January 13, 2017, the Davies McMurray Developer confirmed to the Trustee, through counsel, that Wynn Realty Corporation, Brokerage, held, and was continuing to hold, the deposit made by the purchaser in respect of the McMurray Transaction (the "**McMurray Transaction Deposit**"). The Trustee insisted to H+H that the McMurray Transaction Deposit remain in the real estate agent's trust account until: (i) all parties, including the Trustee, agree to the release of the McMurray Transaction Deposit; or (ii) Order of the Court. The Trustee also asked to be kept apprised of the status of the McMurray Transaction, should the Davies McMurray Developer or its counsel re-establish contact with the purchaser. Copies of an email chain between the Trustee's counsel and H+H on these issues is attached as **Appendix "16"**.
46. The Trustee has not received any further updates from H+H or the Davies McMurray Developer in respect to the McMurray Transaction or the McMurray Transaction Deposit.
47. When the McMurray Transaction failed to close, Computershare issued a notice of sale in respect of the McMurray Property dated January 9, 2017 (the "**Computershare McMurray Notice of Sale**"). The Computershare McMurray

Notice of Sale required the Davies McMurray Developer (or any other registrant on title) to pay \$1,998,923.75 in satisfaction of the Computershare McMurray Mortgage by February 15, 2017, failing which Computershare advised sale proceedings would be commenced in respect of the McMurray Property. A copy of the Computershare McMurray Notice of Sale is attached as **Appendix "17"**.

48. On January 17, 2017, the Trustee issued a letter to the Investors in the McMurray SMI, advising, amongst other things, as to the Trustee's above understanding of what happened with the McMurray Transaction, the status of the McMurray Transaction Deposit and the issuance of the Computershare McMurray Notice of Sale (the "**Trustee's McMurray Investor Letter**"). Amongst other things, the Trustee's McMurray Investor Letter cautioned that the Trustee did not have access to a pool of funds to take-out the Computershare McMurray Mortgage, and it was unclear what amount, if any, would remain to satisfy the McMurray SMI in the event that the McMurray Property were sold privately in accordance with the Computershare McMurray Notice of Sale. A copy of the Trustee's McMurray Investor Letter is attached as **Appendix "18"**.
49. To the best of the Trustee's knowledge, the February 15, 2017 deadline established by the Computershare McMurray Notice of Sale expired without repayment of the Computershare McMurray Mortgage.
50. On February 28, 2017, the Trustee received an email from H+H, which, amongst other things:
 - (i) advised the Trustee that Computershare had served a statement of claim against the Davies McMurray Developer in August 2016, seeking, amongst other things, possession of the McMurray Property (collectively, the "**Computershare McMurray Action**") and attached same;
 - (ii) attached a letter from Computershare's counsel dated February 23, 2017, advising that the default judgment would be obtained if a statement of defence were not delivered by the Davies McMurray Developer by March 10, 2017; and

- (iii) attached a notice of sale issued by Computershare in respect of the McMurray Property dated October 7, 2016 (predating the Computershare McMurray Notice of Sale dated January 9, 2017) (the "**Original Computershare McMurray Notice of Sale**").
51. None of the Computershare McMurray Action, the relief against the McMurray Property sought therein or the Original Computershare McMurray Notice of Sale had been previously disclosed to the Trustee or in the CCAA Application. Copies of H+H's email and the attachments therein are attached collectively as **Appendix "19"**. The First Report, the Second Report and the Third Report (attached, respectively, without appendices, as Appendices 2 through 4) set out the Trustee's repeated attempts to glean information from the Davies Developers, including, without limitation, information related to mortgages ranking ahead or behind the mortgages held by the Tier 1 Trustee Corporations on the Davies Developers' projects.
52. As of the date of this Sixth Report, the Trustee has no comfort regarding the Davies McMurray Developer's ability or willingness to repay the Computershare McMurray Mortgage (let alone the McMurray SMI), or any of the purported arrangements that any of the Davies Developers may purport to advance with respect to their projects generally.
53. Since the failed McMurray Transaction, the Trustee has pursued three different financiers as potential take-out lenders for the Computershare McMurray Mortgage in order to protect the interest of the McMurray SMI but, at this point, the Trustee has been unable to secure any such financing.
54. On April 10, 2017, the Trustee had a conference call with representatives of the Computershare McMurray Mortgage (Pillar Financial) (the "**Computershare Representatives**") and its counsel, to understand the status of Computershare's enforcement actions and plans. During the call, the Trustee learned that Computershare has advanced its enforcement efforts and plans to take possession of the McMurray Property and continue with sale efforts once it is legally entitled to do so. The Trustee suggested that the appointment of a Court-appointed receiver would be appropriate given the issues surrounding the

McMurray Property and, more particularly, the conduct of the McMurray Developer and the McMurray Transaction Deposit. The Computershare Representatives have taken same under advisement and agreed to advise the Trustee of any developments in advancing its enforcement action.

THE MEMORY CARE PROPERTIES

55. The MC Kitchener Property, the MC Oakville Property and the MC Burlington Property (collectively, the “**Memory Care Properties**”) are owned, respectively, by the Davies MC Kitchener Developer, the Davies MC Oakville Developer and the Davies MC Burlington Developer (collectively, the “**Davies Memory Care Developers**”). Each of the Davies Memory Care Developers sought CCAA protection in the CCAA Application.
56. As indicated in the corporate profile reports collectively attached as **Appendix “20”**, the Davies Memory Care Developers’ registered offices are each located in Mississauga, Ontario, with John Davies as the sole director and officer in each case. According to the Davies Affidavit, the shares of the Davies Memory Care Developers are held as follows:
- (i) the shares of each of the Davies MC Kitchener Developer and the Davies MC Burlington Developer, and one of the two classes of shares of the Davies MC Oakville Developer, are ultimately held, through one or more intermediate vehicles, by Mr. Davies’ wife and children (50%) and the mother of Gregory Harris (the lawyer at H+H) (50%); and
 - (ii) the other class of shares of the Davies MC Oakville Developer is held solely by five SMI Investors.
57. According to the Davies Affidavit, the Memory Care Properties are intended to be used for Alzheimer’s residential facilities. Apart from certain suspended footings and foundational work in respect of the MC Burlington Property, the Davies Affidavit advises that no construction had commenced on any of the Memory Care Properties.

58. The MC Kitchener Property consists of one parcel of land in Kitchener, Ontario, as attached as **Appendix "21"**, which parcel register reflects, in substance, the following:

- (i) 237519 Ontario Ltd. ("**237**"), a corporation related to John Davies,⁸ purchased the MC Kitchener Property on or about June 4, 2013 for \$1,585,000, and then transferred the MC Kitchener Property to the Davies MC Kitchener Developer on or about February 25, 2014 for \$3,950,000;
- (ii) the MC Kitchener SMI was registered on title on or about the same date as this transfer for \$6,500,000;
- (iii) several adjustments were subsequently made on title to the MC Kitchener SMI to reflect that OTC would hold the MC Kitchener SMI jointly with the MC Kitchener Trustee Corporation to accommodate RRSP and other Investors, respectively;
- (iv) a mortgage in favour of 2174217 Ontario Inc. ("**217**") was registered on title for \$950,000 on February 17, 2015 (the "**217 MC Kitchener Mortgage**"), and a postponement of the MC Kitchener SMI to the 217 MC Kitchener Mortgage was then immediately registered on title;
- (v) notices were subsequently filed on title in respect of the 217 MC Kitchener Mortgage and the MC Kitchener SMI, which, amongst other things, increased the principal amount of the MC Kitchener SMI to \$10.6 million; and
- (vi) the Appointment Order was registered on title on November 3, 2016.

⁸ According to the evidence filed by Mr. Davies in the CCAA Application, the related-parent corporation to the Davies MC Kitchener Developer purchased the MC Kitchener Property from a court-appointed receiver and assigned its interest to 237.

59. The MC Oakville Property consists of one parcel of land in Oakville, Ontario, as attached as **Appendix "22"**, which parcel register reflects, in substance, the following:

- (i) the Davies MC Oakville Developer purchased the MC Oakville Property on or about October 29, 2012 for \$1,945,000, and the MC Oakville SMI was then immediately registered on title for \$3,000,000;
- (ii) several adjustments were subsequently made on title to the MC Oakville SMI to reflect that OTC would hold the MC Oakville SMI jointly with the Oakville-Burlington-Legacy Trustee Corporation to accommodate RRSP and other Investors, respectively;
- (iii) notices were subsequently filed on title to increase the principal amount secured under the MC Oakville SMI to \$9 million;
- (iv) a mortgage in favour of 217 was registered on title for \$1,250,000 on July 8, 2016 (the "**217 MC Oakville Mortgage**"), and a postponement of the MC Oakville SMI to the 217 MC Oakville Mortgage was then immediately registered on title; and
- (v) the Appointment Order was registered on title on November 3, 2016.

60. The MC Burlington Property consists of one parcel of land in Burlington, Ontario, as attached as **Appendix "23"**, which parcel register reflects, in substance, the following:

- (i) the Davies MC Burlington Developer purchased the MC Burlington Property between October 17, 2006 and August 8, 2007 for the aggregate amount of \$965,000;
- (ii) the MC Burlington SMI (together with the MC Kitchener SMI and the MC Oakville SMI, the "**Memory Care SMIs**") was registered on title on May 17, 2013 for \$5,500,000;

- (iii) several adjustments were subsequently made on title to the MC Burlington SMI to reflect that OTC would hold the MC Burlington SMI jointly with the Oakville-Burlington-Legacy Trustee Corporation to accommodate RRSP and other Investors, respectively;
- (iv) notices were subsequently filed on title to increase the principal amount secured under the MC Burlington SMI to \$8,262,600;
- (v) a mortgage in favour of 217 was registered on title for \$1,250,000 on July 8, 2016 (the "**217 MC Burlington Mortgage**", and together with the 217 MC Kitchener Mortgage and the 217 MC Oakville Mortgage, the "**217 Memory Care Mortgages**"), and a postponement of the MC Burlington SMI to the 217 MC Burlington Mortgage was then immediately registered on title;
- (vi) the Appointment Order was registered on title on November 3, 2016; and
- (vii) two construction liens and corresponding certificates in favour of Varcon Construction Corporation and Limen Group Const. Ltd. in the amounts of, respectively, \$786,999.80 and \$91,476.89 (the "**MC Burlington Construction Liens**") were subsequently registered on title.

- 61. Copies of the MC Burlington Construction Liens are attached collectively as **Appendix "24"**.
- 62. Copies of all three 217 Memory Care Mortgages, as amended, are attached collectively as **Appendix "25"** (together with the postponements given by the Memory Care SMIs).
- 63. 217 has also made one or more registration(s) against the Davies Memory Care Developers under the PPSA. The Trustee is not aware of any of the Tier 1 Trustee Corporations holding any personal property security against the Davies Memory Care Developers. For completeness sake, copies of the certified PPSA

search results against the Davies Memory Care Developers, with currency to March 27, 2017, are attached collectively as **Appendix “26”**.

64. Copies of the material components of the Memory Care SMIs are attached collectively as **Appendix “27”**, being: (i) loan agreements between each of the Davies Memory Care Developers, as developer/borrower, and the corresponding Tier 1 Trustee Corporation, as lender on behalf of the Investors (the **“Memory Care SMI Loan Agreements”**); (ii) syndicated mortgage participation agreements between the applicable Tier 1 Trustee Corporation and the Investors (the **“Memory Care SMI Participation Agreements”**); and (iii) the charges, as amended, registered on title (the **“Memory Care SMI Charges”**).
65. Each of the Davies Memory Care Developers ceased making interest payments on the Memory Care SMIs prior to the Trustee’s Appointment. Moreover, the MC Kitchener SMI matured prior to the Trustee’s Appointment and the MC Oakville SMI matured after the Trustee’s Appointment, and in neither case were any amounts repaid. 217 has also issued notices of sale in respect of each of the Memory Care Properties, as a result of defaults in respect of the 217 Memory Care Mortgages, copies of which notices of sale are attached collectively as **Appendix “28”**.

THE OTHER DAVIES DEFAULTING PROPERTIES

66. The Legacy Lane Property, the 525 Princess Property, the 555 Princess Property, the Ross Park Property and the Bronson Property (collectively, the **“Other Davies Defaulting Properties”**) are owned, respectively, by the Davies Legacy Lane Developer, the Davies 525 Princess Developer, the Davies 555 Princess Developer, the Davies Ross Park Developer and the Davies Bronson Developer (collectively, the **“Other Davies Defaulting Developers”**). Each of the Other Davies Defaulting Developers sought CCAA protection in the CCAA Application.
67. As indicated in the corporate profile reports collectively attached as **Appendix “29”**, the Other Davies Defaulting Developers’ registered offices are each located in Mississauga, Ontario, with John Davies and his business partner, Walter Thompson, as the sole directors and officers in each case, except for the

Legacy Lane Developer, the sole director and officer of which is John Davies. According to the Davies Affidavit, the shares of the Other Davies Defaulting Developers are ultimately held, through one or more intermediate vehicles, by one or more of:

- (i) Mr. Davies' wife and children;
- (ii) Mr. Singh (see paragraphs 5, 6 and 9 of this Sixth Report);
- (iii) Mr. R. Alan Harris (who, according to the Davies Affidavit, is Gregory Harris' father); and
- (iv) a trust, of which, according to the Davies Affidavit, Mr. Thompson, amongst other unidentified persons, is a beneficiary.

68. According to the Davies Affidavit, all the Other Davies Defaulting Properties apart from the Legacy Lane Property are intended to be used for student residences and ancillary retail space, with the Legacy Lane Property intended to be used for townhomes. The Davies Affidavit advises that no material construction had commenced on any of the Other Davies Defaulting Properties.

69. The Trustee is not aware of any of the Tier 1 Trustee Corporations holding any personal property security against the Other Davies Defaulting Developers. For completeness sake, copies of the certified PPSA search results against the Other Davies Defaulting Developers, with currency to March 27-30, 2017, are attached collectively as **Appendix "30"**.

70. Apart from plan references/agreements and construction liens of limited amounts,⁹ there are no encumbrances on the Legacy Lane Property, the 525 Princess Property or the 555 Princess Property other than, respectively, the Legacy Lane SMI, the 525 Princess SMI and the 555 Princess SMI.

71. The Legacy Lane Property consists of one parcel of land in Huntsville, Ontario, the parcel register of which is as attached as **Appendix "31"**. The 525 Princess

⁹ There is one construction lien registered on title to the Legacy Land Property for \$93,959 in favour of HLD Corporation Ltd., and there is one construction lien registered on title to the 525 Princess Property and 555 Princess Property for \$66,746.58 in favour of J.L. Richards & Associates Limited.

Property consists of four parcels of land in Kingston, Ontario, the parcel registers of which are attached as **Appendix "32"**. The 555 Princess Property consists of one parcel of land in Kingston, Ontario, the parcel register of which is attached as **Appendix "33"**. In each case, the corresponding SMI in favour of the applicable Tier 1 Trustee Corporation is held jointly with OTC to accommodate RRSP Investors.

72. Copies of the material components of the Legacy Lane SMI, the 525 Princess SMI and the 555 Princess SMI are attached collectively as **Appendix "34"**, being: (i) loan agreements between each of the applicable Davies Developer, as developer/borrower, and the corresponding Tier 1 Trustee Corporation, as lender on behalf of the Investors; (ii) syndicated mortgage participation agreements between the applicable Tier 1 Trustee Corporation and the Investors; and (iii) the charges, as amended, registered on title.
73. There are other encumbrances registered on title to the Ross Park Property and the Bronson Property apart from the Ross Park SMI and the Bronson SMI. As no relief is being sought in respect of the Ross Park Property or the Bronson Property at this time, an examination of their parcel pages or registrations has not been provided in this Sixth Report.
74. Each of the Other Davies Defaulting Developers has committed one or more defaults in connection with its corresponding SMI, including, in all cases, the filing for CCAA protection. In addition, the Davies Legacy Lane Developer ceased making interest payments prior to the Trustee's Appointment, the Davies 555 Princess Developer and the Davies Ross Park Developer ceased making interest payments subsequent to the Trustee's Appointment and the Davies Bronson Developer received a notice of intention to enforce security by another mortgagee, a copy of which notice is attached as **Appendix "35"**.

APPOINTMENT OF A RECEIVER

75. At this stage, the Trustee considers that it has exhausted any and all reasonable efforts to allow the defaulting Davies Developers to implement their own resolutions to deal with their liquidity problems. Quite apart from the lack of confidence in Mr. Davies as a result of, amongst other things, the failed

McMurray Transaction and the circumstances surrounding same, and quite apart from the mounting enforcement steps that have been taken by other mortgagees without any solution being advanced or implemented by Mr. Davies, the Boathaus Receiver has recently filed the Boathaus Receiver's First Report, which, amongst other things, identified extensive transfers of money from the Davies Boathaus Developer to various related entities, including other Davies Developers, and *vice versa*. As set out in the Boathaus Receiver's First Report, the Davies Boathaus Developer was not permitted to use the loan proceeds from the Boathaus SMI for any purpose other than the development and construction of the Boathaus Property without the authorization of the Boathaus SMI investors. In addition, and of significant concern, is that the Boathaus Receiver's First Report identified substantial transfers of money from the Davies Boathaus Developer to entities controlled by Mr. Davies and entities controlled by Raj Singh. A copy of the Boathaus Receiver's First Report is attached, without appendices, as **Appendix "36"**.

76. In light of all the foregoing, the Trustee believes that its only reasonable and prudent option under the circumstances is, where possible, to have a receiver and manager appointed in respect of the applicable defaulting Davies Developers. At the same time, given the presence of charges registered on title in priority to the SMIs on many of the properties, the Trustee cannot proceed with the request to appoint a receiver and manager over these properties in the absence of take-out financing or other acceptable arrangements being made with any applicable prior-ranking chargees on title.
77. At this time, the Trustee has secured take-out financing for the three 217 Memory Care Mortgages, copies of which commitment letters are attached collectively as **Appendix "37"**, namely, the "**MC Kitchener Commitment Letter**", the "**MC Oakville Commitment Letter**" and the "**MC Burlington Commitment Letter**". As set out in the email to the Trustee attached along with the commitment letters, all of the conditions in the commitment letters have been waived. The Trustee is therefore in a position to request from this Court that the Boathaus Proceedings be expanded to include the three Memory Care Properties, as well as the Legacy Lane Property, the 525 Princess Property and the 555 Princess Property (being the three properties without any other mortgages on title apart from the SMIs).

78. On January 24, 2017, pursuant to the Order of the Honourable Justice Hainey, Chaitons LLP was appointed by the Court as counsel for all the Investors across all 16 SMIs (in such capacity, "**Representative Counsel**"), unless and until written notice is provided by a particular Investor to Representative Counsel pursuant to a specified opt-out procedure if such Investor does not wish to be represented by Representative Counsel (collectively, the "**Representative Counsel Order**"). A copy of the affidavit of Peter Pontsa sworn January 18, 2017 in support of the Representative Counsel Order (the "**Pontsa Affidavit**") is attached, without exhibits, as **Appendix "38"**, and a copy of the Representative Counsel Order is attached as **Appendix "39"**.
79. The Representative Counsel Order also provides, amongst other things, that Representative Counsel is empowered and authorized to accept instructions from the Investors Committee (as defined in the Pontsa Affidavit), which instructions shall be binding on the Investors who have not opted out of representation by Representative Counsel. The Trustee is not aware of any opt-out notice having been given as of the date of this Sixth Report.
80. On January 27, 2017 and January 30, 2017, the Trustee held meetings with the Investors in, amongst others, each of the Memory Care SMIs, the Legacy Lane SMI, the 525 Princess SMI and the 555 Princess SMI. The meetings had been organized prior to the Representative Counsel's appointment, but Representative Counsel was invited to participate in these meetings (and did so) with the Trustee and its counsel. Amongst the items discussed at these meetings was the possibility of proceeding with one or more receiverships for the applicable SMIs and the reasons therefor.
81. On February 6, 2017, the Trustee sent a letter to Representative Counsel, setting out the Trustee's recommendations with respect to all the SMIs, including, without limitation, its recommendations with respect to each of the Memory Care SMIs, the Legacy Lane SMI, the 525 Princess SMI and the 555 Princess SMI, and sought directions from the Investors Committee regarding same. In addition to various subsequent discussions and telephone conversations, follow-up letters were also sent by the Trustee to Representative Counsel on each of March 28, 2017 and April 3, 2017. Copies of all three letters are attached as **Confidential**

Appendix "1", the contents of which contain commercially-sensitive material, the release of which, if released publicly, could easily prejudice the stakeholders of the Tier 1 Trustee Corporations and the Developers.

82. Notwithstanding a passage of time in excess of two months, the Investors Committee has failed to communicate a unified position to the Trustee with respect to the Trustee's recommendations. This delay has been costly, in respect of accruing interest on the non-SMI first mortgages, professional costs of administration and carrying costs associated with the land. The Trustee understands that certain members of the Investors Committee are considering a conditional offer put forward in respect of the Memory Care SMIs by Raj Singh. In light of, amongst other things, the evidence in the Marfatia Affidavit regarding Mr. Singh's historical involvement in the various entities connected with the SMIs (see paragraphs 5 and 6 of this Sixth Report for a summary), the Trustee's position is that any offer put forward by Mr. Singh should be tested in the open market.
83. One member of the Investor Committee representing the MC Oakville Property, Mr. Dennis Gingell, has opposed the advice of the Trustee (and we understand the advice of Representative Counsel). Notwithstanding the Trustee's communicated intended path forward to Representative Counsel and the Investor Committee, the Trustee understands Mr. Gingell has continued to negotiate independently with Raj Singh and an outside consultant, Mr. Dennis Jewitt (who was involved in the Vaughan Crossings transaction) to pursue other options for the MC Oakville Property, absent consultation with the MC Oakville SMI Investors. *The Trustee does not support the direction proposed by Mr. Gingell* for, amongst other things, the reasons set out in its April 3, 2017 letter to Representative Counsel, referred to above.
84. The Trustee continues to deal with challenges and inquiries concerning the dissemination of conflicting information to certain Investors from a former investment advisor/mortgage broker that promoted and sold the SMIs. A similar issue had arisen in respect of a different investment advisor to Tier 1, which was detailed in the Trustee's Second Report. A former investment advisor, Michael Fox, has recently sent correspondence to his alleged investor constituents and

the Investor Committee, recommending opposition to the Trustee's efforts. Such correspondence recommends that Investors support the appointment of an alternate receiver (other than KSV) as recommended by Raj Singh, as well as the retention of Dennis Jewitt. The Trustee is of the view that Mr. Fox's email and position are self-serving and focused on directing the Investors' concerns away from the investment advisors and the parties behind the SMIs and towards the professionals. In addition, the Trustee, for reasons voiced on several occasions, does not consider Mr. Fox's considered alternatives reasonable, informed or viable. The Trustee does not support the appointment of an alternate receiver for the reasons set out herein. A copy of Mr. Fox's correspondence, which was forwarded to the Trustee by a member of the Investor Committee, is attached as **Appendix "40"**.

85. A significant number of Investors have inquired whether the Trustee will pursue civil litigation or criminal charges against the parties behind the SMIs, the Davies Developers, or their investment advisors/mortgage brokers who earned significant commissions on the sale of the SMI products. At this stage of the administration, the Trustee's efforts have largely been focused on seeking alternatives for the monetization of the underlying real estate projects in the best interests of the Investors, in most cases under very challenging scenarios. However, the Trustee has not lost sight of the concerns of the Investors and believes that with full access to the banking records of the Davies Developers, and in collaboration with the work of KSV, the Trustee should be able to fully understand the scope of what has transpired with Investors' money and report same to the Court and the Investors in due course. In parallel with this, the Trustee is aware that certain Investors have been in contact and met with at least two class action lawyers to pursue potential litigation against the parties involved with the SMIs. Furthermore, the Trustee has been in contact with the Royal Canadian Mounted Police, who are aware of the Investors' concerns with respect to the conduct of Mr. Singh, Mr. Davies and the mortgage brokers and investment advisors that promoted and sold the SMIs.
86. It is therefore the Trustee's view that the time has come to proceed in respect of the Boathaus Proceedings' expansion to include the six additional properties referenced in this Sixth Report.

87. Accordingly, the Trustee has made formal written demand on the applicable Davies Developers, which demands were accompanied by notices of intention to enforce security pursuant to subsection 244(1) of the BIA, copies of which are collectively attached as **Appendix "41"**. As reflected in the demands, the aggregate balance owing under the six SMIs in question exceeds \$50 million in *principal and interest, exclusive of recovery costs and accruing interest*.
88. As of the date of this Sixth Report, the applicable Davies Developers have each failed to make payment in accordance with the demands or make alternative arrangements acceptable to the Trustee.
89. In the circumstances set out above, the Trustee believes that it is just and equitable that the Boathaus Proceedings be expanded to include the Memory Care Properties, the Legacy Lane Property, the 525 Princess Property and the 555 Princess Property. It is the Trustee's view that the proposed expansion of the Boathaus Proceedings is necessary for the protection of the Investors of the applicable SMIs and possibly other stakeholders. The Trustee believes that the proposed expansion of the Boathaus Proceedings would enhance the prospect of recovery by the Trustee for the Investors and protect all stakeholders.
90. The Trustee recommends that KSV continue its mandate as the receiver and manager in the Boathaus Proceedings and that such mandate be expanded to include the Memory Care Properties, the Legacy Lane Property, the 525 Princess Property and the 555 Princess Property. KSV is licensed to act in this capacity and has gleaned additional familiarity with the Davies Developers as a result of the existing Boathaus Proceedings, as reflected by, amongst other things, the findings in the Boathaus Receiver's First Report. It is the Trustee's view that KSV's continued and expanded involvement will result in efficiencies for the benefit of the Investors.
91. KSV has consented to the expansion of the Boathaus Proceedings as proposed by this Sixth Report, should the Court grant such relief. A copy of KSV's consent is attached as **Appendix "42"**.

DEMAND OF BOOKS AND RECORDS FROM JOHN DAVIES AND THE DAVIES DEVELOPERS

92. To date, despite several demands, the Trustee has not received the requested books and records from Mr. Davies, particularly the trust ledgers and the source and use of funds related to the Davies Developers. While H+H has provided the Trustee with its trust ledgers for the Davies Developers relating to each project, the Trustee made several requests (but has yet to receive) the Davies Developers' internal trust ledgers/bank statements relating to each project. As the Trustee has explained to Mr. Davies, the Trustee is looking to understand specifically how the funds received by the Davies Developers from H+H (on both Investor raises as well as third party raises) were used based on the Davies Developers' internal banking records.
93. Similarly, while the Trustee has received copies of the Davies' Developers internal financial statements, which provide a general summary of assets/expenses, the Trustee has made several requests (but has yet to receive) a detailed accounting of the use of the specific funds advanced from each SMI mortgage and each third-party mortgage.
94. In light of the serious concerns raised in the Boathaus Receiver's First Report, the Trustee is seeking an order compelling Mr. Davies and the Davies Developers to immediately deliver to the Trustee all internal trust ledgers and bank statements for each of the Davies Developers.

APPROVAL OF THE TRUSTEE'S ACTIVITIES AND PROFESSIONAL FEES

95. The Trustee's activities since the Appointment Order include, without limitation:
- administering the SMI portfolio;
 - corresponding, via counsel, with H+H to secure any funds held in interest reserve accounts;
 - investigating the history of the 16 SMIs and reviewing, with legal counsel, the various encumbrances on the underlying properties and the terms and conditions of the various agreements comprising the SMIs;

- reviewing and interpreting the limited information received from the Developers in respect of the SMIs and respective properties;
- holding meetings with Investors, including formal meetings for all Investors in the Memory Care SMIs, the Legacy Lane SMI, the 525 Princess SMI, the 555 Princess SMI and the 747 Bronson SMI;
- meetings with Representative Counsel and, in some cases, certain representatives of the Investors Committee;
- holding meetings with brokers and other stakeholders;
- corresponding with the Developers, Raj Singh and their counsel;
- corresponding with and fielding extensive written and telephone enquiries from Investors, the Investors Committee and Representative Counsel;
- holding discussions and exchanging correspondence with the first mortgagees on various properties;
- issuing formal update letters to the Investors for each of the 16 different SMIs;
- maintaining and updating the Trustee's website; and
- corresponding, meeting and negotiating with various parties to advance a transaction in respect of the Vaughan Crossings SMI (as defined in the Previous Reports).

96. Since the outset of these proceedings, the Trustee and its counsel have also deployed significant time and energy in dealing with Mr. Davies, the Davies Developers, their counsel and their network of contacts. The Previous Reports address, amongst other things, the varying levels of cooperation and transparency that the Trustee has encountered in these proceedings, which have required the Trustee to engage in many activities that need not have been as time consuming – if necessary at all – including, without limitation:

- assisting the Superintendent to obtain the Appointment Order, which included, amongst other things, replying to responding materials and submissions made in opposition to the Appointment Order by Mr. Davies and counsel for the Davies Developers;
- engaging in significant amounts of correspondence and communications with the Davies Developers and their counsel in an effort to obtain information about the various projects, both financial and otherwise, a great deal of which has still not been provided;
- responding to and preparing for the Stay Motion brought to the Divisional Court by the Davies Developers, which Stay Motion was dismissed;
- preparing for the Stay Motion and the Appeal brought to the Court of Appeal for Ontario by the Davies Developers, which Stay Motion and Appeal were eventually withdrawn by the Davies Developers;
- preparing for and examining the merits of the CCAA Application brought by most of the Davies Developers, which CCAA Application was dismissed;
- preparing for, examining the merits of and drafting materials for the McMurray Transaction, which the Davies McMurray Developer failed to advise would not be proceeding until the eleventh hour;
- engaging in significant amounts of correspondence and communications with the Davies Boathaus Developer in respect of its intentions to avoid enforcement by a prior-ranking mortgagee on the Boathaus Property, and finding replacement financing for the Boathaus Property and bringing a motion to commence the Boathaus Proceedings after repeated attempts to solicit a realistic solution from Mr. Davies went unanswered; and
- engaging in significant amounts of correspondence and communications with Representative Counsel and the Investors Committee in order to

address possible solutions for the other properties owned by the Davies Developers, most of which are also in default and in respect of which Mr. Davies has not advanced or implemented any workable cures, and ultimately finding replacement financing for certain of these properties and bringing this motion to expand the Boathaus Proceedings.

97. The Trustee and its independent legal counsel, A&B, have maintained detailed records of their professional time and costs since the Appointment Order was granted.
98. Pursuant to the terms of the Appointment Order, the Trustee and its counsel shall be paid their reasonable fees and disbursements and shall pass their accounts before the Court.
99. The total fees of the Trustee to and including March 31, 2017 amount to \$466,962.00, plus expenses and disbursements in the amount of \$9,817.82 and HST in the amount of \$61,981.38, totalling \$538,761.20. The details of the time spent and services provided by the Trustee (including an allocation of such fees and disbursements across the 16 SMIs) are more particularly described in the Affidavit of Jonathan Krieger, Senior Vice-President of GTL who is involved in this matter, sworn April 17, 2017 in support hereof, a copy of which is attached as **Appendix "43"**.
100. The total legal fees incurred by the Trustee for services provided to it by its independent legal counsel, Aird & Berlis LLP, to and including March 31, 2017 amount to \$561,428.00, plus expenses and disbursements in the amount of \$20,047.18 and HST in the amount of \$75,304.41, totaling \$656,779.59. The details of the time spent and services provided by Aird & Berlis LLP (including an allocation of such fees and disbursements across the 16 SMIs) are more particularly described in the Affidavit of Steven L. Graff, sworn April 13, 2017 in support hereof, a copy of which is attached as **Appendix "44"**.
101. The Trustee is of the view that these accounts are reasonable in the very challenging circumstances of these proceedings. Further to the points set out above, the Trustee is dealing with over \$100 million of Investors' investment across 16 real estate developments where all but three projects are in default.

To date, the Trustee has dealt with over a thousand stakeholders, including Investors and their advisors, developers, other mortgagees, lien claimants, creditors, contractors, financiers, and investor committee representatives, many of which have competing interests. The Trustee respectfully requests that the Court approve its fees and disbursements and those of its legal counsel.

PROPOSED ALLOCATION OF PROFESSIONAL FEES

102. At the time of the Appointment Order, the Trustee and its counsel set up various groupings of dockets specific to certain Developers/properties in order to account for their work in respect of the administration of these proceedings. Where applicable, the Trustee and its counsel have recorded time to specific dockets in respect of a Developer. However, a significant amount of the Trustee and its counsel's work to date has been of a general nature, related to the Davies Developers or all of the Tier 1 Projects generally and not specifically allocable to a specific property. This general time includes, amongst other things, reviewing the allegations raised in the Marfatia Affidavit filed in support of these proceedings, consultation with the Superintendent, pursuing information in respect of the Davies Developers generally, dealing with the proposed CCAA proceedings, attending in Court, drafting related Court materials, preparing and administering general investor correspondence, maintaining the designated website for investor communications, maintaining the toll free telephone line, maintaining the designated email account, and answering and responding to thousands of investor emails and/or telephone calls. In respect of these services, the Trustee and its counsel have recorded their professional time to grouped dockets entitled *Davies Allocation or General Account (the "General Costs")*.
103. The Trustee has carefully reviewed the dockets supporting the Davies Allocation and General Costs, including the nature of the work expended and the proportionate amount of time expended on each of the Properties. The Trustee has prepared the summary below (the "**Allocation Summary**") in respect of the Trustee's and its counsel's dockets, and proposes to allocate the fees, including the Davies Allocation and General Costs, as follows:

Tier 1

Trustee's Allocation of Time
for the period ending March 31, 2017

	October 2016 - March 31 2017							
	Project Specific Time	Grouped WIP		General WIP				
		Textbook Allocation	Raj Singh Projects	All Projects	Subtotal	Disbursements	HST	Total
	\$ 135,697	\$ 112,711	\$ 28,491	\$ 190,062		\$ 9,818	\$ 61,981	\$ 538,761
Properties								
McMurray	\$ 7,220	\$ 6,082	\$ -	\$ 11,879	\$ 25,181	\$ 556	\$ 3,346	\$ 29,083
Vaughan Crossings	\$ 55,377	\$ -	\$ -	\$ 11,879	\$ 67,256	\$ 1,068	\$ 8,882	\$ 77,205
Boathaus	\$ 47,566	\$ 11,366	\$ -	\$ 11,879	\$ 70,811	\$ 1,295	\$ 9,374	\$ 81,480
445 Princess	\$ 280	\$ 7,002	\$ -	\$ 11,879	\$ 19,161	\$ 387	\$ 2,541	\$ 22,089
525 Princess	\$ -	\$ 10,685	\$ -	\$ 11,879	\$ 22,564	\$ 559	\$ 3,006	\$ 26,128
555 Princess	\$ -	\$ 10,685	\$ -	\$ 11,879	\$ 22,564	\$ 559	\$ 3,006	\$ 26,128
Legacy Lane	\$ -	\$ 10,685	\$ -	\$ 11,879	\$ 22,564	\$ 559	\$ 3,006	\$ 26,128
Ross Park	\$ -	\$ 9,764	\$ -	\$ 11,879	\$ 21,643	\$ 559	\$ 2,886	\$ 25,088
Bronson	\$ -	\$ 10,685	\$ -	\$ 11,879	\$ 22,564	\$ 559	\$ 3,006	\$ 26,128
Memory Care- Burlington	\$ -	\$ 11,919	\$ -	\$ 11,879	\$ 23,798	\$ 559	\$ 3,166	\$ 27,523
Memory Care- Oakville	\$ -	\$ 11,919	\$ -	\$ 11,879	\$ 23,798	\$ 559	\$ 3,166	\$ 27,523
Memory Care- Kitchener	\$ -	\$ 11,919	\$ -	\$ 11,879	\$ 23,798	\$ 559	\$ 3,166	\$ 27,523
Silver Seven	\$ 25,254	\$ -	\$ -	\$ 11,879	\$ 37,133	\$ 587	\$ 4,904	\$ 42,624
Guildwood	\$ -	\$ -	\$ 9,497	\$ 11,879	\$ 21,376	\$ 485	\$ 2,842	\$ 24,703
Hazelton	\$ -	\$ -	\$ 9,497	\$ 11,879	\$ 21,376	\$ 485	\$ 2,842	\$ 24,703
Keele Medical	\$ -	\$ -	\$ 9,497	\$ 11,879	\$ 21,376	\$ 485	\$ 2,842	\$ 24,703
	\$ 135,697	\$ 112,711	\$ 28,491	\$ 190,062	\$ 466,962	\$ 9,818	\$ 61,981	\$ 538,761

Tier 1

A&B's Allocation of Time
for the period September 20, 2016 to March 31, 2017

	WIP Allocation			
	Subtotal	Disbursements	HST	Total
	\$ 561,428	\$ 20,047	\$ 75,304	\$ 656,780
Properties				
McMurray	\$ 16,536	\$ 598	\$ 2,219	\$ 19,354
Vaughan Crossings	\$ 121,662	\$ 3,175	\$ 16,168	\$ 141,004
Boathaus	\$ 86,361	\$ 3,331	\$ 11,615	\$ 101,308
425 Princess	\$ 24,235	\$ 971	\$ 3,264	\$ 28,469
525 Princess	\$ 28,747	\$ 1,162	\$ 3,873	\$ 33,781
555 Princess	\$ 28,747	\$ 1,162	\$ 3,873	\$ 33,781
Legacy Lane	\$ 30,604	\$ 1,175	\$ 4,116	\$ 35,895
Ross Park	\$ 15,741	\$ 592	\$ 2,115	\$ 18,448
Bronson	\$ 28,747	\$ 1,162	\$ 3,873	\$ 33,781
Memory Care- Burlington	\$ 29,543	\$ 1,167	\$ 3,977	\$ 34,687
Memory Care- Oakville	\$ 29,543	\$ 1,167	\$ 3,977	\$ 34,687
Memory Care- Kitchener	\$ 29,543	\$ 1,167	\$ 3,977	\$ 34,687
Silver Seven	\$ 45,789	\$ 1,454	\$ 6,121	\$ 53,363
Guildwood	\$ 15,210	\$ 588	\$ 2,046	\$ 17,844
Hazelton	\$ 15,210	\$ 588	\$ 2,046	\$ 17,844
Keele Medical	\$ 15,210	\$ 588	\$ 2,046	\$ 17,844
	\$ 561,428	\$ 20,047	\$ 75,304	\$ 656,780

104. The Trustee respectfully requests this Court issue an order approving the Allocation Summary outlined above. If approved, in a later report, the Trustee will present to the Court an allocation of professional fees and disbursements for the period of April 1, 2017 onwards, which allocation may differ from this Allocation Summary, based on the nature of work expended and area of focus going forward.
105. While the Trustee has prepared this Allocation Summary and seeks approval of the Trustee and its counsel's fees and disbursements, there are certain Tier 1 Trustee Corporations where there are currently no funds available to satisfy the fees and disbursements as set out in the Allocation Summary.
106. The Trustee is of the view that, at this stage of the proceedings, the proceeds of realization (or funds held in the Trustee's respective trust accounts) for each Tier 1 Trustee Corporation should remain ring fenced in the trust account for the respective property. In the future, the Trustee may make further recommendations to the Court regarding the possible repatriation of proceeds between Tier 1 Trustee Corporations, which recommendation will likely be made in the context of a future distribution motion.
107. In order to respect the proposed ring fence, the Trustee and its counsel will not be able to satisfy the payment of all of their fees and disbursements as set out in the Allocation Summary until such time as there are proceeds of realization or other receipts in respect of all of the properties.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

108. A copy of the Trustee's interim statement of receipts and disbursements as at April 12, 2017 is attached hereto as **Appendix "45"** (the "**Interim R&D**"), which does not yet reflect drawing the fees and disbursements set out in the Allocation Summary. The Interim R&D reflects the cash currently in the respective trust accounts, which amounts will increase as properties are monetized throughout the Trustee's administration.

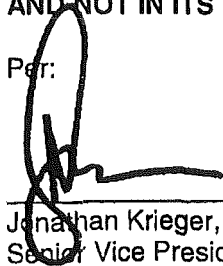
CONCLUSION AND RECOMMENDED RELIEF

109. In light of the foregoing, the Trustee respectfully recommends that the Court issue the Orders in the form attached to the Trustee's motion record.

All of which is respectfully submitted,

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED
TRUSTEE OF THE TIER 1 TRUSTEE CORPORATIONS
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**

Per:



Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

28378018.9

TAB B



VIA Email

February 6, 2017

Chaitons LLP
5000 Yonge Street, 10 Floor
Toronto, ON M2N 7E9

Attention: Harvey Chaiton and George Benchetrit

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

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”)

As you know, Grant Thornton Limited 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.

As you also know, on January 24, 2017, the Honourable Justice Hainey of the Court granted an Order, which, amongst other things: (i) appoints Chaitons LLP as representative legal counsel (“Representative Counsel”) for all the investors (the “Tier 1 Investors”) in the syndicated mortgages over which the Trustee has been appointed (the “Tier 1 Mortgages”); and (ii) empowers and authorizes Representative Counsel to accept instructions from the committee formed by the Tier 1 Investors (the “Tier 1 Investors Committee”). His Honour’s Order further provides that such instructions shall be binding on all Tier 1 Investors who do not opt out of representation by Representative Counsel.

The purpose of this letter is to outline the Trustee’s recommendations at this time with respect to the various Tier 1 Mortgages, such that Representative Counsel can seek instructions from the Tier 1 Investors Committee. The Trustee believes that the recommendations put forth herein present the best and most efficient processes to address the Tier 1 Mortgages’ defaults, while protecting the alternatives available to Tier 1 Investors going forward.

Currently, 12 of the Tier 1 Mortgages are in default. The Trustee has issued demands and notices of intention to enforce security in respect of four of the Tier 1 Mortgages, namely, Boathaus (for which, on a motion made by the Trustee, KSV Kofman Inc. was appointed as receiver and manager on February 2, 2017), Memory Care Kitchener, McMurray and Silver Seven. The urgency in issuing the demands in respect of these four Tier 1 Mortgages was largely to enable the Trustee to take steps, if possible and appropriate, to stay the imminent enforcement actions by prior-registered mortgagees.

Set out below is a brief summary and the Trustee's intended/recommended action plan for the various Tier 1 Mortgages. This summary should be read in conjunction with the letters sent to the Tier 1 Investors, available at the bottom of the Trustee's website at www.grantthornton.ca/tier1.

525 Princess Street

The Trustee sent a letter to the Tier 1 Investors of 525 Princess Street (the "525 Princess Street Investors") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "525 Princess Letter").

The Trustee also hosted a town hall meeting with the 525 Princess Street Investors on January 30, 2017, wherein the Trustee presented the contents of the 525 Princess Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

The Tier 1 Mortgage is the first mortgage on this property. As this mortgage is in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with solutions that would generate value for the 525 Princess Street Investors, the Trustee recommends commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input.

555 Princess Street

The Trustee sent a letter to the Tier 1 Investors of 555 Princess Street (the "555 Princess Street Investors") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "555 Princess Letter").

The Trustee also hosted a town hall meeting with the 555 Princess Street Investors on January 30, 2017, wherein the Trustee presented the contents of the 555 Princess Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

The Tier 1 Mortgage is the first mortgage on this property. As this mortgage is in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with solutions that would generate value for the 555 Princess Street Investors, the Trustee recommends commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input.

Legacy Lane

The Trustee sent a letter to the Tier 1 Investors of Legacy Lane (the "**Legacy Lane Investors**") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "**Legacy Lane Letter**").

The Trustee also hosted a town hall meeting with the Legacy Lane Investors on January 30, 2017, wherein the Trustee presented the contents of the Legacy Lane Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

The Tier 1 Mortgage is the first mortgage on this property. As this mortgage is in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with solutions that would generate value for the Legacy Lane Investors, the Trustee recommends commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input.

Memory Care Burlington

The Trustee sent a letter to the Tier 1 Investors of Memory Care Burlington (the "**MC Burlington Investors**") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "**MC Burlington Letter**").

The Trustee also hosted a town hall meeting with the MC Burlington Investors on January 27, 2017, wherein the Trustee presented the contents of the MC Burlington Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

As you know, the Tier 1 Mortgage is the second mortgage on this property, and both the Tier 1 Mortgage and the prior-ranking mortgage are in default. The Trustee expects the first mortgagee to commence enforcement proceedings very shortly. The Trustee has commenced discussions with takeout lenders to finance the repayment of the first mortgage on this property, subject to its legitimacy. In parallel, the Trustee has had discussions with the first mortgagee to request a forbearance or extension of its first mortgage.

As the Tier 1 Mortgage and the prior mortgage are both in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with workable solutions that would repay the first mortgagee and generate value for the MC Burlington Investors, the Trustee recommends continuing with its refinancing efforts and, subject to obtaining takeout financing or entering into a forbearance with the first mortgagee, commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input. The Trustee anticipates that the three Memory Care projects in respect of which there are Tier 1 Mortgages (being Memory Care Burlington, Memory Care Oakville and Memory Care Kitchener) would, to the extent takeout financing is made available, best be dealt with together, as the first mortgagee is the same on all three and the developments are each intended to house Alzheimer's facilities.

Memory Care Oakville

The Trustee sent a letter to the Tier 1 Investors of Memory Care Oakville (the "MC Oakville Investors") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "MC Oakville Letter").

The Trustee also hosted a town hall meeting with the MC Oakville Investors on January 27, 2017, wherein the Trustee presented the contents of the MC Oakville Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

As you know, the Tier 1 Mortgage is the second mortgage on this property, and both the Tier 1 Mortgage and the prior-ranking mortgage are in default. The Trustee expects the first mortgagee to commence enforcement proceedings very shortly. The Trustee has commenced discussions with takeout lenders to finance the repayment of the first mortgage on this property, subject to its legitimacy. In parallel, the Trustee has had discussions with the first mortgagee to request a forbearance or extension of its first mortgage.

As the Tier 1 Mortgage and the prior mortgage are both in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with workable solutions that would repay the first mortgagee and generate value for the MC Oakville Investors, the Trustee recommends continuing with its refinancing efforts and, subject to obtaining takeout financing or entering into a forbearance with the first mortgagee, commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input. The Trustee anticipates that the three Memory Care projects in respect of which there are Tier 1 Mortgages (being Memory Care Burlington, Memory Care Oakville and Memory Care Kitchener) would, to the extent takeout financing is made available, best be dealt with together, as the first mortgagee is the same on all three and the developments are each intended to house Alzheimer's facilities.

Memory Care Kitchener

The Trustee sent a letter to the Tier 1 Investors of Memory Care Kitchener (the “MC Kitchener Investors”) on December 23, 2016, summarizing, amongst other things, the Trustee’s understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the “MC Kitchener Letter”).

The Trustee also hosted a town hall meeting with the MC Kitchener Investors on January 27, 2017, wherein the Trustee presented the contents of the MC Kitchener Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

As you know, the Tier 1 Mortgage is the second mortgage on this property, and both the Tier 1 Mortgage and the prior-ranking mortgage are in default. The first mortgagee has already issued a notice of sale, which expired on February 1, 2017. The Trustee has commenced discussions with takeout lenders to finance the repayment of the first mortgage on this property, subject to its legitimacy. In parallel, the Trustee has had discussions with the first mortgagee to request a forbearance or extension of its first mortgage.

As the Tier 1 Mortgage and the prior mortgage are both in default, the existing developer’s principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with workable solutions that would repay the first mortgagee and generate value for the MC Kitchener Investors, the Trustee recommends continuing with its refinancing efforts and, subject to obtaining takeout financing or entering into a forbearance with the first mortgagee, commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input. The Trustee anticipates that the three Memory Care projects in respect of which there are Tier 1 Mortgages (being Memory Care Burlington, Memory Care Oakville and Memory Care Kitchener) would, to the extent takeout financing is made available, best be dealt with together, as the first mortgagee is the same on all three and the developments are each intended to house Alzheimer’s facilities.

Bronson

The Trustee sent a letter to the Tier 1 Investors of Bronson (the “Bronson Investors”) on December 23, 2016, summarizing, amongst other things, the Trustee’s understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the “Bronson Letter”).

The Trustee also hosted a town hall meeting with the Bronson Investors on January 30, 2017, wherein the Trustee presented the contents of the Bronson Letter in greater detail, including: (i) the nature of the Tier 1 Mortgage; (ii) the alleged use of funds by the developer; (iii) the difficulties encountered by the Trustee to date with the developer; (iv) the status of the property; and (v) the available alternatives.

As you know, the Tier 1 Mortgage is the second mortgage on this property, and both the Tier 1 Mortgage and the prior-ranking mortgage are in default. The first mortgagee has already issued a notice of intention to enforce security. The Trustee intends to commence discussions with takeout lenders to finance the repayment of the first mortgage on this property, subject to its legitimacy. In parallel, and if necessary, the Trustee may commence discussions with the first mortgagee to request a forbearance or extension of its first mortgage.

As the Tier 1 Mortgage and the prior mortgage are both in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with workable solutions that would repay the first mortgagee and generate value for the Bronson Investors, the Trustee recommends continuing with its refinancing efforts and, subject to obtaining takeout financing or entering into a forbearance with the first mortgagee, commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input.

Some concerns have been brought to the Trustee's attention around the legitimacy of the first mortgage, or whether the entirety of the first mortgage was advanced. The process outlined above would respond to those concerns, as any receiver would have to take steps to satisfy itself that the first mortgage is valid and enforceable before recommending a payout to the Court.

McMurray (Bracebridge)

The Trustee sent a letter to the Tier 1 Investors of McMurray (the "McMurray Investors") on January 17, 2017, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies), the sequence of events in respect of the purchase and sale agreement arranged by Mr. Davies and the corresponding transaction that failed to close on January 6, 2017 (the "Failed McMurray Transaction") and the available options moving forward. The Trustee questions the legitimacy of the Failed McMurray Transaction in light of the fact that the developer or its lawyer (Harris + Harris LLP ("H+H")) did not even have the contact information for the alleged purchaser the day before the scheduled closing.

As you know, the Tier 1 Mortgage is the second mortgage on this property, and both the Tier 1 Mortgage and the prior-ranking mortgage are in default. The first mortgagee has already issued a notice of sale, which is scheduled to expire on February 15, 2017. The Trustee has commenced discussions with takeout lenders to finance the repayment of the first mortgage on this property, subject to its legitimacy. In parallel, and if necessary, the Trustee may commence discussions with the first mortgagee to request a forbearance or extension of the first mortgage.

As the Tier 1 Mortgage and the prior mortgage are both in default and the existing developer has not presented the Trustee with workable solutions that would repay the first mortgagee and generate value for the McMurray Investors, the Trustee recommends continuing with its refinancing efforts and, subject to obtaining takeout financing or entering into a forbearance with the first mortgagee, commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would

be presented to Representative Counsel and the Investors Committee for consideration and input.

Further, H+H has confirmed to the Trustee that \$500,000 of deposits in respect of the Failed McMurray Transaction remain in the real estate agent's trust account. The Trustee wrote to H+H to advise that the deposit must remain in the real estate agent's trust account until: (i) all parties, including the Trustee, agree to the release of the deposit; or ii) further Order of the Court. The McMurray Investors likely do not have a claim to the deposit (it being inferior of what is owed to the first mortgagee), but a receiver could likely take any appropriate actions in respect of the deposit.

Ross Park

The Trustee sent a letter to the Tier 1 Investors of Ross Park (the "Ross Park Investors") on February 6, 2017, summarizing, amongst other things, the Trustee's understanding of the property, its value (based on information provided by Mr. Davies) and the available options (collectively, the "Ross Park Letter").

While the Tier 1 Mortgage is technically the third charge on this property, the prior two charges both appear to be conditional, for the reasons discussed in the Ross Park Letter.

As the Tier 1 Mortgage is in default, the existing developer's principal has sworn that the existing developer is insolvent and the existing developer has not presented the Trustee with workable solutions that would generate value for the Ross Park Investors, the Trustee recommends commencing enforcement proceedings to appoint a receiver and manager over the property to: (i) remove control of the property from the existing developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. Upon the completion of the process, all offers submitted would be presented to Representative Counsel and the Investors Committee for consideration and input.

While a valuation of the property has been provided by Mr. Davies, the Trustee is further investigating the 'as is' value of this property. Preliminary indications from real estate agents specializing in the London area indicate that the appraisal provided by the developer was grossly inflated, based on a set of unrealistic assumptions.

Vaughan Crossings

The Trustee sent a letter to the Tier 1 Investors of Vaughan Crossings on December 16, 2016 (the "Vaughan Crossings Letter").

Subsequent to the issuance of the Vaughan Crossings Letter, the first mortgagee, Vector Financial Services Limited, brought a motion returnable February 14, 2017 for the appointment of a receiver over this property. Some concerns have been brought to the Trustee's attention around the legitimacy of the first mortgage, or whether the entirety of the first mortgage was advanced. The Trustee is supportive of the proposed receivership proceedings, which would deal with these concerns, as any receiver will have to take steps to satisfy itself that the first-ranking mortgage is valid and enforceable.

Silver Seven

The Trustee sent a letter to the Tier 1 Investors of Silver Seven (the "Silver Seven Investors") on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property and the lack of information provided by the developer (collectively, the "Silver Seven Letter").

The Trustee issued a demand and notice of intention to enforce security to the developer of this project. Counsel (and the financial advisor) to the developer advises that the project continues to be viable and that the developer intends to continue with development while seeking refinancing for the first mortgage. Based on the limited information provided by the developer as well as the discussions had with the developer or its representatives, the Trustee believes that there is value in refraining from enforcement for the time being. Accordingly, the Trustee intends to attempt to negotiate a satisfactory forbearance agreement with the developer, the terms of which may include, amongst other things, payment of all interest arrears and regular reporting on the development and the developer's refinancing efforts.

445 Princess Street

The Trustee sent a letter to the Tier 1 Investors of 445 Princess Street on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property and its value (based on information provided by Mr. Davies). As this Tier 1 Mortgage appears to be in good standing, the Trustee does not intend to take any steps in respect of this project at this time.

Guildwood

The Trustee sent a letter to the Tier 1 Investors of Guildwood on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property and its value (based on information provided by Mr. Davies). As this Tier 1 Mortgage appears to be in good standing, the Trustee does not intend to take any steps in respect of this project at this time.

Keele Medical

The Trustee sent a letter to the Tier 1 Investors of Keele Medical on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property and a summary of the update provided by the developer. As this Tier 1 Mortgage appears to be in good standing, the Trustee does not intend to take any steps in respect of this project at this time.

Highlights Mississauga Condominiums

The Trustee sent a letter to the Tier 1 Investors of Highlights Mississauga Condominiums on December 23, 2016, summarizing, amongst other things, the Trustee's understanding of the property and a summary of the update provided by the developer. As this Tier 1 Mortgage appears to be in good standing, the Trustee does not intend to take any steps in respect of this project at this time.

Other Matters

As you are aware from the investor meetings, many investors have raised concerns with respect to the use of funds, representations made upon their investment and conduct of certain parties. Investors have requested that the Trustee report matters to the police and pursue alternative realization paths, including pursuing individuals for alleged wrongdoings. At this time, it is not in the Trustee's mandate to pursue such avenues and the Trustee does not intend to take such steps or deploy such financial resources associated with same unless directed to by Representative Counsel and the Investors Committee.

Next Steps

Please review these recommendations with the Investors Committee and provide your consent for the Trustee to proceed in the manner set out above. Absent your approval, should one of the first mortgagees proceed with enforcement actions, the Trustee may have no choice (if financing is made available to it) but to take steps to prevent the mortgagee from privately

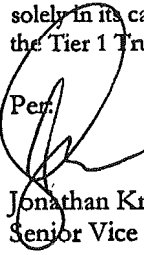
selling the property. We would be more than happy to assist you and/or the Investors Committee with further communications to the Tier 1 Investors.

Yours truly,

GRANT THORNTON LIMITED

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

Per:



Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

cc: Aird & Berlis LLP, counsel to the Trustee
Peter Pontsa, Chairman of the Investors Committee
Dale Christine Wilson, Secretary of the Investors Committee



Grant Thornton

VIA Email

March 28, 2017

Chaitons LLP
5000 Yonge Street, 10 Floor
Toronto, ON M2N 7E9

Attention: Harvey Chaiton and George Benchetrit

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

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”)**

Re: **Memory Care Kitchener, Memory Care Burlington, Memory Care Oakville (the “Memory Care Properties”)**

We are writing in regards to the Memory Care Properties.

On February 6, 2017, the Trustee sent Representative Counsel a letter setting out the Trustee's recommendations with respect to all of the Tier 1 projects, including the Memory Care Properties. Further, on February 10, 2017, the Trustee wrote to Representative Counsel setting out which Tier 1 projects required urgent attention. This list included the Memory Care Properties.

You have advised that our recommendations were put forward to the Investors Committee, however, almost two months have passed and we have received neither any direction from Representative Counsel or the Investors Committee nor confirmation of our recommendations.

On March 14, 2017, we were copied on an email from Raj Singh which enclosed non-binding LOIs for the Memory Care Properties. The LOIs were sent to certain members of the Investors Committee. We further understand that since that email, Mr. Singh has been in contact with the some of the Investors Committee members and some of the investors to garner support.

I spoke with Mr. Thompson, Chair of the Investors Committee, after receiving Mr. Singh's LOIs, and was advised that the Investors Committee was addressing the LOIs and that the Trustee should not intervene in the process until further notice. While the Trustee has

respected those comments to date, the Trustee believes it is incumbent to point out several important concerns.

It is the Trustee's view that Mr. Singh's LOIs are problematic for a number of reasons, including, but not limited to:

- i) The LOIs are conditional. It is unclear whether Mr. Singh has the financing available to complete these transactions;
- ii) The LOIs do not sufficiently address dealing with the first mortgagees, which are all in default;
- iii) There is no definitive purchase price amount and the offer price is contingent on what appears to be a private process with little transparency;
- iv) The proposed manner in determining the purchase price in our view is flawed. It is unlikely that any buyer will participate in a process if what is essentially a first right of refusal is granted to Mr. Singh; and
- v) Certain investors have expressed serious concerns in moving forward with Mr. Singh given his history with the Tier 1 Trustee Corporations. Amongst other things, these concerns call into question whether he will be able to facilitate sufficient payments for the opt-out investors described in the LOIs.

The process which the Trustee had recommended on February 6, 2017 would provide a forum for Mr. Singh to submit an offer for consideration by a court-appointed receiver and the investors. If Mr. Singh wishes to participate in a receivership sale process and is serious about providing value to the investors, he would be free to submit an offer in the context of such receivership process.

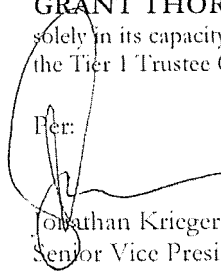
As a practical note, interest and costs on the first mortgages on the Memory Care Properties continues to accrue in excess of \$1,000 per day. Professional fees (of the Trustee, our counsel and Representative Counsel) also continue to accrue to deal with, amongst other things, investor calls, correspondence and other matters pertaining to the Memory Care Properties, in addition to the other properties.

The Trustee strongly recommends that Representative Counsel and the Investors Committee agree to move forward with the Trustee's recommendation. The Trustee is sensitive to the Investors Committee's concern to keep costs down, however, the passage of time is not beneficial and has resulted in continued accrued costs due to lack of action.

GRANT THORNTON LIMITED

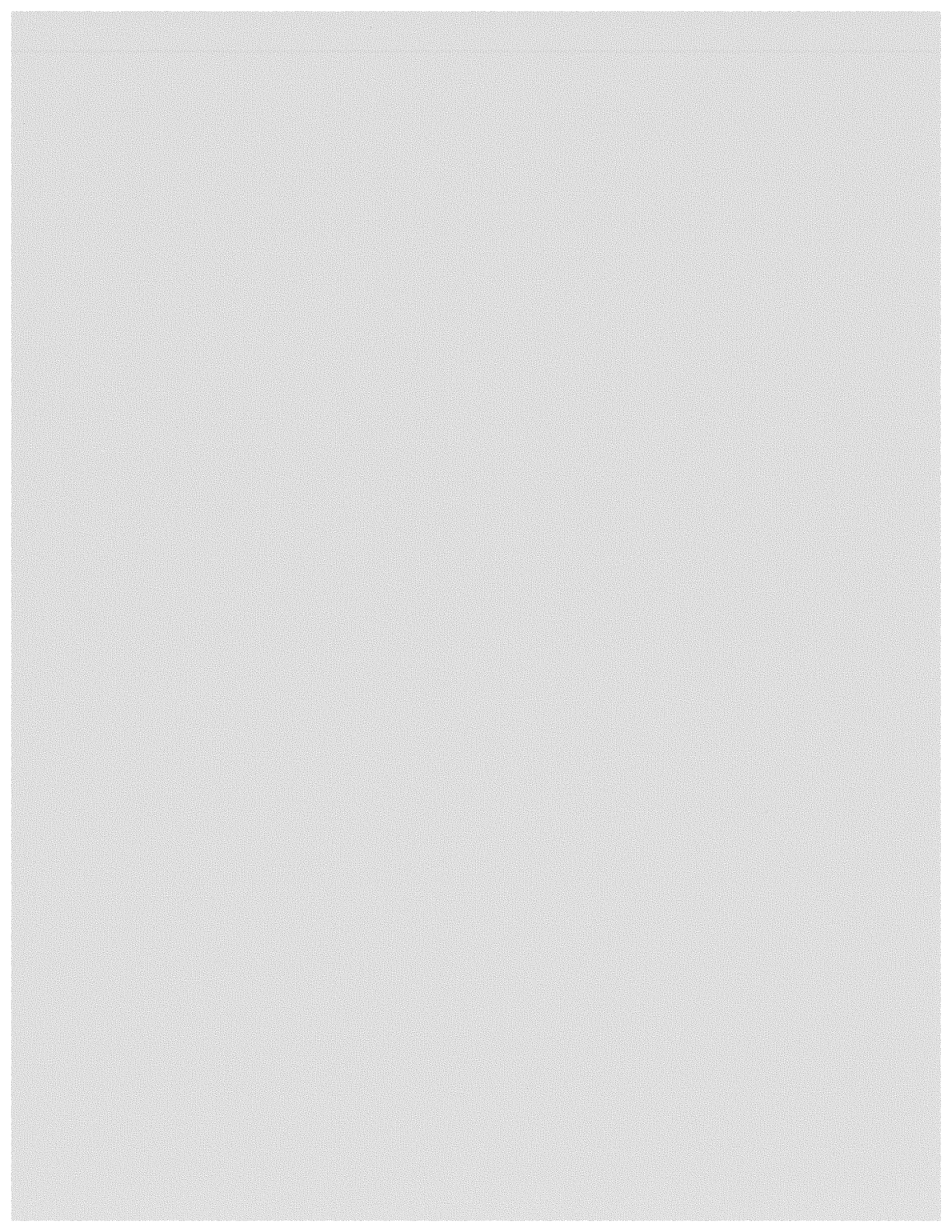
solely in its capacity as Trustee of
the Tier 1 Trustee Corporations

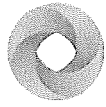
Per:



Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

cc: Aird & Berlis LLP, counsel to the Trustee





Grant Thornton

VIA Email

April 3, 2017

Chaitons LLP
5000 Yonge Street, 10 Floor
Toronto, ON M2N 7E9

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

Attention: Harvey Chaiton and George Benchetrit

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")

Re: Memory Care Kitchener, Memory Care Burlington, Memory Care Oakville (the "Memory Care Properties")

We are writing further to our letter dated March 28, 2017 and subsequent correspondence in regards to the Memory Care Properties.

Last week, the Trustee had a number of discussions with members of the Investors Committee representing the Memory Care Properties (the "**MC Committee Representatives**"), including one conference call on March 29, 2017 with all MC Committee Representatives and Andrew Sefton. During that conference call, we discussed, among other things, our March 28, 2017 letter, the Notices of Sale received from the first mortgagee on the Memory Care Properties, the letters of intent received from Raj Singh (the "**Singh LOIs**"), the Trustee's concerns with indecision by the MC Committee Representatives as well as the Investors Committee generally, the Trustee's efforts to secure financing to repay the first mortgage on the Memory Care Properties, as well as certain records related to the Memory Care Properties evidencing the movement of funds to other entities controlled by John Davies. Following that call, the Trustee has had ongoing correspondence with the MC Committee Representatives and Mr. Sefton in respect of these issues. During our call on March 29, 2017, as well as in subsequent correspondence with Mr. Sefton (which we understand was forwarded to the MC Committee Representatives), the Trustee advised that barring direction from the MC Committee Representatives by early this week, the Trustee intended to bring a motion for the appointment of a court-appointed receiver over the Memory Care Properties, in order to protect the SMI investors' interests. The Trustee believes that we are now at that point.

One overriding concern of the Trustee is that two months have passed since our February 6, 2017 letter, yet the Investor Committee has not confirmed or rejected the Trustee's recommendation. The Trustee has not been provided any workable solution as an alternative to its recommendation. It was suggested by two of the MC Committee Representatives that they are desirous of proceeding with the Singh LOIs, yet, they do not know how such a plan would be implemented or whether it is even achievable. The Trustee is of the view that the Singh LOIs have many flaws, as more particularly set out in our March 28, 2017 letter, and we would not be able to recommend to the Court or any party, that it would be in the SMI investors' interests to proceed with the Singh LOIs in their current form. Further, we have received many telephone calls from investors who are unwilling to support any proposal from Mr. Singh.

The Memory Care Properties' investors are now faced with pending Notices of Sale and continue to be faced with accruing interest on the first mortgages and ongoing professional fees of administration. The Trustee will therefore be serving materials without further notice to seek the appointment of a Court-appointed receiver to advance the SMI investors' interests.

GRANT THORNTON LIMITED

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

Per 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

cc: Aird & Berlis LLP, counsel to the Trustee
28911938.2

TAB C

Eunice Baltkois

From: Dennis Gingell <deginge313151@gmail.com>
Sent: April-11-17 11:15 AM
To: Krieger, Jonathan
Subject: RE: Tier 1. M/C Oakville and Kitchener

Hi Jon

The reason why I am cc Rob is because of all the crap that has happened. I have to return to work in the near future I was retired.

He is up to date on what has been going on. I feel Rob is a great replacement for me.

He will fight for the investors I don't want someone to lay down.

I feel that I am pushed, lied too, back stab from my lawyers what they did is against anything that a lawyer should do.

I have been yelled at from both sides of the table. The ones that want to sue and the others that want to build. John Davies deserves to be in jail when I this is done. I have been understanding that I should always use the people that screwed us until I don't need them. Safer to have your enemy at arm's length.

The investors deserve a say whether they want to build or not.

I am ok with receivership. I hope with your direction and knowledge you can direct me.

As far MZ is there a fee of about 90,000.to get in their name. Plus 10 %

That sounds like a lot also.

I guess I need to know if you agree or not.

I want to tell the investors something!

This has been such mess.

Please call if you have a chance.

Dennis Gingell

On Apr 11, 2017 10:06 AM, "Krieger, Jonathan" <Jonathan.Krieger@ca.gt.com> wrote:

Hi Dennis,

This avenue can likely be accomplished in the context of the proposed receivership, in that if the Receiver takes the property to market, and unacceptable offers are received through their efforts, the investors likely have the opportunity to credit bid all or a portion of their mortgage to acquire the property. It would require satisfaction of the first mortgages, professional fees, transfer costs, and likely some management fees for someone you selected to run the process post-acquisition. What you describe below has some similarities to what was just approved on the Vaughan Crossings transaction. Keep in mind that the work associated with the Vaughan Crossings transaction was complicated and expensive, notwithstanding it was a much larger property.

In terms of the recovery, the property should be exposed to the market, and once the market determines the market pricing, then investors can make an informed decision on whether to stay in or sell the project.

We also disagree with you on the cost savings of the Mintz mortgage. He is charging 12%-20% and the rate we negotiated with MZ is significantly lower. From our discussion with Mr. Mintz a few months ago, he will also not fund the cost of the process.

May I ask why you are copying Mr. Thompson? I understood he was no longer acting as the Chair of the Investor Committee and I don't believe he is involved in the 2 Memory Care projects.

Jon

From: Dennis Gingell [<mailto:deginge313151@gmail.com>]
Sent: Monday, April 10, 2017 4:56 PM
To: Krieger, Jonathan
Cc: Dale; Rob Thompson
Subject: Re: Tier 1. M/C Oakville and Kitchener

Hi Jonathan

What would it take to get our properties in investors name.

1st. Mortgagee needs to be payed

Grant Thornton

Chaitons

Possible reciever if needed.

Taxes, appraisal etc.

Tentively we are

working to get a letter from Don Mintz to hold off on the 2 memory cares for 6 months.

Getting an investor to pay interest for Mintz.

Work with a reciever to get properties in investors name.

Work on getting the property built out to maximize our investment.

The reason for Keeping Don Mintz to save on transfer fees.

I think the investors would go for this. Better then10 or 15¢ on the dollar.

Please get back to me when you can.

Dennis Gingell

On Apr 10, 2017 12:24 PM, "Krieger, Jonathan" <Jonathan.Krieger@ca.gt.com> wrote:

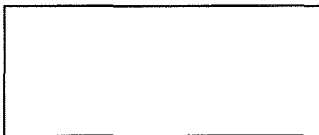
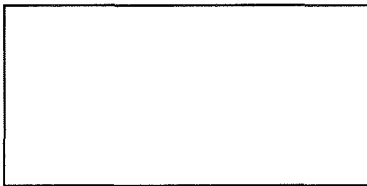
Hi Dennis,

I see a missed a few calls from you. I was in court this morning on Vaughan Crossings, and now off to other meetings. Is there something I can answer you by email?

Jonathan Krieger, CPA, CA, CIRP, LIT

Senior Vice-President

National Practice Leader | Recovery & Reorganization
Grant Thornton Limited
11th Floor | 200 King Street West | Box 11 | Toronto | ON | M5H 3T4
T +1 416 360 5055 | F +1 416 360 4948
E Jonathan.Krieger@ca.gt.com | W <http://www.grantthornton.ca/>



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TAB D

Eunice Baltkois

From: Dennis Jewitt <dennis@breakwall.ca>
Sent: Thursday, April 20, 2017 11:14 PM
To: Andrew Sefton
Reply To: dennis@breakwall.ca
Subject: URGENT: Action Required regarding your Oakville MC Investment.

Ontario Painting Contractors Association,

Breakwall Financial Corp., the financial consultant with respect to the Vaughan Crossings property, is receiving investor complaints with respect to the management of other Tier 1 syndicated mortgage investments. Breakwall is not involved in these other files so complaints should be addressed to the Investor Committee. Notwithstanding, permit me to offer some suggestions.

Investors complain that they have not been provided adequate information or an explanation of the available realization options. Notwithstanding, investors are now being asked to approve Receivership applications that will give the Receiver the right to sell the properties without investor consultation or approval.

If you are concerned that you have not been provided with sufficient information to make an informed decision you should voice your concerns and object to the applications for receivership until satisfactory explanations are provided and the investors are given the opportunity to vote on material decisions as is your contractual right.

You can register any objection you may have by emailing the Investor Committee. The attached email, that covers most critical concerns, has been provided simply for your convenience. If you wish to use it you can simply forward it to Dale Christine Wilson ,the Investment Committee secretary, dcristinew@gmail.com

Regards,

Dennis Jewitt

<MCOakville.pdf>

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Eunice Baltkois

From: Dennis Jewitt <dennis@breakwall.ca>
Sent: April-20-17 11:14 PM
To: Andrew Sefton
Subject: URGENT: Action Required regarding your Oakville MC Investment.
Attachments: MCOakville.pdf

Ontario Painting Contractors Association,

Breakwall Financial Corp., the financial consultant with respect to the Vaughan Crossings property, is receiving investor complaints with respect to the management of other Tier 1 syndicated mortgage investments. Breakwall is not involved in these other files so complaints should be addressed to the Investor Committee. Notwithstanding, permit me to offer some suggestions.

Investors complain that they have not been provided adequate information or an explanation of the available realization options. Notwithstanding, investors are now being asked to approve Receivership applications that will give the Receiver the right to sell the properties without investor consultation or approval.

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You can register any objection you may have by emailing the Investor Committee. The attached email, that covers most critical concerns, has been provided simply for your convenience. If you wish to use it you can simply forward it to Dale Christine Wilson ,the Investment Committee secretary, dcristinew@gmail.com

Regards,

Dennis Jewitt

April 20th, 2017

To: The Tier 1 Investor Committee

From: Ontario Painting Contractors Association

Re: Cease and Desist Receivership Applications

I, Ontario Painting Contractors Association have \$50,000.00 invested in Oakville MC

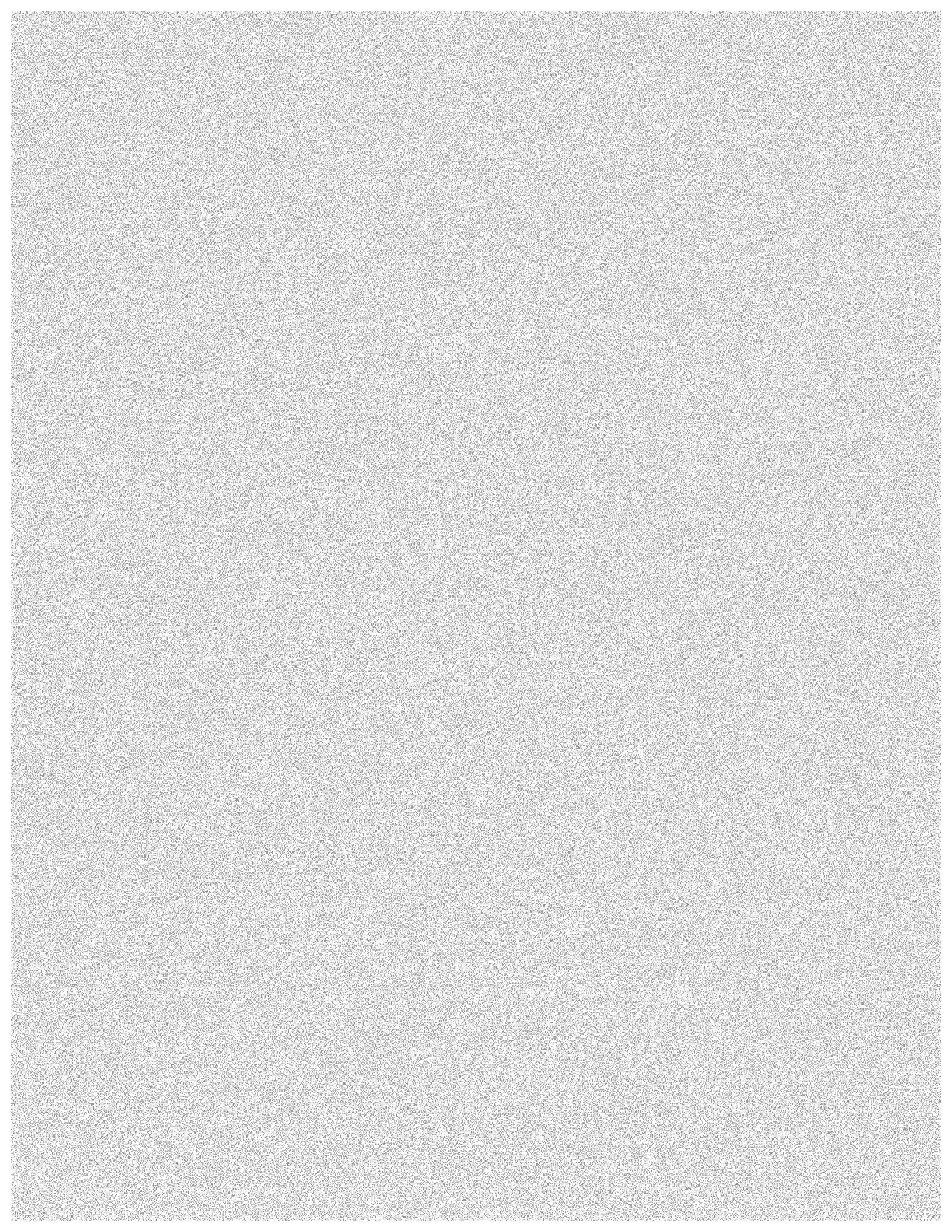
I have been informed that Grant Thornton has filed a Motion, to place the Memory Care Investments projects (Kitchener, Oakville and Burlington), Legacy Lane Investments Ltd. Textbook (525 Princess Street) Inc., and Textbook (555 Princess Street) Inc into Receivership.

I question why:

- Grant Thornton, the court appointed trustee, is ignoring the investors' contractual right to:
 - Vote on all material decisions and
 - Choose their own trustee
- Chaitons LLP, the investors' Representative Counsel, is not demanding that the investors rights be acknowledged and upheld
- The court would grant a receivership order that would allow the Receiver to sell the investors' security without the investors' consent in accordance with their contractual rights.
- The Investors Committee has not retained professionals to explore options and the Committee and Chaitons seem to blindly follow Grant Thornton's lead
- Grant Thornton, after explaining the sale of the various properties "as is" will result in significant losses, proposes to do exactly that, via a receivership, without examining other options.
- Neither Chaitons nor Grant Thornton have described the rationale behind a receivership application to the investors or discussed other realization strategies.
- Grant Thornton is not abiding by the instructions of the investors representatives with respect to Memory Care Investments (Kitchener) Ltd., **or** Memory Care Investments (Oakville) Ltd. despite their obligation to do so
- The Investor Committee exists if not to ensure the investors are provided with sufficient information to make informed decisions and
- Grant Thornton expects the Court to approve their fees and those of the legal counsel in excess of \$1 million without explaining what they have accomplished during their tenure

Grant Thornton's "cram down" decision-making protocol cannot be tolerated if the investors' rights are to be protected.

Until satisfactory explanations are provided I formally object to the current decision-making protocol, the receivership applications and the professional fees. Please ensure that investor objections be tallied and the submitted to the court for consideration.



From: dennis@breakwall.ca
Sent: April 20, 2017 10:31 PM
To: ppontiero@romacaribbean.com
Reply-to: dennis@breakwall.ca
Subject: URGENT: Action Required regarding your Burlington MC Investment.

Roma Caribbean Hotels & Restaurant Ltd,

Breakwall Financial Corp., the financial consultant with respect to the Vaughan Crossings property, is receiving investor complaints with respect to the management of other Tier 1 syndicated mortgage investments. Breakwall is not involved in these other files so complaints should be addressed to the Investor Committee. Notwithstanding, permit me to offer some suggestions.

Investors complain that they have not been provided adequate information or an explanation of the available realization options. Notwithstanding, investors are now being asked to approve Receivership applications that will give the Receiver the right to sell the properties without investor consultation or approval.

If you are concerned that you have not been provided with sufficient information to make an informed decision you should voice your concerns and object to the applications for receivership until satisfactory explanations are provided and the investors are given the opportunity to vote on material decisions as is your contractual right.

You can register any objection you may have by emailing the Investor Committee. The attached email, that covers most critical concerns, has been provided simply for your convenience. If you wish to use it you can simply forward it to Dale Christine Wilson ,the Investment Committee secretary, dcristinew@gmail.com

Regards,

Dennis Jewitt

April 20th, 2017

To: The Tier 1 Investor Committee

From: Roma Caribbean Hotels & Restaurant Ltd

Re: Cease and Desist Receivership Applications

I, Roma Caribbean Hotels & Restaurant Ltd have \$250,000.00 invested in Burlington MC

I have been informed that Grant Thornton has filed a Motion, to place the Memory Care Investments projects (Kitchener, Oakville and Burlington), Legacy Lane Investments Ltd. Textbook (525 Princess Street) Inc., and Textbook (555 Princess Street) Inc into Receivership.

I question why:

- Grant Thornton, the court appointed trustee, is ignoring the investors' contractual right to:
 - Vote on all material decisions and
 - Choose their own trustee
- Chaitons LLP, the investors' Representative Counsel, is not demanding that the investors rights be acknowledged and upheld
- The court would grant a receivership order that would allow the Receiver to sell the investors' security without the investors' consent in accordance with their contractual rights.
- The Investors Committee has not retained professionals to explore options and the Committee and Chaitons seem to blindly follow Grant Thornton's lead
- Grant Thornton, after explaining the sale of the various properties "as is" will result in significant losses, proposes to do exactly that, via a receivership, without examining other options.
- Neither Chaitons nor Grant Thornton have described the rationale behind a receivership application to the investors or discussed other realization strategies.
- Grant Thornton is not abiding by the instructions of the investors representatives with respect to Memory Care Investments (Kitchener) Ltd., **or** Memory Care Investments (Oakville) Ltd. despite their obligation to do so
- The Investor Committee exists if not to ensure the investors are provided with sufficient information to make informed decisions and
- Grant Thornton expects the Court to approve their fees and those of the legal counsel in excess of \$1 million without explaining what they have accomplished during their tenure

Grant Thornton's "cram down" decision-making protocol cannot be tolerated if the investors' rights are to be protected.

Until satisfactory explanations are provided I formally object to the current decision-making protocol, the receivership applications and the professional fees. Please ensure that investor objections be tallied and the submitted to the court for consideration.

TAB E



Advisory Board

Dennis Jewitt, CA

Dennis Jewitt is an experienced senior financial advisor specializing in financial restructurings, turnarounds and dispute resolution. He brings strong negotiating skills and hands-on operating experience to our team. He not only has the ability to develop a turnaround strategy but also implement it on behalf of the stakeholders. In this role he has acted, on an interim basis, in various capacities, including an advisor, CEO, COO and CFO.

Dennis was CEO of Jewitt Kerdman Ltd., a consulting firm that provided financial and insolvency advice to the Canada Deposit Insurance Corporation with respect to the rash of financial institution insolvencies that occurred during the eighties. In December 1992 he became an Executive Vice President, Special Loans, of Royal Trust Company. After the Royal Bank of Canada purchased Royal Trust, Dennis ran Gentra Canada Inc., the multi-billion-dollar portfolio of commercial loans, mortgages and real estate that the Royal Bank would not buy. In 1995 Diane Francis of the Financial Post described Gentra as the most positive turnaround story in Canadian history and gave Mr. Jewitt most of the credit.

Dennis established Breakwall Financial Corporation in 1995 to provide a full range of financial advisory services to underperforming companies. Dennis has an Honours Bachelor of Commerce from Laurentian University and is a chartered accountant.

TAB F

Sent from my iPad

Begin forwarded message:

From: "Michael Fox" <mfox@mamb.ca>
Date: April 21, 2017 at 12:30:02 AM EDT
To: <michael_fox@rogers.com>
Cc: "Nick Tsaconakos" <tsaconakos@yahoo.ca>, "Investors Committee" <investorscommittee11@gmail.com>, "A Avish" <aavish@live.ca>, "Amar Sidiura" <amarsidiura@gmail.com>, "Andrew Kolodziej" <andrew@benetax.ca>, "Ashwani Goel" <ash@acefinancialgroup.com>, "Balloo Harideen" <balloh@rogers.com>, "Baseer Haqqani" <baseerhaqqani@gmail.com>, "Bashir Lalani" <blalani@smartmoneygrowth.com>, "Bruce Miles" <brucemiles99@gmail.com>, "Cathy Bi" <bicathy168@gmail.com>, "Charlotte Graham" <charlotte@coreadvisory.ca>, "Chris Black" <emailchrisblack@gmail.com>, "D Mckay" <dmckay@safg.ca>, "Dale" <dcristinew@gmail.com>, "David Williams" <dpwilliams99@gmail.com>, "Dominic Ha" <d.ha@sympatico.ca>, <doug@wealthywaysolutions.com>, "Eric Chan" <eric_chan@centum.ca>, "Eunhee Shin" <eunhee.shin@sympatico.ca>, "Fabian Giusti" <fgiusti@mmins.ca>, "Garry Levy" <glevy@safg.ca>, "George Gentile" <ggentile@gentilefinancial.com>, "Giorgio A.M. Heidary" <gheidary@smart-fc.com>, <gtout2016@gmail.com>, "Harry & Teresa Tang" <tsai.marketing.inc@gmail.com>, "Jason Kirkconnell" <jkirkconnell@gmail.com>, "Jeff Ley" <jlev@jaagfinancial.com>, "Jeff Watson" <jeff@8percentguys.com>, "Jerzy Malarski" <jerzy@jerzymalarski.com>, "Joe Citrigno" <citrigno@gmail.com>, "Joey Dimerman" <dimerman@sympatico.ca>, "John Landolfi" <john@gihcapitaltd.com>, "John Landolfi" <jlandolfi2@hotmail.com>, "John Marks" <jmarks@mamb.ca>, "John Staikos" <js3535@hotmail.com>, "JP Marentette"

<jparentette@gmail.com>, "Judy Read" <read_judy@yahoo.ca>, "Kasturi Chatterjee" <kchatterjee@mortgagebridge.ca>, "Kirstian Kirkpatrick" <kristiankirkp@live.com>, "Kishor Bhingaradia" <kkei.kishor@yahoo.ca>, "Kris Starosta" <kris.s@advantagegroup.org>, "Laila Balagtas" <laila@coreadvisory.ca>, "Larry Smith" <larrysmith2752@yahoo.ca>, "Luis Argentieri" <luis_pcfs@yahoo.ca>, "Lydia Madrona-Yanto" <lydia@coreadvisory.ca>, "Marco Quattrociocchi" <marco.quattro2015@gmail.com>, "Marcus Paton" <marcus@mamb.ca>, "Marcus Paton" <markpatonpd@hotmail.com>, "Margaret Janecki" <m.janecki@rogers.com>, "Maria Bettencourt" <maria@coreadvisory.ca>, "Mehboob Sherrif" <mehboob@codfinancial.com>, "Mike Bedard" <mike@coreadvisory.ca>, "Mohammad Khorasanizadeh" <mohammadkzadeh@gmail.com>, "Nabeel Rahim" <nabeel@southmead.ca>, "Neil Mathieson" <neil@mathieson.com>, "Neil Silvert" <neil@coreadvisory.ca>, "Pat Folino" <patfolino@gmail.com>, "Pauline Stroud - Lloren" <pauline@coreadvisory.ca>, "Peter Lantos" <peter@peterlantos.com>, "Peter Ni" <pni@privest.ca>, "Peter Pontsa" <peter.t.pontsa@hotmail.ca>, "Pragash Suppiah" <spkuma29@gmail.com>, "Rajesh Hurana" <khurana@mortgagediligent.com>, "Rawan Elalami" <elalami0225@gmail.com>, "Regina Mumford" <regina@coreadvisory.ca>, "Rob Knipf" <jrknipf@yahoo.ca>, "Rob Thompson" <royaloakcreek@gmail.com>, "Robert Mrowca-Migiel" <robertmrowca@outlook.com>, "Robert Tsai" <robert1660@hotmail.com>, "Roberto Lloren" <roberto@coreadvisory.ca>, "Ron Balagtas" <ron@coreadvisory.ca>, "Scott Devries" <s.devries@devriesinc.ca>, "Scott Reardon" <scott@8percentguys.com>, <sreardon15@hotmail.com>, "Stephen Goodfellow" <stephengoodfellow@hotmail.com>, "Stephen Wise" <wise@rogers.com>, <stevewise54@gmail.com>, "Sue Mortgage Bridge Canada" <sue@mortgagebridge.ca>, "Todd Brown" <todd@coreadvisory.ca>, "Toria Balagtas" <toria@coreadvisory.ca>, "Victor Huo" <vichuo@gmail.com>, "Walt Cunha" <walt@mamb.ca>, "Dennis Jewitt" <dennis@breakwall.com>, "Raj Singh" <rajsingh100@gmail.com>

Subject: URGENT: Action Required regarding your Burlington MC Investment

Reply-To: <mfox@mamb.ca>

Good Morning.

By now, every investor in TIER1 Advisory projects will, or should, have received an email from Dennis Jewitt for each contract they are invested in, requesting that they support his demand that Grant Thornton LLP cease and desist in its proposal to send all the projects into receivership before considering alternative proposals for the remediation of these projects with a view to rehabilitating their value before selling them, rather than liquidating them now at their lowest-to-date 'as is' fire-sale value.

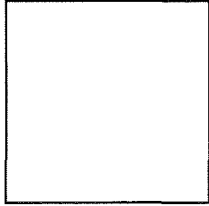
Please...contact your clients and help them to understand that it is absolutely imperative that they respond to this immediately.

They may need to be made aware that they must hit FORWARD, (not REPLY), and paste dcristinew@gmail.com into the 'To' field.

Also, I would suggest that you ask them to Cc you so that you can monitor their degree of response, and ensure that the highest possible number of lenders respond, and are heard.

Thank you for your support of this initiative.

Michael Fox
Mortgage Agent
TIER1 Advisory Sales Rep and Investor



This email has been checked for viruses by Avast antivirus software.
www.avast.com

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TAB G

Eunice Baltkois

From: Ian Aversa
Sent: April-21-17 2:22 PM
To: Eunice Baltkois
Subject: FW: Tier 1 - The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation et al - Court File No. CV-16-11567-00CL - Motion Record returnable April 28, 2017

From: Tier 1 [mailto:tier1@ca.gt.com]
Sent: April-19-17 12:46 PM
To: Tier 1 <tier1@ca.gt.com>
Subject: Tier 1 - The Superintendent of Financial Services v. Textbook Student Suites (525 Princess Street) Trustee Corporation et al - Court File No. CV-16-11567-00CL - Motion Record returnable April 28, 2017

Dear Tier 1 Investors,

Please be advised that Grant Thornton Limited, in its capacity as the court-appointed Trustee of the Tier 1 Trustee Corporations (the "Trustee"), will bring a motion returnable on April 28, 2017 for an order, among other things:

- a) appointing KSV Kofman Inc. as Receiver over the following properties:
 - Memory Care Oakville
 - Memory Care Kitchener
 - Memory Care Burlington
 - Legacy Lane
 - 525 Princess
 - 555 Princess
- b) compelling Mr. Davies, and the developers for which he is the principal (the "**Davies Developers**") to immediately deliver to the Trustee all internal trust ledgers and bank statements for each of the Davies Developers;
- c) approving the Sixth Report of the Trustee dated April 18, 2017 (the "**Sixth Report**"); and
- d) approving the fees, disbursements and activities of the Trustee and its counsel up to and including March 31, 2017.

In support of the relief sought on April 28, 2017, the Trustee has filed its Sixth Report to Court dated April 18, 2017. Therein, the Trustee provides significant detail in respect of its work to date, its recommended relief, and the status of certain of the Tier 1 Mortgages. A copy of the Motion Record prepared in support of the Trustee's motion, which includes the Sixth Report is posted to the Trustee's website as five separate volumes (1 through 5) (www.grantthornton.ca/tier1) and can be accessed through the following five links:

Volume 1 of 5:

[http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20\(Vol%201%20of%205\)%20\(Tier%201\).pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20(Vol%201%20of%205)%20(Tier%201).pdf)

Volume 2 of 5:

[http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20\(Vol%202%20of%205\)%20\(Tier%201\).pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20(Vol%202%20of%205)%20(Tier%201).pdf)

Volume 3 of 5:

[http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20\(Vol%203%20of%205\)%20\(Tier%201\).pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20(Vol%203%20of%205)%20(Tier%201).pdf)

Volume 4 of 5:

[http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20\(Vol%204%20of%205\)%20\(Tier%201\).pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20(Vol%204%20of%205)%20(Tier%201).pdf)

Volume 5 of 5:

[http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20\(Vol%205%20of%205\)%20\(Tier%201\).pdf](http://www.grantthornton.ca/resources/creditor_updates/documents/Tier%201%20Mortgage/Motion%20Record%20-%20Sixth%20Report%20(Vol%205%20of%205)%20(Tier%201).pdf)

Regards,

Grant Thornton Limited
in its capacity as court-appointed
Trustee of the Tier 1 Trustee Corporations

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

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

Court File No. CV-17-11689-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

**SUPPLEMENT TO THE SIXTH REPORT
OF THE TRUSTEE**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, 181 Bay Street
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)

Tel: (416) 865-7726

Fax: (416) 863-1515

Email: sgraff@airdberlis.com

Ian Aversa (LSUC # 55449N)

Tel: (416) 865-3082

Fax: (416) 863-1515

Email: iaversa@airdberlis.com

Jeremy Nemers (LSUC # 66410Q)

Tel: (416) 865-7724

Fax: (416) 863-1515

Email: jnemers@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as the court-appointed trustee of each of the Tier 1 Trustee Corporations