

ONTARIO

DIVISIONAL COURT, SUPERIOR COURT OF JUSTICE

BETWEEN:

**KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER
OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT
CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER)
LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858
ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK
(525 PRINCESS STREET) INC. and TEXTBOOK (555 PRINCESS
STREET) INC.**

Plaintiff

- and -

JOHN DAVIES and AEOLIAN INVESTMENTS LTD.

Defendants

**MOTION RECORD
(Volume 2 of 5)**

October 13, 2017

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INDEX

INDEX

Tab	Document	Pages
1	Notice of Motion for Leave to Appeal dated September 13, 2017	1-11
2	Order of Justice Myers dated August 30, 2017	12-18
3	Endorsement of Justice Myers dated August 30, 2017	19-30
A	Typed Copy of the Endorsement of Justice Myers dated August 30, 2017	31-33
4	Order of Justice Myers dated October 3, 2017	34-36
5	Endorsement of Justice Myers dated October 3, 2017	37-41
A	Typed Copy of the Endorsement of Justice Myers dated October 3, 2017	42
6	Order of Justice Myers dated July 17, 2017	43-50
7	Endorsement of Justice Myers dated July 17, 2017	51-57
A	Typed Copy of the Endorsement of Justice Myers dated July 17, 2017	58-59
8	Affidavit of John Davies sworn June 14, 2017	60-61
A	Statement of Assets and Liabilities of John Davies and Aeolian Investments Ltd. as of June 14, 2017 and updated Statement of Assets and Liabilities delivered as part of Answers to Undertakings	62-67
9	Affidavit of John Davies sworn July 14, 2017	68-80
A	Overview of Development Management Fees	81-85
B	Pro Forma for 555 Princess	86-90
C	Correspondence regarding Development Management Fees	91-103
D	Parcel Register for 24 Country Club Drive	104-109
E	Mortgage instrument registered on title to 24 Country Club Drive	110-115
F	Liens registered on title to 24 Country Club Drive	116-124
G	Answers to Undertakings of John Evan Davies	125-133
H	Notice of Sale dated June 12, 2017	134-135
I	Listing Agreement dated June 22, 2017	136-139
J	Summary of Proceeds of Sale for 1220 Parkers Point Road	140-144
10	Affidavit of John Davies sworn July 24, 2017	145-146
A	Statement of Assets and Liabilities of the Davies Family Trust and the Davies Arizona Trust as of July 24, 2017	147-150

11	Affidavit of John Davies sworn July 27, 2017	151-175
A	Cane Appraisals for the Development Properties	176-241
B	Pro Formas for the Development Companies	242-303
C	Detailed Summary of Work regarding Memory Care Projects	304-307
D	Detailed Summary of Work regarding Scollard	308-312
E	Detailed Summary of Work regarding 555 Princess, 525 Princess and 445 Princess	313-318
F	Detailed Summary of Work regarding Legacy Lane	319-321
G	Detailed Summary of Work regarding McMurray	322-325
H	Detailed Summary of Work regarding Ross Park	326-329
I	Detailed Summary of Work regarding 774 Bronson	330-332
J	Summary of Development Management Fees	333-334
K	P&L Statements and Balance Sheets for Textbook and Memory Care Companies	335-349
L	Commitment Letter from KingSett regarding Rideau dated October 22, 2015	350-378
M	Commitment Letter from KingSett regarding Ross Park dated October 7, 2015	379-411
N	Rideau Pro Forma	412-417
O	Pelican Woodcliff Report for Rideau dated October 31, 2016	418-430
P	Correspondence regarding Intercompany Loans	431-460
Q	Overview of Intercompany Loans	461-463
R	Correspondence regarding Davies children	464-472
S	Correspondence regarding 445 Princess Dividends	473-477
T	Short Narrative Appraisal Report and Valuation Analysis of 28 McMurray Street	478-536
U	Correspondence between John Davies and Raj Singh dated October 20, 2016 regarding Rideau	537-540
12	Affidavit of Judith Davies sworn July 24, 2017	541-543
A	Statement of Assets and Liabilities of Judith Davies as of July 24, 2017	544-546
13	Answers to Written Interrogatories Made of the Plaintiff	547-553
14	Fourth Report of KSV dated June 6, 2017	554-581

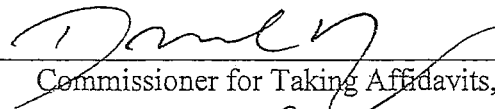
A	Appendix "A" – Loan Agreements and Corporate Profile Reports	582-988
B	Appendix "B" – Burlington's Balance Sheet as at May 2, 2017	989
C	Appendix "C" – Receiver's First Report dated April 5, 2017	990-1003
D	Appendix "D" – Kitchener Brochure	1004-1011
E	Appendix "E" – Corporate Chart for the Textbook Entities	1012-1014
F	Appendix "F" – Corporate Chart for the Memory Care Entities	1015
G	Appendix "G" – Statement of Receipts and Disbursements – 525 Princess	1016
H	Appendix "H" – Statement of Receipts and Disbursements – 555 Princess	1017
I	Appendix "I" – Statement of Receipts and Disbursements – 445 Princess	1018
J	Appendix "J" – Statement of Receipts and Disbursements – Ross Park	1019
K	Appendix "K" – Statement of Receipts and Disbursements – Scollard	1020
L	Appendix "L" – Statement of Receipts and Disbursements – Bronson	1021
M	Appendix "M" – Statement of Receipts and Disbursements – Oakville	1022
N	Appendix "N" – Statement of Receipts and Disbursements – Legacy Lane	1023
O	Appendix "O" – Statement of Receipts and Disbursements – Kitchener	1024
P	Appendix "P" – Statement of Receipts and Disbursements – McMurray	1025
Q	Appendix "Q" – Statement of Receipts and Disbursements – Burlington	1026
R	Appendix "R" – Acknowledgment and Direction provided to all Kitchener syndicated mortgage investors	1027-1033
S	Appendix "S" – List of the Ancillary Documents reviewed by the Receiver's Counsel	1034
T	Appendix "T" – Title Search for Davies' Home	1035-1039
U	Appendix "U" – Third Report of KSV dated May 16, 2017, together with Order of Justice Myers dated May 16, 2017	1040-1051
V	Appendix "V" – Copies of the Directors', Officers' and Shareholder's Registers for each of the Memory Care Entities and Legacy Lane	1052-1063
W	Appendix "W" – Title Search for Davies' Cottage	1064-1066
15	Sixth Report of KSV dated July 12, 2017	1067-1084

A	Appendix "A" – Fourth Report of KSV (without appendices) dated June 6, 2017	1085-1112
B	Appendix "B" – Management Fee Document	1113-1116
C	Appendix "C" – Reconciliation of Payments to Aeolian	1117-1118
D	Appendix "D" – Davies Asset Summary dated June 14, 2017	1119
E	Appendix "E" – Aeolian Asset Summary dated June 14, 2017	1120
F	Appendix "F" – Revised Davies Asset Summary dated June 30, 2017	1121
G	Appendix "G" – Revised Aeolian Asset Summary dated June 30, 2017	1122
H	Appendix "H" – Cross Examination Transcript taken on June 16, 2017	1123-1243
I	Appendix "I" – Davies Family Trust Declaration of Trust	1244-1280
J	Appendix "J" – Davies Arizona Trust Irrevocable Trust Agreement	1281-1320
K	Appendix "K" – Arizona Property Appraisal	1321-1351
L	Appendix "L" – Letter from Bennett Jones to Dentons dated June 21, 2017	1352
M	Appendix "M" – Letter from Dentons to Bennett Jones dated June 26, 2017	1353-1358
N	Appendix "N" – Letter from Bennett Jones to Moskowitz dated July 4, 2017	1359
O	Appendix "O" – Summary of Aeolian Receipts and Disbursements	1360-1362
16	Supplement to the Sixth Report of the Receiver dated August 8, 2017	1363-1376
A	Appendix "A" – Court Order and Endorsement dated July 17, 2017	1377-1391
B	Appendix "B" – Asset and Liability Statements for Davies and Harris	1392-1415
C	Appendix "C" – Marketing Materials for Receivership Companies	1416-1445
D	Appendix "D" – Davies' Emails	1446-1462
E	Appendix "E" – Correspondence re: Dividends	1463-1466
F	Appendix "F" – 555 Princess Pro Forma	1467-1470
G	Appendix "G" – Summary of Estimated Unearned Management Fees	1471
H	Appendix "H" – Email dated March 19, 2013 from Singh to Davies	1472-1477
I	Appendix "I" – Email between Davies and Harris re: Interest Payments	1478-1479
J	Appendix "J" – Delegation Agreements between Harris and Elliot	1480-1493
K	Appendix "K" – Emails between Singh, Davies and others	1494-1527

17	Transcript of the Cross-Examination of John Davies conducted on August 9, 2017	1528-1640
18	List of Transcripts	1641
19	Notice of Action issued June 6, 2017	1642-1662
20	Draft Fresh as Amended Statement of Claim	1663-1694

TAB C

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REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Buttrick

Summary of Predevelopment Work Regarding Memory Care Facilities (Oakville, Burlington, Kitchener)

Background:

Memory Care Investments Ltd. was formed to design, build and operate dedicated Alzheimer's care facilities in major markets in Canada to meet the ever-increasing numbers of sufferers in Canada.

For context, while dedicated Alzheimer's and dementia care residential facilities are a well-known form of cognitive impairment lodging in the US, the concept is virtually unknown in Canada. Several Canadian retirement home providers have converted the ground floor of their facilities to cognitive impairment uses, but this only occurs in markets where competition for independent senior residents has caused higher than expected vacancies. Accordingly, conversions of separate and independent areas within some facilities has taken place. For example, the ground floor of the "Sunrise" facility in Oakville is home to approximately 20 dementia sufferers.

These Memory Care projects were anticipated to be the first of many similar facilities and, as such, these buildings were considered prototypes. Because of the lack of cognitive impairment-specific consulting expertise, as well as a protracted approvals process experienced in Oakville and, to a lesser extent, Burlington and Kitchener, the Memory Care projects incurred higher predevelopment costs and a longer development time horizon than anticipated. However, by using common consultants and contractors, Memory Care was able to realize savings and efficiencies which reduced the overall all-in costs. As a result, the development management fees attributable to these projects were a higher percentage against overall project costs than originally projected.

Predevelopment Work:

Design Work

In mid-2013, the Memory Care Davies Developers ("Memory Care") hired Fernando Fabiani Architect to assist with the planning and concept design of the Memory Care facilities in Oakville and Burlington. Fabiani conceived a standard independent living seniors building which did not conform to the program requirements for dementia sufferers that was evolving in the US. As such, although Memory Care relied upon the Fabiani design to commence discussions with the Towns of Oakville and Burlington regarding preliminary matters such as rezoning, determination of site plan concerns, parking requirements, urban design issues and servicing, the Fabiani design was abandoned in 2014.

In 2014, Memory Care hired the architecture firm Perkins Eastman Black architects ("PEB"), the leading health care architects in the US. Susan Black, one of the principals of PEB, is the design

architect for the Women's College Hospital renovation and expansion and the architect on the Baycrest expansion. She is a leading design expert regarding accommodations for dementia sufferers. Black completely redesigned the three Memory Care buildings to incorporate the latest design and programming advances in cognitive care, as well as to conform to the Ontario Building Code 2016, which Fabiani had not fully contemplated.

Black's design used the ground floor of each facility as common areas for residents and guests, with the second, third and fourth floors for rooms (including lounges and dining areas) for progressively impaired residents (segregated by floor). Many iterations of Black's design drawings were generated over a 15-month period, with substantial input on building programming from Eldercare Management Ltd., a third-party fee management provider and the operator of many long term care facilities. Many features of the buildings, including room sizes, kitchen issues, security, access to open space, wayfinding, special areas, interior finishes and mechanical requirements evolved over the various drawing iterations.

With input from the full consulting team, a final Memory Care concept and program emerged which featured 60-80 beds in 50+ rooms. Each floor was segregated into 8-12 rooms per sector, with separate lounge and dining areas for each sector. Food arrived via dumbwaiter. In addition, various features were designed to aid wayfinding and provide comfort for residents, including interior design finishes with textural wall finishes, abundant natural light, separate colour schemes for each sector, and the use of circular walking paths with dead end corridors avoided.

Development of Pro Forma

Throughout the process of design refinement, pro-forma income and operating costs were evaluated and revised until the final concept emerged. The analyses undertaken throughout this period were highly granular and included consideration of details such as the cost of meals, increased staffing vs lease-up timing, room rates and shared accommodation sensitivities. The potential for additional revenues for added services was also considered. These analyses included much more detail than would be normally required and necessitated significant research.

Site Development

In 2013 a holding designation was placed on the Oakville property pending the installation of a new water main to the site. A neighbouring developer, Matas Homes, defaulted on its pledge to front-end the water main which serviced the Oakville site. The work has since been completed by another developer. This issue took 3 years to resolve. Through this period, Memory Care was involved in negotiations with the Region to attempt to expedite the work and remove the holding designation.

Site plan approval took 3 years to obtain. Numerous public consultations took place. In July 2016, near the end of the approval process, the Town of Oakville asked for building façade

refinements which were made. In addition, prior to issuance of the building permit, in or about September 2016, Burlington advised that a minor variance was required, which was obtained but caused a 6 week delay.

Working and Construction Drawings

Black's building design proposed maximum transparency so the passing public and the building residents could visually interact. The concept of community integration was strongly promoted. The use of natural steel cladding was incorporated where the building's skin would rust over time and the patina would become more beautiful with age. This was not accidental and the metaphor is obvious.

The final Memory Care concept took approximately one year to refine. In 2015, Memory Care hired Oakville-based API Consultants to produce working drawings for all three Memory Care facilities (in order to save cost). Construction drawings, including architectural, mechanical, structural and landscape, were completed in spring 2016.

Burlington and Oakville working drawings were submitted and revised on three occasions over an approximately 6-month period. The Town of Oakville made elevation and road profile changes to Lakeshore Blvd. which necessitated redesign of the ground floor and lower level parking to deal with exiting and grade issues.

Current Status

In spring 2016, Memory Care entered into negotiations with Varcon Construction. Through the summer and fall, a number of meetings occurred between API Consultants and Varcon regarding value engineering discussions, tendering, production of shop drawings and sourcing of suppliers. Memory Care attended every meeting. Varcon provided hard cost pricing for all three projects, and a CCDC contract was executed in respect of Burlington.

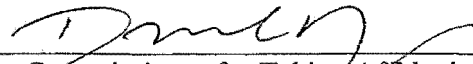
Burlington development charges and building permit fees and security were paid, totalling more than \$1.4 million. A building permit was issued in the fall of 2016 and site hoarding, grading, footings and foundations were commenced. Work stopped in December of 2016.

Oakville working drawings are 100% complete. A permit can be issued with the payment of \$1.2 million for development charges.

Kitchener working drawings are 90% complete. The City of Kitchener has issued a development agreement to Memory Care which has not been executed, but with further refinements Kitchener could be shovel-ready in 2 to 3 months. No further funds flowed to Kitchener after October 2016.

TAB D

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REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckett

Summary of Predevelopment Work Regarding Scollard

Background:

The Scollard property was acquired by Scollard in April 2014. The property is 3 acres and located in Whitby 150 metres from Lake Ontario and 200 metres from the Whitby GO station. As a result of a previous Ontario Municipal Board decision, the property had been zoned for a maximum of 6 stories across the site, with an exception for two 16-storey towers at the north end of the site. Maximum density and parking ratio had both been established. Scollard conducted significant predevelopment work both prior to and following the purchase. This work is set out below.

Predevelopment Work:

The site was introduced to John Davies by Kevin Tunney, a planning consultant in Whitby and the former Director of Planning, Town of Whitby. After conducting initial due diligence, Davies was able to obtain an initial 60-day conditional period to consider the property's development potential. Davies met with the Town of Whitby planning department and confirmed the property's zoning was in full and final form and as long as the developer was willing to meet those parameters, there were no other restrictions other than meeting the Town's site plan requirements.

Based on local resale information, Davies concluded that the planned two-tower condominium project would be expensive to build and difficult to sell at a profit. Research indicated that the most marketable housing type was 3 or 4-storey, low rise, stacked townhomes (though townhomes would not allow all of the available density on the property to be utilized).

Following the conditional period, Scollard entered into a binding agreement to purchase the land. A 6-month closing period was negotiated, giving Tier 1 the time to undertake the large funding raise required. During the pre-closing period, Scollard retained Drummond Hassan, a partner at IBI Group, as the project architect, and Atkins and van Groll structural engineers.

Scollard and Hassan reviewed market research which confirmed that the site would be marketable to young professional first-time buyers who commuted for work via GO train. They determined that one-bedroom, one-bedroom plus den, and two-bedroom suites would be the most desirable product type for this demographic, and that the buildings should have a contemporary modern look, upscale amenities and the cachet of a trendy downtown project without the high cost. The competition in the Whitby market was very conservative and catered to retirees. There were no contemporary residential buildings anywhere in south Whitby, and average price/sf for 4-storey "stick-built" product in the area was selling for \$380/sf.

Hassan developed a modern contemporary design for a 230-unit project. At Scollard's request, Hassan determined a phasing plan for the buildings so that construction timing could be twinned to meet sales achievement.

The final design concept featured four separate 4-storey buildings with elevators servicing down to a single level of below-grade parking. The individual buildings sat on a concrete podium and ringed the site with a landscaped courtyard in the centre. The parking level was below the podium and was open to the elements. Geotechnical studies had revealed a hard pan layer approximately 6 feet below the surface. To avoid penetrating this useful structural stratum, the development team raised the podium 4 feet above grade. One building had street frontage, one faced north, one faced west overlooking Whitby Yacht Club harbour, and the south-facing building had lake views on the upper floors. The roof was utilized for private rooftop gardens.

Following completion of the final design concept, Tier 1 completed the raise that was used to acquire the site and Scollard acquired the site in April 2014.

Scollard and Hassan selected the consulting team which included IBI, Atkins and van Groll, GHD Limited (civil engineers), Tunney Planning, Leeswood Construction and Tedesco (traffic engineering) and, following closing, work commenced on the design development and supporting studies. As a result of the property's zoning, there was no need to conduct any rezoning work and the team advanced rapidly with minimal municipal consultation. The team did meet with the Region in May 2014 regarding servicing capacity, timing and availability, and it was determined that the pending south Whitby trunk sewer would be constructed in time so as not to impede development or approvals. Scollard also met with members of the Whitby planning department who were supportive of the overall design vision.

Throughout this process, Hassan and Scollard researched hard cost pricing. Pro-forma analyses anticipated that sales prices could be \$25/sf higher than the competition because of the closer proximity to the GO station and better design. Based on this research, it appeared that \$400/sf was the high end of the market.

In fall 2014, Scollard hired The Condo Store to market the project and sell the units. p+b Advertising, which was retained to provide the marketing and creative services, developed the 'Boathaus' name and logo which was well received by the public.

Through late 2014 and early 2015, Scollard renovated an existing onsite 5,000 sf industrial block building to serve as the sales and presentation centre for the Boathaus project. A large scale model was constructed by Miniken Scale Models and a 2-bedroom model suite was constructed inside the sales centre, with Bryon Patton providing interior design consulting.

The team delayed the commencement of sales for two months until fall 2015, as it determined that sales prices were rising and the upward pressure on prices was positive. In addition, a main competitor was nearing 90% sold so there would be a lack of competition in the market. The

grand opening of the sales centre occurred in September 2015. Prior to launch, the team sold 30 suites to 'friends and family', offering 10% discounts on selected suites that were considered less than prime (second floor north-facing).

Scollard hired Kassandra Dobson (formerly with The Condo Store), a licenced real estate broker and experienced condo marketer, as the full-time Boathaus sales coordinator. Dobson liaised with Scollard office personnel and the on-site condo store sales team, and worked with the media buyer on a number of promotional events that helped drive traffic.

Sales to the public were brisk, such that the sales team recommended raising prices on select premium suites (fourth floor / water views), and prices exceeded \$400/sf with no push back due to premium pricing. In March 2016, prices were raised across the board such that \$425 became the average price achieved on a per sf basis for new sales.

Sales were so robust that Scollard instructed IBI and Atkins and Van Groll to commence the full working drawing package as a 5-storey project with 291 suites (as opposed to 4-storey project with 230 suites). Scollard was reluctant to add a second level of parking as this would have increased cost significantly and require digging into the hard pan lawyer below grade. IBI made refinements to the parking level and was able to meet the by-law parking requirements for 291 suites without a zoning variance.

Through fall 2015 and winter 2016, the consulting team advanced the construction documents and completed pricing work to arrive at an all-in cost (hard, soft and land costs) at \$310/sf. Selling continued in earnest and by summer 2016, the sales team had achieved average revenues of \$425/sf for the 200 suites sold.

When the Tier 1 issues arose in fall 2016, Scollard had sold 226 out of a total inventory of 291 suites. Additional units could likely have been sold, but Scollard decided to hold back new inventory (which would be priced at slightly less than \$500/sf) until the remaining lower priced suites were fully sold. Pro-forma profit on the 291 suites was estimated to be \$11 million or 15% of hard cost.

With respect to development status, in fall 2016, the consulting team had completed working drawings to approximately 70%. Major building decisions had been finalized and a limited tender to test pricing assumptions had been conducted. The site-specific zoning provisions had been strictly adhered to so there were no concerns about obtaining final municipal approvals on a timely basis. There were no issues with the Region. There was an area of relatively minor soil contamination, which the Town of Whitby would permit to be removed during excavation.

Current Status

At the time Grant Thornton took over from Tier 1 as trustee, Scollard was set to execute a construction financing agreement with Centurion / DUCA for \$67 million, which was the result of 6 months of work. Closing was scheduled for 3 days after Tier 1 was dismissed. Final loan documents had been vetted by both sides.

The construction financing could not be funded as Grant Thornton was not prepared to execute a postponement of the Tier 1 first mortgage to Centurion / DUCA. Without the financing, Scollard was unable to repay the \$2.4 million Firm Capital first mortgage or keep the Tier 1 investor interest current, which put Scollard in default under the loan agreement. Grant Thornton subsequently made arrangement to obtain interim financing and repaid Firm Capital.

The property was placed in receivership in late 2016.

TAB E

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REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beetham

Summary of Predevelopment Work Regarding Princess Street Properties

Background:

Throughout the winter and spring of 2015, Walter Thompson, Co-President of Textbook Student Suites Inc., conducted background investigations into the suitability of the Kingston market for the development of purpose-built student housing. Prior to looking at any specific properties, Thompson examined market factors including existing trends, student population (including students from within and outside of the Kingston area), average price of student accommodations in the market and the ratio of undergraduate to graduate students. Thompson also conducted a high level overview of current planning initiatives that could affect redevelopment.

Through this work, Thompson determined that Kingston would be an ideal location for new high-rise student housing given the scarcity of new, clean, safe rental apartments for students. The vast majority of students lived in multi-tenanted single family houses that had been subdivided into five, six and seven bedroom rooming houses. These houses had been continuously tenanted to students for decades with few improvements during that time. The majority were unkempt and often owned by landlords not residing in Kingston. Most of these properties did not meet current municipal standards for life safety and emergency exiting, the use of basements for student lodging and other by-law requirements. As well, the conflict between students and families in the neighbourhoods containing these rooming houses was a constant irritation for the University, the City of Kingston, the police and social service agencies.

The City advised Thompson that they would favourably consider a solution which contributed to the re-gentrification of Kingston's overstressed neighbourhoods located in close proximity to Queen's University. Through his review of the area, Thompson had concluded that for a site to be successfully redeveloped for student housing, it must be located within a 10 minute walk to Queens University and close to the amenities frequented by students (pubs, shopping, and restaurants). Thompson thus focused on the intersection of Princess Street and Division Street.

Thompson contacted several commercial real estate agents who presented various sites for consideration. Thompson identified five properties with redevelopment potential; from these, three sites were determined to be possibly available for purchase and, as such, warranted detailed investigation.

555 Princess Street:

This property was owned by Imperial Oil and had been formerly used as a gasoline service station and a convenience store. The property was being brought to market by a commercial broker in Kingston. In March 2015, a real estate agent retained by Textbook reached out to the broker. In June 2015, Textbook executed a confidentiality agreement with Imperial Oil to allow

Textbook to review Imperial Oil's engineering and environmental decommissioning reports regarding the environmental condition of the property. Imperial Oil provided several hundred pages of reports regarding soil and groundwater testing results, which Textbook reviewed in detail over several weeks and concluded that the site presented no further environmental risk factors as it had been fully decommissioned by Imperial Oil.

The property was a corner lot located in the Williamsville Corridor, a City of Kingston Special Policy Area, which met all the criteria as an ideal location for a student apartment building. In 2013, the City had commissioned an urban design study to act as the guideline for future infill development. Textbook analyzed the study vis-à-vis development opportunities and restrictions, and concluded that while it was commendable the City had taken the initiative to establish a protocol to encourage development, the restrictions set out in the study made the feasibility of student housing projects questionable.

As such, in parallel with its review of Imperial Oil's environmental files, Textbook engaged srm architects in summer 2015 to advise them on the built form constraints in the Williamsville study affecting the redevelopment of 555 Princess Street and, specifically, whether the study would prevent the necessary density from being achieved. Based on srm's findings, in the fall of 2015, Textbook commenced discussions with the City of Kingston to determine their willingness to be flexible in interpreting the guidelines set out in the Williamsville study. Through these discussions, Textbook confirmed that the Williamsville study was meant to be interpreted as guidelines encouraging redevelopment rather than restrictions governing development factors such as height, density, setback, parking, retail uses, etc., and that the study would not prevent Textbook from constructing a profitable student housing project.

On October 20, 2015, Textbook closed on the property and subsequently engaged a full complement of engineering consultants, predominantly located in Kingston, to commence all of the necessary background studies in aid of a formal submission for zoning, planning and engineering approvals. Following closing, Textbook and its consultants participated in a City-initiated pre-planning consultation meeting and received guidance and direction on proceeding to final approvals.

Textbook also identified the lack of availability of parking stalls in the Williamsville Corridor as an issue. In early 2016, Textbook engaged Tedesco Engineering, a leading transportation consultant, to investigate how this issue could be addressed in the 555 Princess Street project. Textbook also retained Moiz Behar and Associates, an urban design consulting firm, to assist srm in conceptual design, massing, setbacks and other restrictions to ensure compliance with the Williamsville urban design guidelines. Textbook held a series of informal meetings with City planning and engineering staff to discuss opportunities and received a favourable response to the design concepts that were presented.

Textbook's planners worked to refine the City-required planning rationale study in consultation with srm and Moiz Behar. The design team continued to study development massing, density,

and advance the overall project design, including suite matrix, ground floor retail, parking and circulation. Civil and mechanical engineering consultants were retained to study site servicing. Throughout this process, Textbook made ongoing modifications to the pro-forma analyses based on design refinements. This work carried on until October 2016 when the Tier 1 issues arose.

525 Princess Street:

The site is directly across Alfred Street from the property at 555 Princess Street. With the assistance of a local commercial real estate agent, Textbook met with the owners of 525 Princess and the adjacent properties at 527 and 531 Princess in spring 2015 to determine whether the properties could be purchased at a price which made redevelopment feasible. During these negotiations, Textbook, srm and local engineering consultants prepared massing and design studies to test the site's footprint for redevelopment suitability, and prepared numerous iterations of budgets and pro formas as the design work evolved.

In September 2015, Textbook successfully negotiated an acceptable purchase agreement for both properties. Through fall 2015, Textbook continued to advance the design concepts while focusing on developing 555 Princess and 525 Princess as a coherent architectural composition, including similar architectural design, massing, height, density, construction materials, ground floor retail treatment, and parking concepts. Textbook shared these design concepts with the City of Kingston planning department and received a positive response. Textbook subsequently proceeded to the pre-planning consultation meeting with the City referenced above.

In December 2015, Textbook closed on the 525 Princess property. Given the favourable response from the City regarding Textbook's design concept, Textbook engaged all required consultants, including architects, environmental consultants, surveyors and civil engineers, to commence background reports in support of a formal application for rezoning and site plan approval to the City of Kingston. Given Textbook's goal of creating an overall architectural composition between 555 Princess and 525 Princess, Textbook determined to submit applications for both properties simultaneously.

As noted above, parking was an issue in the Williamsville neighbourhood. The individual footprints of 555 Princess and 525 Princess were determined to be too small to effectively provide on-site parking, and below-grade parking was not an option for geotechnical reasons and cost. However, following due diligence work, Tedesco Engineering determined that the City's parking standards related to luxury condominium buildings and not student housing, which requires less parking for residents. In winter 2016, Textbook held a series of meetings with the City Manager and the Director of Planning to discuss how Textbook could assist the City in supplying new parking to aid retail along Princess Street. The City was interested in whether Textbook could purchase standalone infill properties and redevelop them into 4-storey parking decks. In response to the City's inquiry, Textbook prepared preliminary budgets assuming market land acquisition, and \$250/sf hard and soft costs to construct parking

structures. Although Textbook determined that it would be able to profitably construct and sell parking stalls to the City, Textbook was not interested in building infill parking garages as a stand-alone opportunity. Rather, Textbook planned to utilize some of the parking that would be created through the infill parking garages as parking for 555 Princess and 525 Princess. The City was prepared to allow Textbook to forego on-site parking if it was able to create sufficient parking elsewhere. Textbook conducted a market review and determined there were at least 3 sites which could be developed for off-site parking.

In parallel with off-site parking considerations, Textbook and its consultants continued to consider potential options for parking on 555 Princess and 525 Princess, including a concept in which 525 Princess would be used as stand-alone parking structure, thereby eliminating the need for parking on 555 Princess Street while making a reasonable ROI on 525 Princess. This concept was eventually abandoned.

445 Princess Street:

The 445 Princess Street site is located at the intersection of Princess Street and Division Street. Division Street is a major thoroughfare connecting the downtown to Highway 401. The site is a triangular "flatiron" configured parcel which currently houses a single-storey Shoppers Drug Mart store with dedicated at-grade parking. Textbook viewed this site as the preeminent development site in Kingston given its configuration at the intersection of two major streets, and believed it was capable of sustaining a 30+ storey building given the need for affordable, safe and modern student housing. The property was also located in the Williamsville Corridor Special Policy Area, with which Textbook was well versed.

In March 2015, through the real estate agent retained in respect of 525 and 555 Princess, Textbook commenced meetings with the property owners to determine whether the site could be purchased. After several months of discussions, Thompson entered into a conditional agreement of purchase and sale. Textbook subsequently engaged srm to prepare concept drawings for the building which, when constructed, would be the tallest building in Kingston. In addition to the 400+ proposed beds in a combination of one- and two-bedroom suites, the lower four floors were designed to house a new, two-storey Shoppers Drug Mart, a walk in clinic on the 3rd floor and fitness, meeting rooms, and other amenities on the 4th floor. Initial drawings were completed in October 2015.

In parallel with the work above, in spring 2015, Textbook was invited by the City's Director of Planning to present the 445 Princess Street concept to senior City staff and politicians, including the Mayor, the CAO, the Councillor for the Williamsville neighbourhood, the Director of Engineering, and the Planning Director. The City was very optimistic about the project's potential and, to that end, the City Council subsequently passed a motion accelerating the construction of underground sewers to the property at a cost of \$10 million to ensure that servicing would be available to permit the three Princess Street projects to proceed without delay.

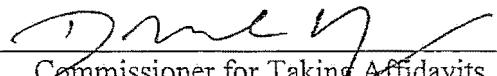
In the following months, Textbook continued to develop important local relationships to further their student housing objectives. Textbook met and presented its concept to representatives of the downtown BIA, the head of the Chamber of Commerce, the Chair of the Williamsville Ratepayers Association, and other senior City staff. Textbook also met with senior staff at Queens University to discuss the three Princess Street buildings and how the construction of these student residence projects would be a "win-win" for the university and its students.

In July 2016, after more than a year of analysis, design and planning work and presentations, Textbook closed on 445 Princess. Prior to closing, Textbook's consulting team of planners, urban designers, architects and engineers had commenced ongoing due diligence work on 445 Princess Street prior to closing.

In summer 2016, Textbook met with senior staff at Shoppers Drug Mart to discuss Shoppers utilizing this location for one of their new "urban market" concepts (a Shoppers store with substantial area devoted to the sale of prepared foods). Textbook also commenced discussions with the owners of the adjacent empty building with a view to acquiring that site to permit additional development density, which the City seemed willing to consider. These discussions did not progress beyond the preliminary stage as the asking price for the vacant building was unaffordable.

TAB F

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THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.
Michael Beckett

Summary of Predevelopment Work Regarding Legacy Lane

Background:

Bruce Stewart, a former partner in Memory Care, had designed and constructed a luxury retirement home in Huntsville, Ontario in 2010 for Chartwell Seniors Housing. In spring 2012, Stewart advised that the Chartwell property had surplus lands adjacent to its facility that could potentially be purchased from Stewart's former partner in the Chartwell project. As part of his work for Chartwell, Stewart had completed the installation of a new trunk storm sewer, new roads, sanitary sewers, water main, gas and hydro to the edge of the vacant property. A paved entrance driveway could be accessed by the owner of this property by way of an easement.

Given the large population of seniors who had retired to Huntsville, Stewart believed this site would make an excellent seniors-oriented 4- or 5-storey condominium building. The target market was deemed to be similar to those being pursued in Bracebridge at the McMurray Condos and lofts development.

Development Work:

Throughout summer 2012, Legacy Lane spoke to local real estate agents regarding the market and learned that senior-oriented lifestyle condominiums were selling well at Deerhurst Resort (also located in Huntsville). Based on this information and Stewart's familiarity with the area, Legacy Lane closed on the property in September 2012.

Following closing, in spring 2013, Stewart reached out to Chartwell senior management to discuss a concept conceived by the Developer designed to help sell condominium units. The concept, entitled "The Chartwell Club", was to include a one-year "membership" in the purchase price of a Legacy Lane condominium unit that would allow buyers access to the facilities in the Chartwell building, including the gymnasium, dining facilities, nurses, and participation in special events. Chartwell responded positively to the concept as it would introduce seniors living in the Legacy Lane condominiums to the benefits of retirement home living.

During this period, Legacy Lane hired architect Gabe Bador to design a 5-storey condominium building with one level of below-grade parking. Design development progressed through winter and spring 2013. Bador prepared site plans and a full set of design drawings, including the underground parking layout, building floor plans, individual suite layouts with furnishing, building elevations and colour renderings. Suites were priced based on comparable sales prices for similar projects.

In fall 2013, Legacy Lane circulated the suite designs to sale agents in Muskoka for comment. The feedback received was that the Muskoka market had moved and the fastest selling product was now 3-bedroom condominium bungalows with two-car garages.

In early 2014, Legacy Lane was introduced to John DeGroot, the developer behind the successful "Waterways of Muskoka" development project which was comprised exclusively of townhouses and bungaloffs. DeGroot suggested Legacy Lane contact the team responsible for marketing and sales for the Waterways project. Legacy Lane subsequently met on several occasions with DeGroot and the sales agent from the Waterways project to discuss the senior purchaser demographic and their preferred product type, budget, features and amenities, etc. In September 2014, Legacy Lane hired DeGroot as a consultant to assist Bador in redesigning the Legacy Lane project from a 5-storey condo building to into townhomes.

Bador spent several months working with DeGroot, studying design alternatives and comparing those to the features, design and amenities of the best-selling projects in Huntsville. A design concept emerged with 33 3- and 4-bedroom bungalow and 'bungalow'-style townhomes. Market intelligence indicated that the market had moved upwards since Legacy Lane had acquired the property and townhome prices had increased by approximately \$100,000. Based on this buoyant market, Legacy Lane asked DeGroot to continue his involvement as a consultant and assist in coordinating the engineering design and submission to the Town.

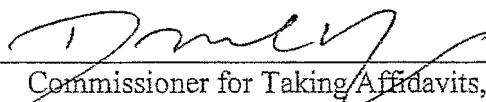
In May 2014, Legacy Lane hired Pinestone Engineering to undertake the detailed site servicing and grading design for submission to the Town for site servicing approval. Bador and DeGroot continued to advance the townhouse design drawings, and the final drawing package for approval of the 33-unit townhouse project was completed in spring 2015. Site servicing agreements were approved in April 2015.

In order to commence construction on the fully approved project, in May 2015, Legacy Lane approached Tier 1 to obtain a \$1.2 million construction loan to pay for the installation of the underground services, site grading, and the first phase of roads. Although Tier 1 indicated that the financing was available, more than a year passed and no financing was raised.

During this period, Legacy Lane met a local Huntsville house builder who expressed interest in forming a JV with Legacy Lane to construct the townhomes. The builder proposed that he would front-end the cost to build 3 model homes that would be used to market and sell the remaining 30 units. Once a certain number of units were pre-sold, conventional construction financing could be obtained. In order to proceed with this plan, Legacy Lane had to secure site servicing financing which, despite efforts, could not be obtained. Although several parties expressed interest, they decided the potential ROI did not warrant a \$1.2 million investment.

TAB G

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Commissioner for Taking Affidavits, etc.

Michael Beuford

Summary of Predevelopment Work Regarding McMurray Lofts

5.9 acre site purchased in December 2010. Site was occupied by Bracebridge and Muskoka Lakes Secondary School (160,000 sf building) originally constructed in 1920s and expanded via 4 additions between 1960s and 1980s. The below work was completed between December 2010 and 2016.

- Following acquisition of property, hired Arsenault Architects to examine opportunity for conversion or expansion of the full building into seniors housing.
- Undertook market investigations which proved site was not well suited to retirement high rise.
- Reconceived the property as lifestyle condos appealing to retirees given Muskoka destination. Designed mostly 2-bedroom 2-bath suites. Hired G. Ryan Design to help conceive marketing program for units.
- Hired Bryon Patton Design to design the model suites and critique the suite finishes.
- Conceived an 88-suite, Phase 1 consisting of 14 "loft" units in the renovated historical 1920s schoolhouse on site; new 60-suite "Library Building" comprised of 2-bed 2-bath suites; 14-unit "Grove Building" with 2-storey-style towns with large balconies and roof garden.
- Hired Gabriel Bador (architect) to design the 3 buildings. Advanced design development drawings for use by G. Ryan Design in renderings, floor plans, amenity spaces concepts, landscaping for brochures, web-site and other marketing materials. Developed web-site.
- Hired Atkins and Van Groll, structural engineers. Hired Pinestone Engineering, civil engineers.
- Hired local contractor to 'gut' the schoolhouse. Supervised selective removal of interior which had been renovated into offices and classrooms, wood-shop etc. Preserved wood beams and other "loft" fittings that had been covered over by numerous renovations.
- Hired demolition contractor to demolish existing 120,000 sf high school. Hired environmental engineer to determine extent of contamination. Surveyed full building and located asbestos-containing materials (ceiling tiles, floor tiles, pipe wrap), light ballasts, and oil tanks. Hired environmental contractor under supervision to remove offending materials.
- Undertook full interior renovation of schoolhouse to convert it into sales presentation centre, sales office, kitchen, public washroom and 2 fully furnished model suites (based on G. Ryan and Bryon Patton designs). Renovated upper floor of loft building. Added p-lam beams to facilitate removal of interior partition walls.

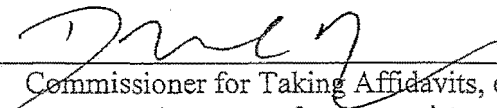
- Removed plaster walls and sandblasted interior brick throughout schoolhouse. Coordinated drawing production and receipt of building permits. Obtained temporary rezoning to permit sales centre uses (commercial) on site rezoned for residential.
- Coordinated marketing and sales centre presentation materials. Renovated exterior grounds. Added landscaping. Added new staircase into presentation centre. Hired civil engineers to design temporary curbs and asphalt driveways (and catchbasins etc.) to new sales centre. Created temporary storm detention pond.
- Hired local sales and marketing personnel to staff sales centre. Set up on-site sales office, computers. Hired model maker to prepare scale model. Worked with G. Ryan Design on interactive TV and other displays.
- Worked with legal to prepare condo documents. Surveyor coordination. Assisted in preparation of condo budget. Obtained Tarion warranty approval.
- Worked with Planscape Inc. (planning consultants) to obtain site plan approval. Applied for variances. Worked with City marketing director on promoting Bracebridge as part of bringing visitors to the sales centre.
- Advanced architectural design development drawings. Submitted to municipality. Obtained approvals.
- Worked with contractors to establish construction cost estimates. Refined pro-forma studies.
- Attended weekly sales and marketing meetings on site. Researched Hwy 400 bill boards for advertising. Updated and refined marketing initiatives to try to drive sales.
- Personally spent approximately 50 days on site over 3 years to assist sales personnel during summer selling season (May 24 – Thanksgiving).
- Worked with consultants on refinement of working drawings up to approximately 75% complete, including full servicing package for Region and Township approval of site servicing.
- Negotiated a reduction in development charges. Obtained servicing approval.
- Raised new financing to continue to support advertising and other costs.
- Began conceptual work on Phase 2, a 40-unit “bungaloft” type townhome project, which was selling well in Muskoka and offered an alternative product type to drive sales on both phases with additional traffic.
- Dismissed original sales team and hired PMA Brethour to kick-start new energy marketing plan. Worked with Brethour team to find creative ways to spur sales.

- Advanced architectural design development drawings on Phase 2 concept. Initiated discussions with Town of Bracebridge on approvals. Engineering and grading design advanced.

Although we had more than 30 firm sales commitments on Phase 1, construction financing was unavailable without further commitments and the local market lost interest. Several potential purchasers dropped out, and project was lost to the bank in fall 2016.

TAB H

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Commissioner for Taking Affidavits, etc.
Michael Beckett

Summary of Predevelopment Work Regarding Ross Park

Background:

The Ross Park property was introduced to Walter Thompson in December 2014 by a broker representing the vendors. It is comprised of 6 single family dwellings fronting Richmond Street, approximately 500 metres from the front gates of Western University and directly across from the 18-storey Luxe student housing project that opened in 2014. The vendors were two local London businesspersons who hired srm architects to create a proposed student residence for the site, and local planners to obtain development approvals.

By the end of 2014, the owners had decided that the cost and expertise required to advance these approvals was beyond their capacity. Textbook approaches the owners about purchasing the property in January 2015, and entered into an agreement of purchase and sale. Textbook closed on the property in July 2015. Textbook conducted significant predevelopment work both prior to and following the purchase. This work is set out below.

Predevelopment Work:

In January 2015, Textbook presented the development opportunity to its partnership group, who agreed to pursue an acquisition. Textbook signed a confidentiality agreement and commenced due diligence investigations.

Harry Froussios of Zelenka Priamo Ltd. (the planning consultant hired by the vendors) advised Textbook that the building which had been designed for the property had received tacit approval from the City of London Planning Department – i.e. the City had expressed a willingness to approve the concept as designed. In early 2015, Textbook met with City of London planning and engineering staff, the Mayor and the local council member, all of whom indicated their support for purpose-built student housing in the “Richmond Row” area, which was experiencing overcrowding as a result of multiple student tenants occupying single family homes in established neighbourhoods.

To Textbook’s knowledge, the Upper Thames River Conservation Authority (UTRCA) had retained AECOM Engineering to undertake a watershed mapping study to determine current flood parameters for certain areas within its watershed. The subject property is within the AECOM study area. Froussios advised that AECOM had indicated that the AECOM study would be completed in spring 2015, and that an engineer at AECOM had indicated it was unlikely the findings would have any negative impact on the subject property. Ultimately, the AECOM study was not completed on schedule and, to date, remains incomplete.

Textbook continued its due diligence investigations while awaiting publication of the AECOM report. Textbook also retained both srm and Froussios to continue their work in respect of the

subject property, and worked to refine building and suite designs, including working with srm to prepare architectural design development studies.

In spring 2015, Textbook was introduced to Alan Patton of Patton Cormier, a London lawyer specializing in municipal law who had close ties with City Hall and had previously served on UTRCA's Board of Directors. Textbook retained Patton to guide it through the London approvals process and, more specifically, to deal with any issues arising out of the AECOM study.

In spring 2015, Textbook held two meetings with UTRCA, which was unwilling to provide assurances regarding any detrimental impacts resulting from the AECOM study. Textbook discussed this issue with the vendors, to which the vendors' counsel indicated that she was not aware of any significant issues related to storm water impacting the property. On the basis of this statement, as well as AECOM's previous indication that the student was unlikely to have a negative impact on the property, Textbook purchased the property but negotiated a \$3 million holdback until the flood issues were resolved to Textbook's satisfaction.

Over the first half of 2015, Textbook engaged a number of consultants relating to traffic, civil engineering, hydrogeological, environmental and archaeological issues to prepare reports in support of a formal application to the City of London to amend the existing zoning by-law to permit a 229-suite dedicated student housing building, which required relief from the by-law's density and building height restrictions. The proposed building had 17 stories, which was consistent with the building originally proposed by the vendor and two stories less than the Luxe building directly across the street. At the same time, Textbook's hydrogeological engineers (MMM Ltd.) were engaged in discussions with UTRCA regarding the calculation of flood impacts on the property. MMM was advised by UTRCA that it believed the application was premature because the AECOM study had not been finalized and there was no accurate timetable for its completion.

During summer 2015, Textbook hired The Condo Store, a sales and marketing agency, to commence work on selling all of the suites in the proposed 17-storey building to investors. Marketing materials, legal agreements, and all related condo documentation (including documentation relating to Tarion warranty) were completed, and Textbook and The Condo Store commenced an intensive sales launch of the suites, ultimately selling all 229 units to the public by February 2016.

During the same period, Textbook continued to work with its consultants to prepare technical background studies and reports in support of its development application. In December 2015, Textbook made its formal rezoning and site plan approval application to the planning department of the City of London.

In February 2016, the City requested a meeting with Textbook and srm. Despite their earlier support of the vendors' 17-storey design, the City advised that 17 stories could not be approved and a reduction in the scale, massing, and number of rooms would be required to obtain the City's support. Textbook thus asked srm to make substantial design revisions to address the

City's comments. Through spring 2016, Textbook worked with srm and its planning consultants to redesign the building and fine-tune the planning rationale study, which is a requirement of the City. Between February and June 2016, Textbook and srm met on four occasions with City planning and urban design staff to discuss ongoing changes to the design and program and to obtain further direction.

By June 2016, the City and Textbook had reached a consensus pursuant to which the building's maximum height was reduced to 15 stories, its width was slightly increased, and a number of architectural refinements were made including stepping the building on the elevation abutting the neighbouring single family home subdivision. Although the number of units only decreased slightly, the redesign resulted in a change in the breakdown of bachelor, one-bedroom and two-bedroom suites which required the resale of every sold suite in the building. Textbook decided not to circle back with the purchasers to select new units until final approvals had been received.

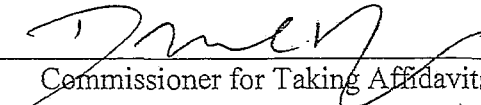
In June 2016, the City advised Textbook that based on the redesign, it was now prepared to support Textbook's application to the Planning Committee. However, AECOM still had not completed its flood mapping study and, as a result, UTRCA (a commenting agency in the rezoning process) refused to provide formal comments on Textbook's hydrogeological engineering report. In July 2016, Textbook met with UTRCA senior management and was told that UTRCA would not support Textbook's planning applications because it "appeared" the site was situated in a floodway. Immediately following the meeting, MMM submitted a letter to UTRCA's engineers which included extensive engineering calculations and detailed topographical site grading analysis. In the letter, MMM advised that in its professional opinion, the property was within the flood fringe, there was no flood risk or life safety issues and, therefore, the site could safely accommodate the proposed building. UTRCA refused to reconsider the application and to date has maintained the position that the application is premature and cannot be approved until the final AECOM study is approved and adopted as policy.

Current Status

Textbook filed an appeal with the Ontario Municipal Board, which is scheduled to be heard in October 2017. However, Textbook's lawyers for the appeal, as well as MMM and other consultants, have ceased working on the file pending payment assurances which is difficult given Textbook's present circumstances.

TAB I

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JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beifort

Summary of Predevelopment Work Regarding 774 Bronson

Background:

The 774 Bronson property was introduced to Walter Thompson in February 2015, but Textbook did not close on the property until January 2016. The property was being sold as the owner had failed to gain sales traction for the site as a high rise condominium development. Textbook worked to resolve numerous issues associated with the property prior to committing to purchase it; this work, in addition to the pre-development work completed following the purchase, is set out below.

Predevelopment Work:

The building that had been planned for the site was designed as a luxury condominium and was unsuitable for student housing. Textbook considered whether it could preserve the existing building plans while reconfiguring the interior partitioning to a student housing plan, but ultimately concluded that this was not possible.

The building was planned as two towers with a parkette in the centre and four levels of underground parking. The suites were large 3 and 4-bedroom units, with large balconies unsuitable for students on every suite. The building was structurally inefficient and could not be constructed for an economical price that would ensure affordable rent for students.

In order to receive City of Ottawa approval to construct the student housing building that Textbook wanted to build, the existing site-specific zoning by-law for the property had to be renegotiated from scratch with the City, the local Councillor and the Dows Lake Ratepayers Group, a politically influential group representing the Dows Lake neighbourhood abutting the site. The neighbourhood is predominantly comprised of wealthy retirees who had major concerns about a university residence being built in the area. The Ratepayers Group, which had a lawyer and a planner on its steering committee, was vocal in their opposition to the project from the outset and took the position that it was only prepared to support a luxury condominium on the site.

Textbook retained srm architects (a nationally recognized firm of architects with particular expertise in the design of student apartments) to consider reconceiving the existing and approved luxury condo, but it quickly became evident this could not be realized in an economical manner. srm and Textbook then commenced design development studies to determine whether an affordable, economically viable, purpose-built student housing building could be developed on the property. srm and Textbook also began an ongoing consultative dialogue with the City of Ottawa Planning Department, the Dows Lake Ratepayers Group, the local Councillor, neighbouring property owners, and several departments at City Hall having approval jurisdiction, the most relevant being the City's Transportation Department.

This consultative process with the various stakeholders lasted more than 9 months. srm and Textbook made dozens of design and program changes to the proposed building until a design emerged that was considered by all stakeholders as an improvement over the formerly approved luxury condominium project.

Concurrently with the design and planning negotiations, Tedesco Engineering (Textbook's traffic engineering consultants) commenced their analyses and started negotiations with the City regarding a

reduction in the 160 proposed parking stalls on the property. Textbook's engineers took the position that 14 stalls would be adequate given that most students do not drive to university and do not need a car while there given the availability of public transit and bicycles. This significant reduction worried ratepayers who were concerned that students would be parking cars in the abutting neighbourhood, given the small number of proposed stalls on the property. Following Textbook's submission of its transportation and traffic study, City officials began a review of overall city-wide parking standards and, following the completion of that review, Textbook received City approval and ratepayer consent for 24 parking stalls.

During the 9-month period during which the planning, design, and parking negotiations had been underway, and prior to committing to purchase the property, Textbook hired Doran Construction to assist Textbook with detailed pricing and value engineering. Textbook and its consultants met bi-weekly in Ottawa with Doran to review issues, and Doran prepared an in-house hard cost budget that met Textbook's expectations and demonstrated that the project was exceptionally viable.

During the same period, the City planning department together with the local Councillor approached the ratepayers and advocated for their support of our project which had been modified on many fronts to be acceptable to the neighbourhood. The numerous design iterations proposed by Textbook convinced the neighbours that an exceptional building was possible and that students would not disrupt their lifestyle.

Textbook closed on the property in January 2016 and soon thereafter, the proposed building was approved in final form by City Planning and Ottawa Council with unanimous support from the neighbourhood.

Following acquisition of the land, Textbook continued to develop detailed architectural and structural engineering studies to find cost saving efficiencies. Textbook also reached out to suppliers of kitchens and bathrooms from China, and investigated mass purchase options for granite countertops, flooring and other building materials.

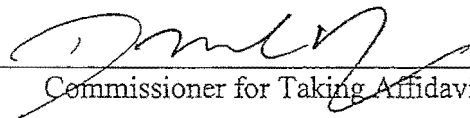
srn architects and Textbook's engineering consulting team, with guidance from Doran, prepared preliminary working drawings which Doran tendered to the marketplace throughout spring 2016. Tendered prices were lower than the already conservative Doran budget. During this period, Textbook worked closely with its geotechnical and environmental consultants to conduct further soil and groundwater tests, and developed an economical plan to abate the presence of minor soil contamination which had been detected during due diligence soil investigations prior to closing.

Throughout the summer of 2016, the consultants advanced their drawings in anticipation of applying for a building permit in November or December 2016.

In October 2016, the Tier 1 situation halted work on the project. No further work has taken place since and the property has recently been offered for sale by the first mortgagee.

TAB J

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Commissioner for Taking Affidavits, etc.


Michael Beelock

**Summary of Projects Costs and Management Fees
As at July 27, 2017**

Project	Project Commencement Date	Months Worked on Project	SMI first Closing Date	Per Pro Forma sent to Tier 1			Total Management Fees	Less AJE re Loans from Projectcos to GenerX (Byward Hall)	Revised Total Management Fees	Mgmt Fees as a % of Pro Forma sent to Trustee	Project	
				Date	Total Project Costs	Development Mgmt Fees						
						\$						% of Total Project Costs
Legacy Lane	July 2012	57	April 2, 2013	Nov 15, 2014	\$ 22,444,176	\$ 1,122,209	5%	\$ 798,211	\$ 191,230	\$ 606,982	54%	Legacy Lane
McMurray	Feb 2011	74	May 3, 2012	Apr 16, 2015	28,834,225	883,187	3%	619,066	148,311	470,754	53%	McMurray
Scollard / Boathaus	Nov 2013	40	Sept 4, 2014	Aug 1, 2016	73,159,017	1,803,118	2%	1,112,550	266,537	846,013	47%	Scollard
Memory Care - Burlington	Jan 2013	50	May 22, 2015	Apr 23, 2014	23,900,823	1,500,000	6%	1,662,168	398,210	1,263,957	84%	Memory Care Burlington
Memory Care -Kitchener	Jun 2013	45	Feb 26, 2014	Apr 23, 2014	25,579,419	1,593,750	6%	1,579,537	378,414	1,201,123	75%	Memory Care Kitchener
Memory Care - Oakville	May 2012	58	Oct 29, 2012	Feb 19, 2015	27,704,128	1,500,000	5%	1,636,649	392,097	1,244,552	83%	Memory Care Oakville
Textbook (525 Princess)	May 2015	22	Dec 15, 2015	Oct 20, 2015	33,729,534	1,500,000	4%	660,717	158,290	502,427	33%	Textbook (525 Princess)
Textbook (555 Princess)	March 2015	24	Oct 20, 2015	Sept 20, 2015	41,877,555	2,100,000	5%	1,053,238	252,327	800,911	38%	Textbook (555 Princess)
Textbook (445 Princess)	March 2015	29	July 11, 2016	Apr 27, 2016	78,619,799	3,750,000	5%	1,392,244	333,544	1,058,700	28%	Textbook (445 Princess)
Textbook (774 Bronson)	Feb 2015	27	Mar 31, 2016	Apr 26, 2016	51,234,254	2,400,000	5%	2,233,594	535,109	1,698,485	71%	Textbook (774 Bronson)
Textbook Ross Park	Dec 2014	32	July 15, 2016	Apr 27, 2016	53,759,256	2,550,000	5%	2,696,178	645,931	2,050,247	80%	Textbook Ross Park
		42			\$ 460,842,186	\$ 20,702,264	4%	\$ 15,444,152	\$ 3,700,000	\$ 11,744,152	57%	

TAB K

THIS IS EXHIBIT "K"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.
Michael Beaton

Memory Care Investments Ltd.
Profit & Loss
August 2012 through July 2013

	<u>Aug '12 - Jul 13</u>
Ordinary Income/Expense	
Expense	
Advertising and Promotion	4,000.00
Bank Service Charges	227.40
Consulting Fees	26,814.11
Fees and Licenses	773.00
Insurance Expense	8,335.44
Management Fees - Judy Davies	0.00
Occasional Labour	1,000.00
Office Supplies	153.33
Repairs and Maintenance	7,145.13
Telephone Expense	595.71
Uncategorized Expenses	-29,155.00
	<hr/>
Total Expense	19,889.12
	<hr/>
Net Ordinary Income	-19,889.12
	<hr/>
Net Income	-19,889.12
	<hr/> <hr/>

Memory Care Investments Ltd.
Profit & Loss
August 2013 through July 2014

	Aug '13 - Jul 14
Ordinary Income/Expense	
Income	
Consulting Fees Income	100,000.00
Interest Income	4.37
Total Income	<u>100,004.37</u>
Gross Profit	100,004.37
Expense	
Advertising and Promotion	6,728.43
Automobile Expense	550.65
Bank Service Charges	241.05
Computer and Internet Expenses	2,363.79
Insurance Expense	1,139.40
Meals and Entertainment	11,315.51
Office Supplies	13,286.30
Payroll Tax	2,262.47
Postage and Delivery	261.54
Printing and Reproduction	16,619.65
Professional Fees	15,000.00
Rent Expense	51,899.97
Repairs and Maintenance	13,903.69
Salaries	8,665.98
Sponsorship	5,000.00
Telephone Expense	5,382.79
Travel Expenses	8,353.67
Utilities	6,685.32
Total Expense	<u>169,660.21</u>
Net Ordinary Income	<u>-69,655.84</u>
Net Income	<u><u>-69,655.84</u></u>

Memory Care Investments Ltd.
Profit & Loss
August 2014 through July 2015

	<u>Aug '14 - Jul 15</u>
Ordinary Income/Expense	
Income	
Consulting Fees Income	150,000.00
Total Income	<u>150,000.00</u>
Gross Profit	150,000.00
Expense	
Advertising and Promotion	2,371.00
Automobile Expense	4,299.54
Bank Service Charges	401.76
Computer and Internet Expenses	1,190.82
Insurance Expense	1,139.40
Meals and Entertainment	2,259.49
Office Supplies	8,545.87
Payroll Tax	35,495.84
Postage and Delivery	855.77
Rent Expense	56,261.27
Repairs and Maintenance	820.92
Salaries	76,304.84
Sponsorship	104,950.00
Telephone Expense	4,348.63
Uncategorized Expenses	1,005.70
Utilities	6,120.06
Total Expense	<u>306,370.91</u>
Net Ordinary Income	-156,370.91
Other Income/Expense	
Other Expense	
Ask My Accountant	0.00
Total Other Expense	<u>0.00</u>
Net Other Income	0.00
Net Income	<u><u>-156,370.91</u></u>

Profit & Loss

August 2015 through July 2016

	Aug '15 - Jul 16
Ordinary Income/Expense	
Income	
Consulting Fees Income	100,290.14
Mgmt Fee Income	150,000.00
Miscellaneous Income	68.55
Total Income	<u>250,358.69</u>
Gross Profit	250,358.69
Expense	
Automobile Expense	9,938.40
Bank Service Charges	393.73
CRA Interest and Penalty	380.61
Insurance Expense	7,727.40
Interest Expense	33.75
Office Supplies	10,441.66
Payroll Processing Fee	862.28
Payroll Tax	39,386.34
Postage and Delivery	289.21
Rent Expense	54,959.04
Repairs and Maintenance	1,352.88
Salaries	136,031.34
Sponsorship	35,000.00
Telephone Expense	4,219.54
Travel Expenses	868.41
Uncategorized Expenses	34,970.00
Utilities	5,916.46
Total Expense	<u>342,771.05</u>
Net Ordinary Income	<u>-92,412.36</u>
Net Income	<u><u>-92,412.36</u></u>

Memory Care Investments Ltd.
Profit & Loss
August 2016 through July 2017

	<u>Aug '16 - Jul 17</u>
Ordinary Income/Expense	
Income	
Mgmt Fee Income	603,062.00
Total Income	<u>603,062.00</u>
Gross Profit	603,062.00
Expense	
Automobile Expense	2,400.00
Bank Service Charges	245.62
Computer and Internet Expenses	165.00
CRA Interest and Penalty	1,843.66
Insurance Expense	2,470.46
Interest Expense	80.73
Meals and Entertainment	261.73
Office Supplies	5,873.13
Payroll Processing Fee	381.41
Payroll Tax	15,487.75
Postage and Delivery	38.27
Rent Expense	52,248.34
Repairs and Maintenance	580.74
Salaries	94,142.55
Telephone Expense	2,080.65
Utilities	4,770.38
Total Expense	<u>183,070.42</u>
Net Ordinary Income	<u>419,991.58</u>
Net Income	<u><u>419,991.58</u></u>

Balance Sheet

As of 31 July 2017

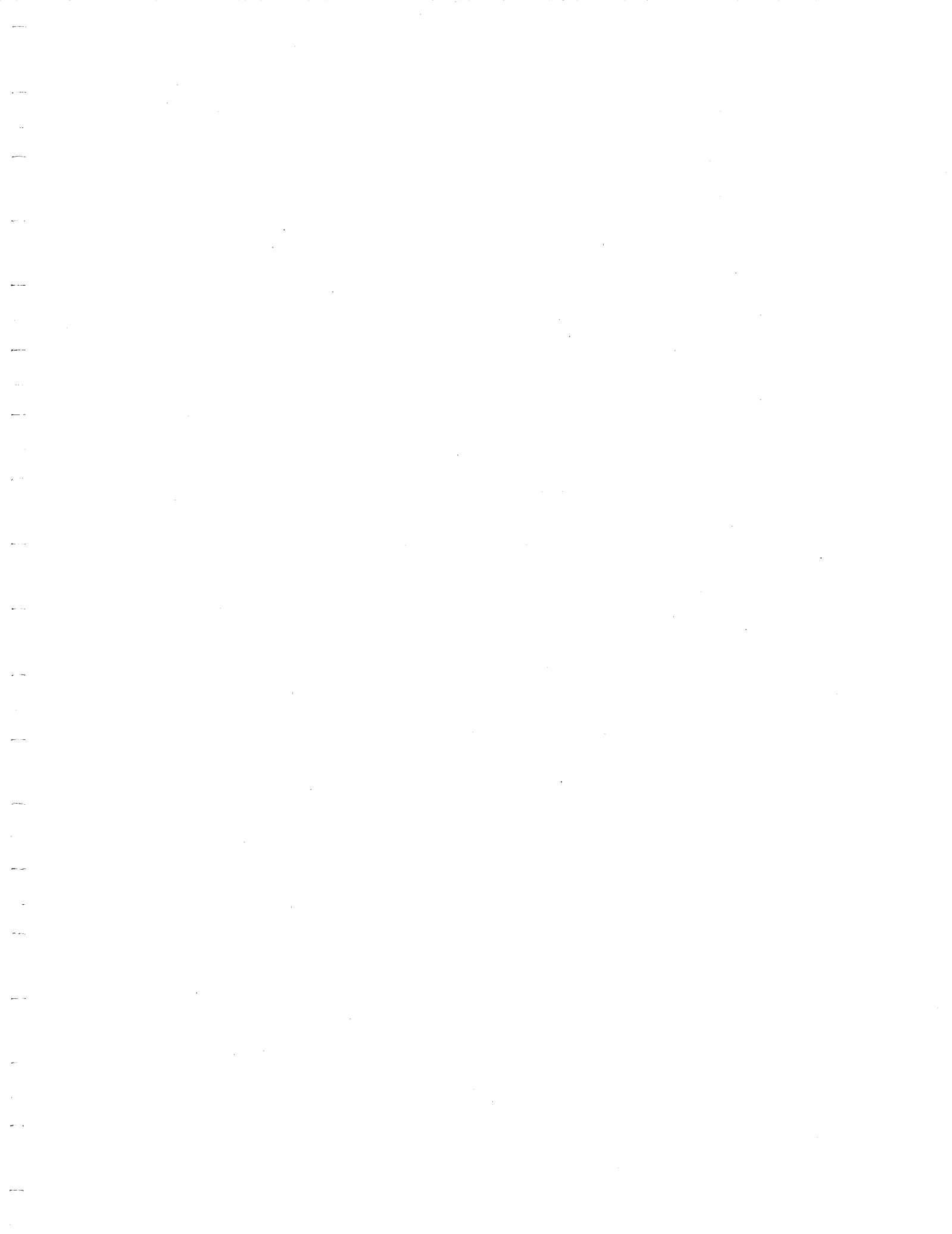
	31 Jul 17
ASSETS	
Current Assets	
Chequing/Savings	
RBC	-13,453.04
Total Chequing/Savings	-13,453.04
Accounts Receivable	
Accounts Receivable	42,375.96
Total Accounts Receivable	42,375.96
Other Current Assets	
Receivable from 141 RSingh	-40,897.13
Total Other Current Assets	-40,897.13
Total Current Assets	-11,974.21
Fixed Assets	
Furniture and Equipment	278,917.84
Leasehold Improvements	6,916.31
Marketing	13,202.00
New Project Costs	28,528.00
Soft Cost	
Development Fees	23,478.52
Total Soft Cost	23,478.52
Total Fixed Assets	351,042.67
Other Assets	
Prepaid Deposits	600.00
Total Other Assets	600.00
TOTAL ASSETS	339,668.46
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	112,196.63
Total Accounts Payable	112,196.63
Other Current Liabilities	
Accruals	1,325.00
Due to 2372519 Ontario	91,000.00
Due to Aeolian Investments	-348,491.94
Due to Lafontaine Terrace	106,985.00
Due to MC Burlington	-411,930.03
Due to McKenzie Marsh	-40,714.45
Due to McMurray	254,045.50
Due to Memory Care Kitchener	26,469.64
Due to Memory Care Mgmt Ltd	165.00
Due to Memory Care Oakville	375,488.53
Due to Memory Care Ottawa	-49,782.00
Due to Memory Care Victoria	5,680.54
Due to Scollard Development Cor	55,792.64
Due to Scollard Developments	19,520.06
Due to Shareholder - JD	14,490.63
Due to Textbook 445 Princess	48,000.00
Due to Textbook 525 Princess	4,000.00
Due to Textbook 555 Princess	3,000.00
Due to Textbook Students RP	1,480.00
Due to Textbook Students Suites	-9,232.16
Due to Traditions Development C	-94,828.53
Due to TSI	106,400.00
GST/HST Payable	18,681.25
HST Paid	-32,413.20
Total Other Current Liabilities	145,131.48
Total Current Liabilities	257,328.11

Memory Care Investments Ltd.

Balance Sheet

As of 31 July 2017

	<u>31 Jul 17</u>
Total Liabilities	257,328.11
Equity	
Capital Stock	2.00
Opening Balance Equity	2,000.00
Retained Earnings	-339,653.23
Net Income	419,991.58
Total Equity	<u>82,340.35</u>
TOTAL LIABILITIES & EQUITY	<u><u>339,668.46</u></u>



Textbook Suites Inc.
Profit & Loss
 October 2015 through September 2016

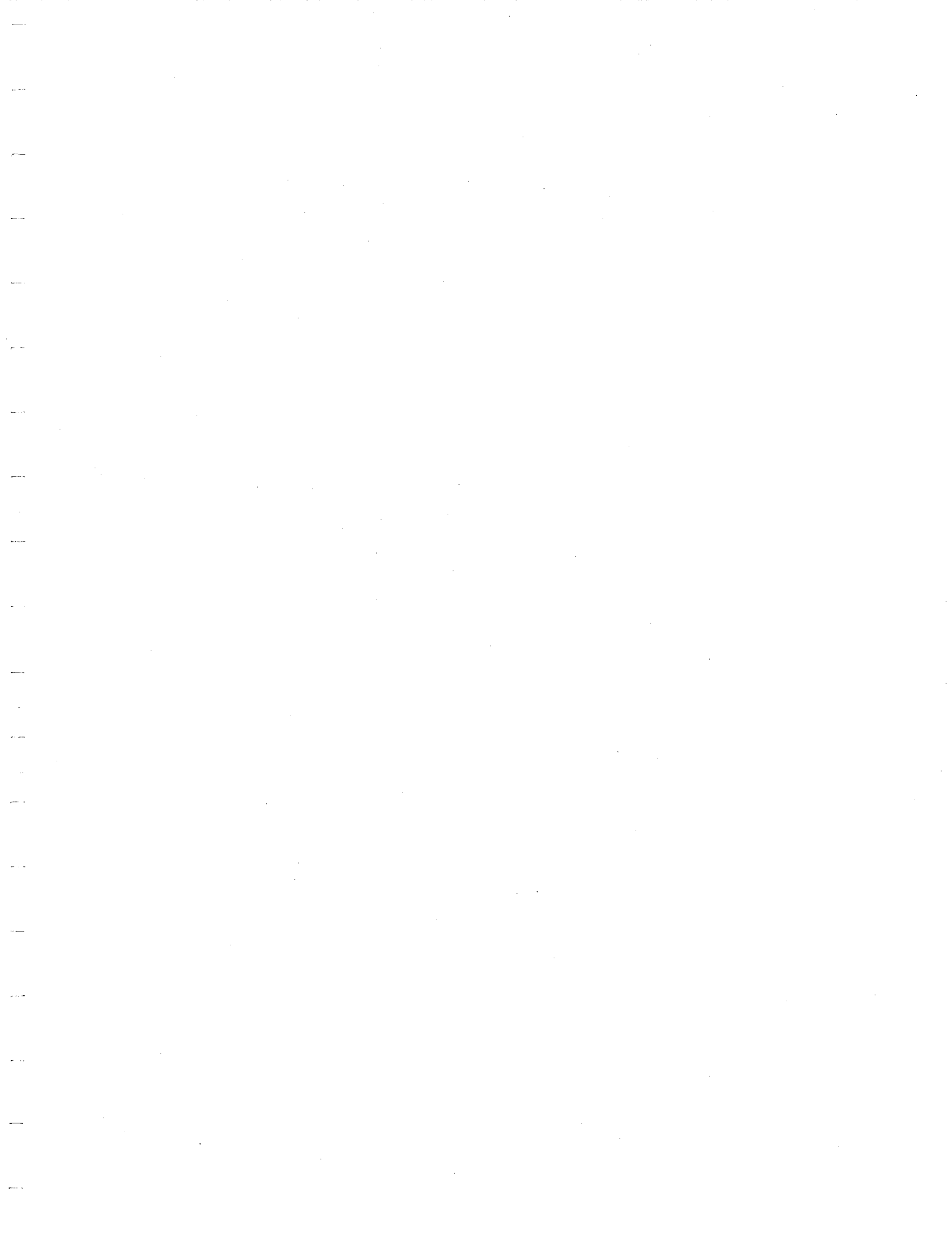
	Oct '15 - Sep 16
Ordinary Income/Expense	
Income	
41200 · Developer Management Fees	3,185,500.00
Total Income	<u>3,185,500.00</u>
Gross Profit	3,185,500.00
Expense	
60000 · Advertising and Promotion	4,974.22
60200 · Automobile Expense	3,370.62
60300 · Travel	25,572.15
60400 · Bank Service Charges	15,941.18
61700 · Computer and Internet Expenses	4,712.93
62500 · Dues and Subscriptions	7,974.68
63300 · Insurance Expense	7,452.00
64300 · Meals and Entertainment	2,531.01
64900 · Office Supplies	2,656.39
65000 · Salaries and Benefits	294,299.38
65100 · HR Expenses	43,852.29
65200 · Payroll Processing Fee	574.95
65900 · Management Fees	940,000.00
66500 · Postage and Delivery	1,410.94
66650 · Marketing	500.00
66700 · Professional Fees	22,066.87
66800 · Consultants	3,388.00
66900 · Cancelled Project Expenses	18,803.80
67200 · Repairs and Maintenance	1,130.00
68100 · Telephone Expense	1,194.00
69800 · Uncategorized Expenses	0.00
Total Expense	<u>1,402,405.41</u>
Net Ordinary Income	1,783,094.59
Other Income/Expense	
Other Income	
41100 · CRA Interest	15.22
42503 · Dvd Income 774 Bronson	1,000,000.00
Total Other Income	<u>1,000,015.22</u>
Net Other Income	1,000,015.22
Net Income	<u><u>2,783,109.81</u></u>

Textbook Suites Inc.
Profit & Loss
 October 2016 through July 2017

	<u>Oct '16 - Jul 17</u>
Ordinary Income/Expense	
Income	
41200 · Developer Management Fees	1,340,338.00
Total Income	<u>1,340,338.00</u>
Gross Profit	1,340,338.00
Expense	
CRA non deductible interest	105.04
60200 · Automobile Expense	132.04
60300 · Travel	63.28
60400 · Bank Service Charges	309.31
61700 · Computer and Internet Expenses	1,374.46
62500 · Dues and Subscriptions	250.00
63300 · Insurance Expense	937.88
63450 · Finance Fees	135,770.50
64300 · Meals and Entertainment	428.63
64900 · Office Supplies	2,848.64
65000 · Salaries and Benefits	165,452.18
65100 · HR Expenses	2,567.16
65200 · Payroll Processing Fee	442.91
65900 · Management Fees	80,000.00
66500 · Postage and Delivery	325.03
66600 · Printing and Reproduction	17.40
66700 · Professional Fees	183,857.17
67100 · Rent Expense	9,541.37
68100 · Telephone Expense	1,468.01
69800 · Uncategorized Expenses	2,004.10
Total Expense	<u>587,895.11</u>
Net Ordinary Income	752,442.89
Other Income/Expense	
Other Income	
41100 · CRA Interest	-19.61
Total Other Income	<u>-19.61</u>
Net Other Income	-19.61
Net Income	<u><u>752,423.28</u></u>

Textbook Suites Inc.
Balance Sheet
 As of 31 July 2017

	31 Jul 17
ASSETS	
Current Assets	
Chequing/Savings	
10000 - RBC	-875.00
Total Chequing/Savings	-875.00
Other Current Assets	
13100 - Prepaid Insurance	15,000.00
14000 - Predevelopment Costs	
14105 - Brock	2,251.13
14110 - BC Projects	21,200.00
14115 - 90 High Street, Mississauga, ON	1,090.42
Total 14000 - Predevelopment Costs	24,541.55
18500 - Due to McMurray	1,000.00
Total Other Current Assets	40,541.55
Total Current Assets	39,666.55
TOTAL ASSETS	39,666.55
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	92,795.68
Total Accounts Payable	92,795.68
Other Current Liabilities	
18010 - Due from Textbook Ross Park Inc	7,360.00
18030 - Due to Textbook 525 Princess	-500.00
18040 - Due to Textbook 774 Bronson	-1,306,330.60
18050 - Due to Textbook 555 Princess	4,000.00
18060 - Due Textbook 445 Princess	-21,244.00
18070 - Due to GenerX (Byward Hall) Inc	-1,797,356.62
18090 - Due from Textbook Student Suite	410,566.13
18095 - Textbook Properties	-20.00
18100 - Due from Memory Care Oakville	-26,000.00
18120 - Memory Care Investments Ltd.	-78,500.00
18130 - Due to Memory Care Burlington	-33,900.00
18200 - Due to/from Scollard Dev	-11,300.00
18300 - 1703858 Ontario	2,200.00
18400 - Due to McKenzie Marsh	2,000.00
18600 - Due to 1321805 Ontario Inc.	217,400.00
18650 - Loan from SRM Architects	50,000.00
18660 - Loan to Aeolian	-1,100.00
25500 - GST/HST Payable	-5,937.13
Total Other Current Liabilities	-2,588,662.22
Total Current Liabilities	-2,495,866.54
Total Liabilities	-2,495,866.54
Equity	
30200 - Dividends Paid	-1,000,000.00
32000 - Retained Earnings	2,783,109.81
Net Income	752,423.28
Total Equity	2,535,533.09
TOTAL LIABILITIES & EQUITY	39,666.55



Textbook Students Suites Inc.
Profit & Loss
 April 2015 through March 2016

	Apr '15 - Mar 16
Ordinary Income/Expense	
Income	
41100 · CRA Interest	87.79
41200 · Development Management Fees	1,899,000.00
Total Income	<u>1,899,087.79</u>
Gross Profit	1,899,087.79
Expense	
60000 · Advertising and Promotion	170.00
60050 · Donations	2,000.00
60100 · Marketing	21,656.25
60200 · Automobile Expense	1,275.74
60300 · Meals and Entertainment	3,137.57
60400 · Travel	221,531.97
61700 · Computer and Internet Expenses	642.54
61800 · Computer Hardware	6,612.88
62000 · Bank Service Charges	903.22
63300 · Insurance Expense	6,247.80
64900 · Office Supplies	7,321.69
65000 · Salaries and Benefits	61,652.62
65100 · HR Expense	2,975.00
65900 · Management Fees	560,000.00
66500 · Postage and Delivery	1,104.01
66600 · Printing and Reproduction	315.07
66700 · Professional Fees	21,353.50
67200 · Repairs and Maintenance	1,509.34
68100 · Telephone Expense	1,020.26
69000 · CRA Penalty	963.33
69800 · Uncategorized Expenses	0.00
Total Expense	<u>922,392.79</u>
Net Ordinary Income	976,695.00
Other Income/Expense	
Other Income	
42500 · Dividend Income Ross Park	833,333.00
42501 · Dvd Inc Textbook 525 Princess	833,333.00
42502 · Dvd Inc Textbook 555 Princess	833,333.00
Total Other Income	<u>2,499,999.00</u>
Net Other Income	<u>2,499,999.00</u>
Net Income	<u><u>3,476,694.00</u></u>

Textbook Students Suites Inc.
Profit & Loss
April 2016 through March 2017

	<u>Apr '16 - Mar 17</u>
Ordinary Income/Expense	
Income	
41100 · CRA Interest	26.37
41200 · Development Management Fees	2,065,550.00
	<hr/>
Total Income	2,065,576.37
Gross Profit	2,065,576.37
Expense	
60050 · Donations	0.00
60100 · Marketing	0.00
60200 · Automobile Expense	-0.02
60300 · Meals and Entertainment	-0.01
60400 · Travel	-0.01
61700 · Computer and Internet Expenses	0.01
62000 · Bank Service Charges	82.45
64900 · Office Supplies	-0.01
66500 · Postage and Delivery	0.00
66700 · Professional Fees	1,668.07
66900 · Cancelled Projects	2,560.00
	<hr/>
Total Expense	4,310.48
Net Ordinary Income	2,061,265.89
Net Income	<hr/> <u>2,061,265.89</u>

Textbook Students Suites Inc.
Profit & Loss
1 April through 26 July 2017

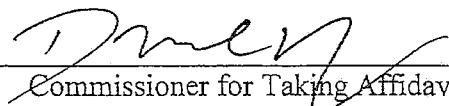
	<u>1 Apr - 26 Jul 17</u>
Ordinary Income/Expense	
Income	
41200 · Development Management Fees	133,672.00
Total Income	<u>133,672.00</u>
Gross Profit	133,672.00
Expense	
62000 · Bank Service Charges	18.00
65000 · Salaries and Benefits	2,000.00
67100 · Rent Expense	4,758.19
67200 · Repairs and Maintenance	317.23
68100 · Telephone Expense	282.26
68600 · Utilities	1,275.12
Total Expense	<u>8,650.80</u>
Net Ordinary Income	125,021.20
Other Income/Expense	
Other Expense	
80000 · Ask My Accountant	3,493.63
Total Other Expense	<u>3,493.63</u>
Net Other Income	-3,493.63
Net Income	<u><u>121,527.57</u></u>

Textbook Students Suites Inc.
Balance Sheet
 As of 31 July 2017

	31 Jul 17
ASSETS	
Current Assets	
Chequing/Savings	
10000 - RBC Bank	71.41
10050 - Petty Cash	107.35
Total Chequing/Savings	178.76
Accounts Receivable	
11000 - Accounts Receivable HST	-14.17
Total Accounts Receivable	-14.17
Other Current Assets	
14000 - PREDEVELOPMENT NEW PROJECTS	
14102 - 4th Avenue Saskatoon	59,563.85
14110 - Calgary	15,828.75
Total 14000 - PREDEVELOPMENT NEW PROJECTS	75,392.60
Total Other Current Assets	75,392.60
Total Current Assets	75,557.19
Fixed Assets	
15000 - Furniture	25,719.44
15900 - Equipment	15,148.00
Total Fixed Assets	40,867.44
TOTAL ASSETS	116,424.63
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 - Accounts Payable	122,230.08
Total Accounts Payable	122,230.08
Other Current Liabilities	
18000 - Due to Textbook Suites Inc.	-410,566.13
18010 - Due to Textbook Ross Park	-265,687.00
18020 - Textbook Property	-100.00
18030 - Due to Textbook 525 Princess	-50,217.00
18040 - Due to 774 Bronson Avenue, Otta	1,058,854.09
18050 - Due to Textbook 555 Princess St	-47,238.00
18060 - Due to Textbook 445 Princess	14,350.00
18070 - Due to Genex (Byward Hall) Inc	-3,500,638.66
18100 - Due to Memory Care Oakville	-9,000.00
18110 - Due to Memory Care Kitchener	63,000.00
18120 - Due to Memory Care Investments	9,232.16
18200 - Due to Scollard Development Cp	86,452.18
18300 - Due to 1703858 Ontario	-108,000.00
18500 - Due to McMurray Street	-5,000.00
25500 - GST/HST Payable	-735.55
Total Other Current Liabilities	-3,165,293.91
Total Current Liabilities	-3,043,063.83
Total Liabilities	-3,043,063.83
Equity	
30200 - Dividends Paid	-2,499,999.00
32000 - Retained Earnings	5,537,959.89
Net Income	121,527.57
Total Equity	3,159,488.46
TOTAL LIABILITIES & EQUITY	116,424.63

TAB L

THIS IS EXHIBIT "L"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.
Michael Beetham



October 22, 2015

Textbook Student Suites Inc.
51-A Caldari Road, Unit 1M
Vaughan, Ontario
L4K 4G3

Attention: Walter Thompson

Dear Mr. Thompson:

RE: Financing for 256 Rideau Street, Ottawa, ON

We are pleased to advise that KingSett Mortgage Corporation has approved the following loan facilities in connection with the above noted matter, as more particularly described below and within Schedules A, B, C, D, E, F, G, and H attached hereto (the "Commitment" or "Commitment Letter").

A. LOAN TERMS

1. **Background** – To provide land acquisition and construction financing for a 279-unit, 26-storey, 235,000 buildable sq. ft. student residence building on +/-0.32 acres of land located at 256 Rideau Street, Ottawa, Ontario (the "Project" or "Property").
2. **Lender** – KingSett Mortgage Corporation (the "Lender")
3. **Borrower** – Textbook (256 Rideau Street) Inc. (the "Borrower")
4. **Guarantee** – The Lender requires the following unlimited, joint and several personal credit guarantees from Mr. John Davies and Mr. Walter Thompson (collectively the "Guarantor" and/or "Guarantors"), together with a postponement of shareholder and creditor claims against the Borrower and the Project. In addition to guaranteeing the Borrower's total indebtedness for the Project, the guarantee shall also provide for the following:
 - i) a guarantee to complete the Project;
 - ii) a cost overrun guarantee to keep the Project free of all liens and to fund all costs to complete the Project including, without limitation, all interest costs, fees, insurance premiums and other payments associated with the Project;
 - iii) a guarantee for environmental issues, misrepresentations, negligence and willful misconduct.
 - iv) a guarantee to repay the Loan in full included all unpaid loan principal, unpaid loan interest and all unpaid costs and expenses incurred by the Lender in connection with the Loan.

(Hereinafter, the "Guarantee").

5. **Project Budget** – For the Project Budget, see Schedule "B".



6. **Project Monitor** – the Lender’s cost consultant / project monitor shall be Pelican Woodcliff or another consultant/project monitor acceptable to the Lender in its sole and unfettered discretion (the “**Project Monitor**” or “**Cost Consultant**”). The scope of the Project Monitor’s mandate is outlined in Schedule “C” Project Monitor Mandate / Reporting. The cost of the Project Monitor and its reports, including HST, shall be for the exclusive account of the Borrower.

7. **Loan Facilities** –

Facility 1 - \$2,750,000 land loan including a \$190,000 Interest Reserve (“**Facility 1**”)

Facility 2 - \$47,120,000 non-revolving construction loan (“**Facility 2**”)

Note: Facility 2 is subject to syndication.

Facility 3 – \$10,050,000 mezzanine facility (“**Facility 3**”)

Note: The initial advance of Facility 3 will refinance Facility 1.

(Collectively the “**Loan**”, “**Loan Amount**” or “**Loan Facilities**”).

8. **Minimum Project Equity** –

Facility 1: The Borrower shall maintain a minimum equity position of \$2,750,000 in the Project until Facility 1 is repaid in full (the “**Facility 1 Equity**”).

Facility 2 and 3: The Borrower shall maintain a minimum equity position of \$10,154,338 in the Project, of which \$2,750,000 is Borrower’s cash equity and \$7,404,338 is Tier 1 subordinate financing, until the Loan is repaid in full. (the “**Facility 2 Equity**”).

9. **Lender’s Fee** – Upfront fee as detailed below, earned by the Lender upon the Borrower’s execution of this Commitment Letter.

Facility 1: \$41,250 Lender’s Fee (1.50% of Facility 1) (the “**Facility 1 Lender’s Fee**”).

Facility 2: \$353,400 Lender’s Fee (0.75% of Facility 2) (the “**Facility 2 Lender’s Fee**”).

Facility 3: \$150,750 Lender’s Fee (1.50% of Facility 3) (the “**Facility 3 Lender’s Fee**”).

(Collectively, the “**Lender’s Fee**”)

The Lender’s Fee is non-refundable. The portion of the Good Faith Deposit, as defined below, not used to pay transaction expenses incurred by the Lender shall be applied as a credit toward the Lender’s Fee. The Lender shall deduct the unpaid balance of the Lender’s Fee from the proceeds of the initial advance under the Loan.

10. **Good Faith Deposit** – Lender acknowledges prior receipt of a \$30,000 good faith deposit (the “**Good Faith Deposit**”). This deposit will be used for expenses and the related HST, GST and/or PST that may be incurred by the Lender prior to the initial advance of the Loan, such as, but not limited to, the cost of property inspections, legal fees and disbursements, environmental site assessments, appraisal reports, building condition reports, insurance consultant reports and the cost



of title insurance, if applicable, with the remaining balance, if any, to be credited towards the Lender's Fee.

The Borrower acknowledges that such deposit is a reasonable estimate of the Lender's cost incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that the same may be retained by the Lender should the Loan not be funded for any reason.

11. **Monthly Payments** – Monthly payments of interest only, not in advance, are required to be made by the Borrower to the Lender in connection with the Loan at the Interest Rate defined below, subject to the Interest Reserve provisions noted in this Commitment Letter (the "**Monthly Payments**"). Monthly Payments are to be made on the first calendar day of every month until the Loan is repaid in full commencing on the first calendar day of the month next following the date of initial advance of the Loan. NSF payments will be subject to an administrative fee of \$500.00.

12. **Interest Rate**

Facility 1: 10.00% per annum, interest only and payable monthly, not in advance (the "**Facility 1 Interest Rate**").

Facility 2 The greater of: (1) the sum of RBC Price plus 1.75% or (2) 4.45% per annum, interest only and payable monthly, not in advance (the "**Facility 2 Interest Rate**").

Facility 3: 10.00% per annum, interest only and payable monthly, not in advance (the "**Facility 3 Interest Rate**").

(Collectively, the "**Interest Rate**").

13. **Interest Reserve** – Provided the Loan is not in default, an interest reserve of \$190,000 may be used by the Borrower to make its Monthly Payments for Facility 1 of the Loan. For greater certainty, monthly interest (i.e., the Monthly Payments) shall be capitalized to the outstanding principal balance of the Loan until the earlier of repayment of Facility 1 in full or the capitalization of a total of \$190,000 of Monthly Payments to the Facility 1 Loan. Upon default by the Borrower under the Loan or Security or upon full utilization of the Interest Reserve, the Borrower shall be required to make Monthly Payments from its own financial resources and not from the Interest Reserve (the "**Interest Reserve**").

14. **Term of Loan** –

Facility 1: Eight (8) months from the date of initial advance of Facility 1 if the same occurs on the first calendar day of a month otherwise eight (8) months from the first calendar day of the month next following the date of initial advance of Facility 1 (the "**Facility 1 Maturity Date**").

Facility 2 and 3: Twenty-four (24) months from the date of initial advance of Facility 2 and 3 if the same occurs on the first calendar day of a month otherwise eighteen (18) months from the first calendar day of the month next following the date of initial advance of Facility 2 and 3 (the "**Facility 2 and 3 Maturity Date**"). Lender may allow two (2) extensions of up to three (3) months each subject to payment in advance of the extension fee by the Borrower to the Lender.



15. **Extension Fee** – Facility 2: 0.50% of the authorized amount at time of extension of Facility 2, excluding Letters of Credit, payable prior to each three (3) month extension of the maturity to be until full repayment of the Loan.
16. **Amortization** – Not applicable; monthly interest payments only.
17. **Prepayment** – The Loan is closed for prepayment prior to the maturity date.
18. **Over Holding Fee** – If the Loan is not repaid in full on or before the Maturity Date, the Borrower shall be required to pay to the Lender an over holding fee, in addition to any and all other rates, fees and costs to be paid to the Lender by the Borrower pursuant to this Commitment Letter. More particularly, this fee shall be earned by and payable to the Lender monthly, in advance, on the first business day of each month and shall be payable at the rate of 0.25% per month, or part thereof, multiplied by the then outstanding Loan Amount (the "**Over Holding Fee**"). The Borrower hereby acknowledges that the requirement to pay the Over Holding Fee does not constitute an extension of the Loan. If the Loan is not repaid in full by the Maturity Date, the same shall constitute default by the Borrower under the Commitment and Security documents notwithstanding payment of the Over Holding Fee. The Borrower further acknowledges that the Lender, at its option, may add the Over Holding Fee to the outstanding principal balance of the Loan and that the Security for the Loan also secures the Over Holding Fee.
19. **Costs and Expenses** – Borrower to bear all costs and expenses incurred by the Lender from time to time in connection with the subject Loan regardless of whether or not the Loan Amount is ever advanced and, such costs may include, but shall not be limited to, legal fees, disbursements, environmental site assessment reports, appraisal reports, building condition reports, insurance consulting reviews, reliance letters, title insurance, out-of-pocket expenses for property inspections and the HST, GST and/or PST related to all such costs and expenses.
20. **Partial Discharges** – Partial discharges shall not be permitted.

Lender will charge an administration fee of \$1,000 for full discharge of the mortgage and other security (the "**Discharge Fee**")

All legal fees, disbursements and GST/HST related to the discharge of the Lender's mortgage and other security shall be paid by the Borrower.

21. **Permitted Encumbrances**

The Lender hereby acknowledges and consents to a second mortgage/charge in the registered principal sum of no more than \$11,000,000 in favour of Tier 1 Advisory, and other parties advancing any portion of such second charge, ("**Collectively, Tier 1**"), provided that Tier 1 enters into a postponement, subordination and standstill agreement with the Lender in the Lender's prescribed form for the purpose of postponing any Borrower indebtedness to Tier 1 and Tier 1's mortgage to the Loan and the Security therefor. (Hereinafter the "**Permitted Subordinate Encumbrance**"), provided interest shall continue to be paid in the permitted subordinate Encumbrance.

With respect to Facility 1 only, the Lender hereby consents to a VTB mortgage registered in priority to Facility 1 for the term of Facility 1 only, provided that the VTB mortgagee provides written consent, if such consent is required by the VTB mortgagee (the "**Permitted Prior Charge**")



22. **Security** - The Loan shall be secured by the following security which, prior to any advance under the Loan, shall be delivered by the Borrower to the Lender in form, scope and substance satisfactory to the Lender and its legal counsel (collectively, the "Security"):

Prior to advance of Facility 1:

- a. Registered \$12,562,500 second mortgage/charge over the Property.
- b. Guarantees as per section A.4, including a postponement of shareholder and creditor claims against the Borrower and the Project.
- c. General Assignment of Rents and Leases registered in second priority on title to the Project lands.
- d. General Security Agreement ("GSA") registered in second priority under PPSA.
- e. General assignment of all current and future material contracts for the Project including, without limitation, those relating to engineering specifications and drawings, architectural specifications and drawings, plans, construction contracts, licenses and permits.
- f. A specific assignment of any and all easement, access, egress, maintenance, parking, crane swing, tie-back and other agreements with neighbouring land owners to the Project as determined by the Lender. Such assignment to be in scope, form and content acceptable to the Lender. The assignments are to be acknowledged in writing by all parties that are neither the assignor nor the assignee of such assignments. The requirements of this paragraph shall not apply to agreements registered on title to the Project land in priority to the Lender's mortgage.
- g. Acknowledgement, direction and security agreement from the beneficial owners of the Property, if the same are different than the registered owner of the Property, with respect to all of the security agreements entered into by the registered owner of the Property in favour of the Lender.
- h. Hazardous Substance Indemnity with respect to the Project in scope, form and substance acceptable to the Lender.
- i. Subordination and standstill agreement shall be required between the Lender and Tier 1 in form and content acceptable to the Lender.
- j. Specific Assignment of the construction management contract for the Project, or contracts if more than one. Lender may assume, at its option, the rights of the Borrower under the same if an Event of Default has occurred as defined in the Security. The assignment of the construction contract, or contracts if more than one, in favour of the Lender shall be acknowledged and consented to in writing by the construction manager with such assignment to be in scope, form and content determined by the Lender.
- k. Negative Pledge by Borrower and Guarantor to not repay any shareholder loans, redeem shares, pay out dividends nor to otherwise compensate the Project sponsors and other non-arm's length parties until such time as the Loan has been repaid in full, save and except for repatriation of surplus equity on first draw as contemplated herein and those development, marketing and/or construction fees specifically approved in writing by the Lender and included in the Project budget prepared by the Project Monitor
- l. Assignment of Insurance - Insurance coverage as set out Schedule "A" Assignment by the Borrower to the Lender of all insurance for the Project. The Lender's independent insurance consultant shall at the Borrower's expense, review the required insurance coverage's and policies.



- m. Hypothecation and Pledge to the Lender of any and all issued and outstanding common shares, preferred shares and limited partnership units of the Borrower (and any and all shares of a general partner for the Project). The Lender's interest in such securities shall be perfected by possession and control by the Lender (or its legal counsel on behalf of the Lender) of the original share and unit certificates.
- n. Solicitor's Letter of Opinion confirming all Security is in place.
- o. Such other Security as the Lender and/or its legal counsel may reasonably require.

The Lender's mortgage and general assignment of rents and leases shall be registered on title to the Project lands. Where applicable, as determined by the Lender, PPSA registrations shall be granted in favour of the Lender with respect to the Lender's personal property security for the Loan.

Prior to advance of Facility 2:

- p. Registered \$47,120,000 first mortgage/charge over the Property.
- q. Guarantees as per section A.4, including a postponement of shareholder and creditor claims against the Borrower and the Project.
- r. General Assignment of Rents and Leases registered in first priority on title to the Project lands.
- s. General Security Agreement ("GSA") registered in first priority under PPSA.
- t. General assignment of all current and future material contracts for the Project including, without limitation, those relating to engineering specifications and drawings, architectural specifications and drawings, plans, construction contracts, licenses and permits.
- u. A specific assignment of any and all easement, access, egress, maintenance, parking, crane swing, tie-back and other agreements with neighbouring land owners to the Project as determined by the Lender. Such assignment to be in scope, form and content acceptable to the Lender. The assignments are to be acknowledged in writing by all parties that are neither the assignor nor the assignee of such assignments. The requirements of this paragraph shall not apply to agreements registered on title to the Project land in priority to the Lender's mortgage.
- v. Acknowledgement, direction and security agreement from the beneficial owners of the Property, if the same are different than the registered owner of the Property, with respect to all of the security agreements entered into by the registered owner of the Property in favour of the Lender.
- w. Hazardous Substance Indemnity with respect to the Project in scope, form and substance acceptable to the Lender.
- x. Subordination and standstill agreement shall be required between the Lender and Tier 1 in form and content acceptable to the Lender.
- y. Specific Assignment of the construction management contract for the Project, or contracts if more than one. Lender may assume, at its option, the rights of the Borrower under the same if an Event of Default has occurred as defined in the Security. The assignment of the construction contract, or contracts if more than one, in favour of the Lender shall be acknowledged and consented to in writing by the construction manager with such assignment to be in scope, form and content determined by the Lender.
- z. Negative Pledge by Borrower and Guarantor to not repay any shareholder loans, redeem shares, pay out dividends nor to otherwise compensate the Project sponsors and other non-arm's length



parties until such time as the Loan has been repaid in full, save and except for repatriation of surplus equity on first draw as contemplated herein and those development, marketing and/or construction fees specifically approved in writing by the Lender and included in the Project budget prepared by the Project Monitor

- aa. Assignment of Insurance - Insurance coverage as set out Schedule "A" Assignment by the Borrower to the Lender of all insurance for the Project. The Lender's independent insurance consultant shall at the Borrower's expense, review the required insurance coverage's and policies.
- bb. Hypothecation and Pledge to the Lender of any and all issued and outstanding common shares, preferred shares and limited partnership units of the Borrower (and any and all shares of a general partner for the Project). The Lender's interest in such securities shall be perfected by possession and control by the Lender (or its legal counsel on behalf of the Lender) of the original share and unit certificates.
- cc. Solicitor's Letter of Opinion confirming all Security is in place.
- dd. Such other Security as the Lender and/or its legal counsel may reasonably require.

The Lender's mortgage and general assignment of rents and leases shall be registered on title to the Project lands. Where applicable, as determined by the Lender, PPSA registrations shall be granted in favour of the Lender with respect to the Lender's personal property security for the Loan.

B. CONDITIONS PRECEDENT

The Loan shall be subject to the following pre-funding conditions which shall each have been received, reviewed and/or met, as the context implies, to the satisfaction of the Lender in its sole, absolute, and unfettered discretion prior to any advance of the Loan (collectively, the "Conditions Precedent"):

Facility 1:

1. Financial and operating due diligence on Borrower, Guarantor, and Project.
2. Satisfactory inspection of the Property by the Lender.
3. Receipt and satisfactory review by the Lender of a complete copy of all agreements setting out the registered and beneficial ownership of the Project and the Borrower together with a complete organizational chart.
4. Satisfactory receipt and review by the Lender of current personal net worth statement and/or current financial statements for the Guarantors.
5. Receipt and satisfactory review by the Lender of the Purchase and Sale Agreement for the Project lands. Lender's intent is to (i) verify the Borrower's land cost of \$11 million as represented by the Borrower in the Project Budget and to (ii) review the agreements for surviving covenants of the buyer and/or seller that did not merge upon completion of the purchase and sale of the lands. Lender to be satisfied with surviving buyer and/or seller covenants, if any.
6. Evidence satisfactory to the Lender that the Borrower has contributed the minimum required Facility 1 Equity amount, which equity may not be removed until the Loan is repaid in full.
7. Receipt and satisfactory review of evidence confirming physical and capacity allocation of all municipal services are immediately available for the Project.



8. Receipt and satisfactory review by the Lender and its Planning Consultant that Site Plan Approval for the Project is attainable within the term of Facility 1.
9. Receipt and satisfactory review of Borrower's preliminary construction budget.
10. Receipt and satisfactory review of accountant prepared Review Engagement financial statements for the registered and beneficial owners of the Project for the last two (2) fiscal years, if available.
11. Receipt and satisfactory review of a certified proforma rent roll and operating statement for the Project.
12. Receipt and satisfactory review by the Lender of a rental market feasibility report for the Project prepared by Rock Advisors Inc. (Derek Lobo) and reliance letter addressed to the Lender.
13. Receipt and satisfactory review by the Lender of the environmental site assessment for the Project from an acceptable environmental site assessment firm. Report to be addressed to Lender or supported by a letter of transmittal from the environmental assessment firm in favour of the Lender.
14. Receipt and satisfactory review by the Lender of the geotechnical soil report for the Property from an acceptable engineering firm confirming the feasibility of the proposed Project under existing soil conditions. Report to be addressed to the Lender or supported by a letter of transmittal from the author of the report in favour of the Lender.
15. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating "as-is" Project land value of no less than +/- \$11 million as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
16. Satisfactory review by the Lender of the Tier 1 commitment letter, amendments (if any) and charge terms.
17. Receipt of written consent from the Permitted Prior Charge to the proposed Facility 1 financing, if consent is required.
18. Receipt and satisfactory review by the Lender and its insurance consultant, Canrisc Insurance Consulting Services, of appropriate insurance coverages for the Project. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
19. Receipt and satisfactory review by the Lender of a real property report / survey for the Project prepared by an accredited Ontario land surveyor confirming no encroachments, easements or rights of way, save those which the Lender may specifically accept, and setting out the relationship of the lands and proposed improvements thereon to public thoroughfares for access purposes. Alternatively, at the cost of the Borrower, title insurance may be put in place that is satisfactory in form, scope and content to the Lender and its legal counsel.
20. Receipt and satisfactory review by the Lender and its solicitors of all customary off-title searches for properties of similar nature to that of the Project including, without limitation, searches for unregistered easements, rights-of way, property tax status and environmental notices. The off-title searches are to be obtained by the Borrower's solicitors and forwarded to the Lender's solicitors for review. Alternatively, title insurance may be put in place, at the cost of the Borrower, that is deemed satisfactory to the Lender and its solicitors.
21. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
22. All levies, impost fees, local improvement charges, property taxes and other charges that are due and payable in connection with the Project shall have been paid to the date of the advance of the Loan unless



the same form part of the Lender-approved Project budget and are to be included in ongoing loan advances under the Loan.

23. All Security to be executed by, as applicable, the Borrower, the Lender and the Guarantor and to, as applicable, be registered on title to the Project lands, and/or under the PPSA at least one (1) business day prior to the initial advance of the Loan.
24. Borrower to complete and execute Lender's Pre Authorized Debit ("PAD") form which shall permit the Lender to debit the Borrower's applicable current account each month for the Monthly Payment required hereunder should full utilization, suspension or cancelation of the Interest Reserve occur. See Schedule "F" attached hereto.
25. Borrower to complete and execute the Lender's Notice to Property Tax Authority for the Property which shall permit the Lender to request information from the municipality regarding the Property's property taxes. See Schedule "G" attached hereto.
26. All Conditions Precedent to be satisfied at least one (1) business day prior to the initial advance of the Loan.
27. Other usual matters involved in due diligence for a project of this nature.

Additional Conditions for Facilities 2 and 3:

28. Financial and operating due diligence on Borrower, Guarantor, Project and Borrower's construction manager and the general contractor.
29. Confirmation that all Facility 1 Conditions Precedent have been met.
30. Satisfactory second site inspection by the Lender, at the Lender's option.
31. Receipt and satisfactory review of site plan approval documentation, a fully executed Site Plan Agreement with the municipality along with building permits confirming the Project has been fully entitled to permit the development of the site as herein described.
32. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating not less than an estimated market value for the completed and Property of \$86,896,028 as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
33. Satisfactory budget review from the Project Monitor, in accordance with Schedule "C", confirming the reasonableness of the \$67,324,338 total Project Budget. The Project Monitor shall further confirm that the Project can reasonably be completed within 24 months of the initial advance of Facility 2. Lender's cost consultant to review all Project contracts. A minimum of 70% of the Project hard costs are to be covered under executed fixed price contracts or as otherwise recommended by the Lender's cost consultant. Lender shall receive, at the Borrower's cost, ongoing progress reports from the Project Monitor until such time as the Loan is repaid in full.
34. Receipt and satisfactory review by the Lender and Project Monitor, as to scope, form and content, of the construction management contract. Lender to be satisfied in its absolute, unfettered discretion with the Borrower's construction manager for the Project. If the Lender is not so satisfied, in its absolute and unfettered discretion, the Lender may, at its exclusive option, forthwith terminate this Commitment and cancel its obligation to grant the Loan to the Borrower. Lender hereby acknowledges Van Del Contracting Inc. is an acceptable construction manager for the Project.



35. Receipt by the Lender and the Project Monitor of all Project architectural and engineering plans, drawings and specifications together with all related architectural and engineering fee-for-service soft cost contracts. Such contracts to be acceptable to the Lender and the Project Monitor.
36. The Project monitor is to confirm that the Borrower has met the Facility 2 Minimum Project Equity which is required to remain in the Project until the Loan is repaid in full.
37. Receipt of updated certified proforma rent roll and operating statements for the Project.
38. Receipt and satisfactory review of Borrower's standard form of lease agreement for the Project.
39. Receipt of all existing/contracted leases for the Project, if available.
40. If applicable, receipt and satisfactory review by the Lender and the Project Monitor of any and all cost sharing, parking, maintenance, easements, egress/ingress, crane swing, tieback or other contracts with neighbouring land owners.
41. Receipt and satisfactory review by the Lender of property management agreements of the Project, if available.
42. Receipt and satisfactory review by the Lender and its insurance consultant, Canrisc Insurance Consulting Services, of appropriate insurance coverages for the Project including, without limitation, liability and builder's "all risks" policies. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
43. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
44. Other usual matters involved in due diligence for a project of this nature.

C. FUNDING

1. Advances – The initial advance of the Loan is subject to the prior execution and registration of the Security and the satisfaction of all terms and conditions of this Commitment letter including, without limitation, the Conditions Precedent to each of the Loan Facilities. The Lender will require two (2) business days' notice from the receipt of the Borrower's written advance request to fund all advances.

Loan advances to be granted as follows:

Facility 1:

- a) A single lump-sum advance of \$2,750,000, net of the \$190,000 Interest Reserve, shall be made on or before October 28, 2015 and in no case later than December 1, 2015.

Facility 2 and 3:

- a) An initial advance under 3 to fund no later than eight (8) months following the initial advance under Facility 1.
- b) The initial advance under Facility 3 to be in sufficient amount to repay Facility 1 in full.
- c) All requests for advances under the Loan shall be made in writing from the Borrower to the Lender and shall be accompanied by a progress advance report from the Project Monitor that includes, inter alia, the following, each in form and substance satisfactory to the Lender:
 - i) Details of work-in-place with reference to the Lender-approved Project Budget.



- ii) Certificate from the Project Monitor indicating:
 - a. Cost of work-in-place;
 - b. Certification by acceptable party that the work to-date has been completed in accordance with the plans and specifications previously submitted to the Lender and relied upon by the Lender in granting the Loan;
 - c. The amount of statutory lien and/or other Lender-required holdbacks and the estimated cost-to-complete the Project; and
 - d. Estimated substantial Project completion date.
- iii) Written correspondence from the Lender's legal counsel confirming clear title.
- d) Advances shall be limited to once per month and in amounts no less than \$100,000.
- e) Accumulated advances under the Loan shall at no time exceed the cost of work-in-place less the sum of the following:
 - 1) holdbacks required by the Project Monitor, if any; and
 - 2) Facility 2 Equity as per section A.8
- f) All realty taxes including, without limitation, all levies, development charges, educational development charges and local improvement rates billed to the date of each advance of the Loan are to be paid in full by way of deduction from the advance of the Loan or, if applicable, by further equity injection by the Borrower.
- g) For each advance under the Loan, the Borrower shall sign a statutory declaration satisfactory to the Lender and its legal counsel confirming that all Loan proceeds are being used solely to pay all Lender-approved accounts payable of the Project and for no other purpose whatsoever. Any use of Loan proceeds for any purpose other than that which has been approved by the Lender in connection with the Project Budget shall constitute default by the Borrower under this Commitment Letter and the Security agreements.
- h) Lender reserves the right to make advances directly to the project monitor or trades (sub-trades or otherwise) and/or suppliers if the Borrower is in default under the Loan or if the Lender believes, in its sole and unfettered discretion without the need to furnish evidence to the Borrower thereof, that Loan advances are being diverted from the Project and/or are being used to fund Project costs not provided for in the Lender approved Project Budget set out in the most recent Project Monitor report.
- i) All Loan advances provided for hereunder shall be subject to payment by the Borrower of the Lender's legal fees, disbursements and HST, GST and/or PST incurred in the making of said Loan advances.
- j) All loan advances, shall be subject to a \$500 loan advance fee payable to the Lender which amount shall be deducted from the applicable advance of the Loan by the Lender.

In the event that the initial advance of the Loan has not been made by December 1, 2015, at the exclusive option of the Lender, its obligations under this Commitment shall cease and be at an end and the Lender shall be released from any and all of its present and/or future obligations under the Commitment and Security documents including, without limitation, the obligation to make any advances under the Loan. Notwithstanding the same, the Lender shall remain entitled to earn and receive full payment of the Lender's Fee and to fully recover from the Borrower and Guarantor any expenses incurred by the Lender.



D. SPECIAL CONDITIONS

1. Subsequent Financing – No further encumbrances, other than the Permitted Subordinate Encumbrance and Prior Encumbrance, secured or unsecured, are permitted in connection with the Project without the prior written consent of the Lender, which consent may be arbitrarily withheld, delayed and/or conditioned by the Lender. The Borrower shall disclose to the Lender all existing or proposed financing related to the Project and shall not pledge or otherwise further encumber its interest in the Project Subsequent financing of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
2. Sale of Project – Prior to full repayment of the Loan, the Borrower may not sell the Project, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Project shall not be permitted. Sale of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
3. Real Property Taxes – the Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment at least quarterly or as otherwise requested from time-to-time by the Lender.
4. Ongoing Disclosure - at the Lender's request from time-to-time, the Borrower shall provide the Lender with ongoing Project information including, but not limited to, working and final architects' / engineers' drawings; construction budgets; artist's renderings; floor plans for the proposed units and Project Monitor reports.
5. Harmonized Sales Tax – Borrower accepts full responsibility for remittance and payment of any and all HST due and the monthly submission and collection of all HST claims and credits. The approved Project Budget shall include the net difference for HST paid less HST recovered.
6. Lender's Sign – the Lender shall have the right, but shall not be obligated, at the Lender's cost, to place a sign on the Project lands at any time after execution of the Commitment by the Borrower but prior to full repayment of the Loan, which sign shall state that the Lender has assisted with the financing of the Project. The Lender, at the Lender's cost, shall be permitted to take down the sign at any time prior to full repayment of the Loan. Following full repayment of the Loan, the Borrower shall be permitted to take down such sign at any time at the Borrower's cost.
7. Governing Laws - the Commitment and Loan shall be governed by and construed under laws of the Province of Ontario and the laws of Canada as applicable therein.
8. Lender's Legal Counsel

Blaney McMurtry LLP
 2 Queen Street East
 Suite 1500
 Toronto, Ontario
 M5C 3G5

Attention: Mr. Steven Jeffery



9. Borrower's Legal Counsel:

___ Harris + Harris _____
 ___ 2355 Skymark Avenue _____
 ___ Suite 200 _____
 ___ Mississauga, ON _____
 ___ L4W 4Y6 _____
 ___ Attn: Mr. Gregory Harris _____

10. Other Conditions: See Schedule "D".

11. Reporting: See Schedule "E"

12. Letter to Tax Authorities: See Schedule "G"

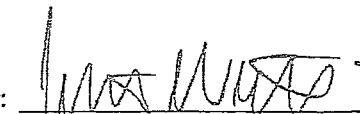
13. Privacy Act Consent: See Schedule "H"

If you are in agreement with the foregoing terms and conditions, please indicate by signing and returning one copy of this Commitment to the Lender's office by Friday, October 30, 2015, failing which this letter shall, at the Lender's option, be deemed null and void.


Yours truly,

KINGSETT MORTGAGE CORPORATION

Per: _____


 Justin Walton
 Director, Mortgage Investments

Per: _____


 Scott Coates
 Managing Director, Mortgage Investments

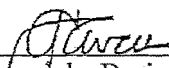
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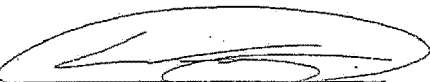


ACKNOWLEDGEMENT

The terms and conditions of this Commitment are hereby acknowledged and agreed to by the Borrower and Guarantors at 11:30AM this 30th day of October, 2015.


BORROWER:
TEXTBOOK (256 RIDEAU STREET) INC.

Per: 
Name: John Davies
Title: Co-President


Per: 
Name: Walter Thompson
Title: Co-President

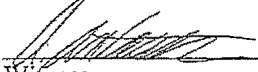
I/we have authority to bind the Corporation.

GUARANTORS:


Mr. John Davies


Mr. Walter Thompson


Witness
Name: Andre Antanaitis
Address: 51-A Caldari Road, Vaughan, ON


Witness
Name: Andre Antanaitis
Address: 51-A Caldari Road, Vaughan, ON



SCHEDULE "A"
CONSTRUCTION INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. **KingSett Mortgage Corporation** must be shown as **First Mortgagee** and Loss Payee under the Builder's Risk and, where applicable, Boiler and Machinery Insurance policies.
4. The Borrower/Registered Owner must be shown as a Named Insured or Additional Named Insured under all policies of insurance in force with respect to the subject Project.
5. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
6. The Builder's Risk and, where applicable, Boiler and Machinery policies shall contain a standard mortgage clause in favour of **KingSett Mortgage Corporation**.
7. All policies of insurance must provide **KingSett Mortgage Corporation** with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
8. There needs to be evidence of Builders Risk insurance written on an **All Risk or Broad Form** basis, subject to the latest CCDC policy wording.
9. The Builders Risk insurance needs to insure 100% of the projected **Hard Costs** and not less than 25% of the projected recurring **Soft Costs**.
10. There needs to be evidence of full **By-laws** extensions, including the increased cost of construction, cost of demolition of the undamaged portion of the property and resultant loss of income.
11. There needs to be evidence of **Earthquake** insurance.
12. There needs to be evidence of **Flood** insurance
13. There needs to be evidence of **Sewer Back-Up** insurance
14. The Builders Risk policy needs to include a "**Permission to Occupy**" clause.
15. The Builders Risk policy needs to include **Delayed Rental Income / Soft Costs** insurance to cover the anticipated loss of revenue for one year, which may be incurred in the event of an insured loss, during construction.
16. Please provide copies of all policy "**Warranties**" that apply.
17. The Builder's Risk policy will provide coverage for the, **installation, testing and commissioning, of machinery and equipment.**
18. There must be evidence of comprehensive Boiler and Machinery insurance covering all central HVAC and miscellaneous electrical equipment (and production machinery where applicable) for explosion, electrical and mechanical breakdown.



19. Such other insurance as **KingSett Mortgage Corporation** may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

There must be full, original, certified, endorsed copies of the insurance policies provided to **KingSett Mortgage Corporation**, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.



SCHEDULE "A" CONTINUED
CONSTRUCTION LIABILITY INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
4. All policies of insurance must provide **KingSett Mortgage Corporation** with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
5. **KingSett Mortgage Corporation** must be an Additional Insured under all Liability Insurance policies covering the Property with respect to claims arising out of the operations of the Named Insured.
6. Such other insurance as **KingSett Mortgage Corporation** may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

Owners Liability:

7. There must be evidence of **Owners'** liability insurance, with a minimum limit of **\$5,000,000** per occurrence or such other limit as may agreed to by lender, unless the owner has purchased a Wrap-up Liability policy.

Contractors Liability:

8. There must be evidence of **Contractors** Liability insurance, with a minimum limit of **\$5,000,000** per occurrence or such other limit as may agreed to by lender.
9. The **Borrower/Owner** must be added as an Additional Named Insured under any Contractor's Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Wrap-up Liability:

10. There must be evidence of Wrap-Up Liability insurance, with a minimum limit of **\$5,000,000** per occurrence
11. The **Borrower/Owner** must be added as an **Additional Named Insured** under the Contractor's Wrap-up Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Other:

12. The Lender will not accept evidence of insurance on a CSIO form, or an ACORD Form # 25 (or their equivalents), due to the limitation in the wording as to its efficacy, and the restrictive cancellation provisions.



13. Evidence of Professional Liability (Errors & Omission) insurance is required for the architect and engineer.

There must be full, original, certified, endorsed copies of the insurance policies provided to **KingSett Mortgage Corporation**, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.

(end of Schedule "A")



SCHEDULE "B"
PROJECT BUDGET

The total Project Budget has been represented by the Borrower as set out below and shall be reviewed by the Project Monitor):

Facility 1:

USE OF FUNDS			SOURCE OF FUNDS			
		PSF		%	PSF	
Land Cost	\$11,000,000	\$47	VTB Loan	50%	\$5,500,000	\$23
			KingSett Facility 1	25%	\$2,750,000	\$12
			Total Debt:	75%	\$8,250,000	\$35
			Borrower's Equity	25%	\$2,750,000	\$12
TOTAL:	\$11,000,000	\$47	TOTAL:	100%	\$11,000,000	\$47

(the "Facility 1 Budget")

Facility 2 and 3:

USE OF FUNDS			SOURCE OF FUNDS			
		PSF		%	PSF	
Land Cost	\$11,000,000	\$47	KingSett Facility 2	70%	\$47,120,000	\$201
Closing Costs	\$4,655,570	\$20	KingSett Facility 3	15%	\$10,050,000	\$43
Hard Costs	\$33,727,560	\$144	Total KingSett Debt:	85%	\$57,170,000	\$243
Soft Costs	11,334,817	\$48				
Construction Management	1,060,344	\$5	Tier 1 Financing	11%	\$7,404,338	\$32
HST Net of Rebate	4,539,152	\$19	Borrower's Equity	4%	\$2,750,000	\$12
Contingencies	1,006,896	\$4				
TOTAL:	\$67,324,338	\$286	TOTAL:	100%	\$67,324,338	\$286

(the "Facility 2 and 3 Budget")

The Facility 1 Budget and the Facility 2 Budget shall be collectively defined in the Commitment as the "Project Budget".

The Borrower and/or applicable Guarantor shall be required to finance any and all Project Budget overruns from its/their own financial resources and not from proceeds advanced under the Loan.

(end of Schedule "B")



SCHEDULE "C"
PROJECT MONITOR MANDATE / REPORTING

A. Preliminary Report Prior to Initial Funding:

Project Monitor to review and comment on the following:

1. Borrower's proposed detailed Project budget.
2. All Project architectural and engineering plans, drawings and specifications along with all related architectural and engineering fee-for-service soft cost contracts.
3. Construction management contract, if applicable.
4. Environmental site assessment report(s) and Geotechnical report(s), if any.
5. Borrower's proposed construction time schedule and project cash flow.
6. All material cost-items, contracts and change orders with major trades.
7. Building permits, development and other municipal / regional agreements, management agreements, consultant's agreements including design, sales, legal and marketing.
8. Review all existing leases and confirm tenant improvements/inducement, rents and deposits carried in the Project budget.
9. All loan agreements and commitment letters, amendments for the financing of the proposed Project. Project Monitor to confirm reasonableness of the interest expense carried in the budget.

Project Monitor to prepare a preliminary report inclusive of the following information:

1. The Project budget, as revised by the Borrower and approved by the Lender, further to the Project Monitor's recommendations.
2. Confirm and monitor Borrower's Minimum Project Equity is maintained in the Project at all times.
3. Review the construction time schedule and project cash flow. Project Monitor to re-confirm reasonableness of schedule to the Lender.
4. Identify any potential issues that may affect the completion of the Project in accordance with the Project budget and the construction time schedule.
5. Any additional recommendation as they become apparent during Project Monitor's review and discussions with the Borrower and/or Lender.

B. Progress Draw Reports Prior to Subsequent Advances for Cost-In-Place:

During construction of the Project submit monthly progress draw reports to the Lender, including the following:

1. Conduct monthly site inspections prior to every draw request, including photographs and commentary on all cost-in-place and status of Project.
2. Update and confirm costs of work completed to-date, work-in-place, holdback amounts, value of change orders, and estimate of cost-to-complete of the Project.
3. Review and comment on any changes to Project scope or budget, including revised drawings, if applicable.
4. Identify any existing or potential issues that may affect Project completion within the Budget.
5. Receipt and receive of standard form Statutory Declaration of Progress Payment Distribution and WSIB certificate.
6. Project monitor certificate per section C.4.c) ii.

(end of Schedule "C")



SCHEDULE "D"
OTHER CONDITIONS

1. Subsequent indebtedness to the Loan, secured or unsecured (excluding normal course trade payables arising in connection with the business of the Borrower), is not permitted in connection with the Property without the prior written consent of the Lender. Subsequent indebtedness to the Loan, secured or unsecured, without the Lender's prior written consent shall constitute default under the Commitment and Security documents.
2. Prior to full repayment of the Loan, the Borrower may not sell the Property, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Property, or part thereof, shall be subject to the prior written approval of the Lender, which approval may be arbitrarily withheld, delayed or conditioned. Sale of the Property, in whole or in part, without the Lender's prior written consent shall constitute default under the Commitment and Security documents. This paragraph does not apply to individual townhome unit sales to arm's length purchasers.
3. A change in ownership of the Borrower shall not be permitted without the Lender's prior written consent, which consent may be arbitrarily withheld, delayed or conditioned. A change in ownership of the Borrower without the Lender's prior written request shall constitute default under the Commitment and Security documents.
4. The Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment annually or as otherwise requested from time-to-time by the Lender.
5. Loan disbursements shall take place only on title to the Property being acceptable to our solicitors and all matters in connection with the Security and other documentation deemed necessary or advisable by our solicitors being complied with by the Borrower and all Security and other instruments and agreements to evidence and secure the Loan being duly executed with evidence of registration where applicable.
6. The Lender shall require a satisfactory opinion and report from its solicitors regarding any encumbrances, financial charges or claims registered or to be registered against the Property.
7. The Lender shall require evidence of all corporate authorities together with an opinion of the Borrower's counsel as to usual matters such as: corporate authorities, absence of litigation, delivery of security and execution of all security listed herein.
8. The Borrower and guarantor(s) shall indemnify and save harmless the Lender and its officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature whatsoever arising out of the provisions of this Commitment and the Security, any letters of credit or letters of guarantee issued or indemnified, sale or lease of the Property and/or the use or occupation of the Property including, without limitation, those arising from the right to enter the Property from time to time and to carry out the various tests, inspections and other activities permitted by the Commitment and the Security.



In addition to any liability imposed on the Borrower and Guarantor(s) under any instrument evidencing or securing the Loan indebtedness, the Borrower and Guarantor(s) shall be jointly and severally liable for any and all of the Lender's costs, expenses, damages or liabilities, including,

without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances. The representations, warranties, covenants and agreements of the Borrower and Guarantor(s) set forth in this subparagraph:

- a) are separate and distinct obligations from the Borrower's and guarantor(s)' other obligations;
 - b) survive the payment and satisfaction of the Borrower's and guarantor(s)' other obligations and the discharge of the Security from time to time taken as security therefore;
 - c) are not discharged or satisfied by foreclosure of the charges created by any of the Security; and
 - d) shall continue in effect after any transfer of the land including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.
9. The Lender's Commitment and the Security may not be assigned, transferred or otherwise disposed of by the Borrower without the Lender's prior written consent. However, the Commitment and Security or any interest therein may be assigned or participated by the Lender (and its successors and assigns), in whole or in part, without the consent of the Borrower. Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Loan, the Property and the Borrower within the possession or control of the Lender.
10. The Borrower accepts full responsibility for remittance and payment of any and all GST/HST due and the submission of GST/HST credits or claims.
11. The Borrower acknowledges that the Lender may inspect the Property at any time at the expense of the Borrower.

In the event of the Borrower failing to pay any amount when due or being in breach of any covenant, condition or term of the commitment or the Security, or if any representation made by the Borrower and any guarantor or their respective agents, or any information provided by them is found to be untrue or incorrect, or if any Event of Default as defined in the Security occurs, or if in the sole opinion of the Lender, a material adverse change occurs relating to the Borrower, the Property, any guarantor of the Loan or the risk associated with the Loan, the Borrower shall, at the option of the Lender, be in default of its obligations to the Lender and the Lender may cease or delay further funding or may exercise any and/or all remedies available to it at law and/or in equity. Further, the Lender may, at its option, on notice to the Borrower, declare the principal and interest on the Loan, and any other amount due under the commitment forthwith due and payable, whereupon the same shall be and become immediately due and payable in full.



12. No extension, postponement, forbearance, delay, or failure on the part of Lender in the exercise of any power, right or remedy under this Commitment or any Security agreement or instrument executed in connection therewith or evidencing or securing the Loan, or at law or in equity, shall operate as a waiver thereof, nor shall a single or partial exercise of any power, right or remedy preclude other or further exercise thereof or the exercise of any other power, right or remedy. Neither the acceptance of any payment nor the making of any concession by the Lender at any time during the existence of a default shall be construed as a waiver of any continuing default or of any of the Lender's rights or remedies. All of the powers, rights and remedies of the Lender shall be cumulative and may be exercised simultaneously or from time to time in such order or manner as the Lender may elect. No waiver of any condition or covenant of the Borrower or of the breach of any such covenant or condition shall be deemed to constitute a waiver of any other covenant or condition or of any subsequent breach of such covenant or condition or justify or constitute a consent to or approval by Lender of any violation, failure or default by Borrower of the same or any other covenant or condition contained in the Loan, the Commitment or the Security or any other document or instrument executed in connection therewith.
13. The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
14. The Borrower agrees that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
15. If the Borrower is comprised of more than one person or corporation, the obligations shall be the joint and several obligations of each such person or corporation comprising the Borrower unless otherwise specifically stated herein.
16. Time is of the essence in this Commitment.
17. The Borrower will repay all indebtedness to the Lender on or before the Maturity Date, if so permitted pursuant to this Commitment letter, and, prior to the repayment of the Loan in full, hereby covenants to promptly pay its taxes, protect its property by contest of adverse claims, maintain required insurance, perform its obligations under contracts and agreements, obtain, where applicable, all necessary approvals for construction and use of the Property, comply with all governmental rules and regulations, permit reasonable inspections by the Lender and its agents of the Property and of all records pertaining to the Property.
18. The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Security but shall survive until all obligations under this Commitment and the Security have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full.
19. The Borrower will provide the usual warranties and representations respecting: accuracy of financial statements and that there has been no material adverse change in the Borrower's financial condition or operations, as reflected in the financial statements used to evaluate this credit; title to the Property charged by the Security; power and authority to execute and deliver



documents; accuracy of documents delivered and representations made to Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Property; preservation of assets; no undefended material actions, suits or proceedings; payment of all taxes; no consents, approvals or authorizations necessary in connection with documentation; compliance of any construction related to the Property with all laws; no other charges against mortgaged lands except permitted encumbrances; all necessary services available to the Property; no hazardous substances used, stored, discharged or present on the mortgaged lands and will warrant such other reasonable matters as Lender or its legal counsel may require.

20. No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by a duly authorized officer of the Borrower.
21. Any word importing the singular or plural shall include the plural and singular respectively. If any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Any word importing persons of either gender or firms or corporations shall include persons of the other gender and firms or corporations were the context so requires.
22. The headings and section numbers appearing in this Commitment are included only for convenience of reference and in no way define, limit, construe or describe the scope or intent of any provision of this Commitment.
23. The parties agree that this Commitment and the Security documents and the acceptance thereof by all parties may be made by facsimile transmission or by certified electronic signature and electronic transmission.
24. In the event of any inconsistency or conflict between any of the provisions of the Commitment and any provision or provisions of the Security, the provisions of the Commitment will prevail.

(end of Schedule "D")



SCHEDULE "E"
REPORTING

Borrower shall provide the Lender with copies of the following for the Property:

1. Any and all insurance policy renewals and/or amendments within ten (10) business days of the issuance thereof. The Lender may, in its unfettered discretion, require its insurance consultant to conduct an insurance review at the Borrower's expense.
2. Property tax statements supported by proof of payment on an annual basis or as otherwise requested by the Lender from time to time.
3. Review Engagement or auditor prepared certified financial statements for the registered and beneficial owners of the Property and for each corporate guarantor prepared by a chartered accountant within 90 days of each fiscal year end.
4. Regular Project Budgets prepared and updated by the Project Monitor from time-to-time (i.e., until the Loan is repaid in full, the Borrower shall provide the Lender with a copy of each and every Project Monitor report prepared for the Borrower or the Lender).
5. Quarterly sales report in form acceptable to Lender

At the Lender's request from time-to-time, the Borrower shall provide the Lender with any other relevant updates regarding the Property.

(end of Schedule "E")

**SCHEDULE "F"
PRE-AUTHORIZED DEBIT ("PAD") FORM**

I/we authorize KingSett Mortgage Corporation ("KingSett") and the financial institution designated (or any other financial institution I/we may authorize at any time) to begin deductions as agreed under the KingSett loan agreement(s) for monthly regular recurring payment and/or one-time payments from time to time. Regular monthly interest payments will be debited from my/our specific account on the 1st business day of each month. KingSett will provide five (5) days written notice of the amount of each regular monthly debit. KingSett will obtain my/our authorization for any other one-time or irregular debits.

This authority is to remain in effect until KingSett has received written notification from me/us of its change or termination. This change or termination notification must be received by KingSett at least ten (10) business days before the next debit is scheduled at the address provided below.

KingSett may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least ten (10) days prior written notice to me/us.

I/we have certain recourse rights if any debit does not comply with this agreement. For example, I/we have the right to receive reimbursement for any debit that is not authorized by the KingSett loan agreement(s) or is inconsistent with this PAD agreement. To obtain more information on my/our recourse rights, I/we may contact your financial institution or visit www.cdnpay.com.

PAD Category: Personal _____ Business Fund Transfer _____

PLEASE PRINT

DATE: OCTOBER 28/13

Name(s): TEXTBOOK (256 RIDGEMOUNT STREET) INC. Loan Number: _____

Phone Number: 416-477-7744 ext 221 Purpose: Personal _____ Business

Address: 51 CALDWELL ROAD, SUITE #A1M

City/Town: CONTOUR Province: ON Postal Code: L4K 4G3

FI Name: RBC (003) FI Transit Number: 00442
(branch-5 digits, FI-3 digits)

FI Account Number: 1003847

Address: BRACEBRIDGE BRANCH, 37 MANITOBA ST, PO Box 270

City/Town: BRACEBRIDGE Province: ON Postal Code: R1L 1T6

Authorized Signature(s): _____

Name: Walter Thompson, Co-Principal

c/o KingSett Capital
Toronto-Dominion Centre, TD Bank Tower
66 Wellington Street West, Suite 4400
Toronto, Ontario M5K 1H6

www.kingsettcapital.com

(end of Schedule "F")

SCHEDULE "G"
NOTICE TO PROPERTY TAX AUTHORITY

Re: Borrower: TEXTBOOK (256 RIDGEM STREET) INC.
Property: 256 RIDGEM STREET, OTTAWA, ON & 211 BESSLER STREET, OTTAWA ON
Loan No.: _____

To Whom It May Concern:

Approval is being given to release any information verbally or in writing as requested by our mortgage company, KingSett Mortgage Corporation, regarding all matters related to taxes for the above-noted property. This is including but not limited to taxes outstanding, status of tax account, payments received and/or outstanding or copies of tax statements.

This approval will remain in full force and effect until the mortgage is paid in full.

Dated this 28 day of OCTOBER, 2015.

BORROWER:

TEXTBOOK (256 RIDGEM STREET) INC.

Per: _____

WALTER THOMPSON

Witness _____

DIANNA CASSIDY

Property Civic Address: 256 RIDGEM STREET
OTTAWA, ON

211 BESSLER STREET
OTTAWA, ON

Roll Number: 0614.021.001.04200.0000

0614.021.001.12600.0000

(Please complete in full)

(end of Schedule "G")



**SCHEDULE "H"
PRIVACY ACT CONSENT**

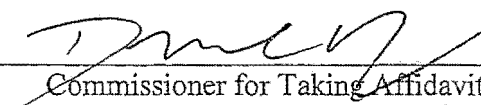
By signing this Commitment, each of you, being the parties signing (including all mortgagors and, if applicable, guarantor) agrees that the Lender is authorized and entitled to:

- a) Use your Personal Information (as hereinafter defined) to assess your ability to obtain your loan and to evaluate your ability to meet your financial obligations. This use includes disclosing and exchanging your Personal Information on an on-going basis with credit bureaus, credit reporting agencies and financial institutions or their agents, or to service providers, in order to determine and verify, on an on-going basis, your continuing eligibility for your loan and your continuing ability to meet your financial obligations. This use, disclosure and exchange of your Personal Information will continue as long as your loan is outstanding and will help protect you from fraud and will also protect the integrity of the credit-granting system; and
- b) Use, disclose and exchange, on an on-going basis, all the personal information collected by us or delivered by you to us from time to time in connection with your loan and any information obtained by us from time to time pursuant to paragraphs (a) above (collectively your "Personal Information") to other organizations which may fund all or any part of your loan and/or own all or any part of your loan and the security securing your loan from time to time and permit prospective investors in your loan to inspect your Personal Information.

(end of Schedule "H")

TAB M

THIS IS EXHIBIT "M"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beck



October 7, 2015

Ross Park
 C/O Foundry Mortgage Capital
 1880 O'Connor Drive, Suite 500
 Toronto, ON M4A 1W9

Attention: Murray Wood

Dear Mr. Wood:

RE: First Mortgage financing for Textbook Student Suites Building known as "Ross Park"

We are pleased to advise that KingSett Mortgage Corporation has approved the following loan facilities in connection with the above noted matter, as more particularly described below and within Schedules A, B, C, D, E, F, G, H and I attached hereto (the "Commitment" or "Commitment Letter").

A. LOAN TERMS

1. **Background** – To provide construction and development financing for a 219-unit, 18-storey, 146,000 buildable sq. ft. condominium building known as "Ross Park" on +/-0.76 acres of land located at 1234-1246 Richmond Street, London, Ontario (the "Project" or "Property").
2. **Lender** – KingSett Mortgage Corporation (the "Lender")
3. **Borrower** – Textbook (Ross Park) Inc. (the "Borrower")
4. **Guarantee** – The Lender requires the following unlimited, joint and several personal credit guarantees from Mr. John Davies and Mr. Walter Thompson (collectively the "Guarantor" and/or "Guarantors"), together with a postponement of shareholder and creditor claims against the Borrower and the Project. In addition to guaranteeing the Borrower's total indebtedness for the Project, the guarantee shall also provide for the following:
 - i) a guarantee to complete the Project;
 - ii) a cost overrun guarantee to keep the Project free of all liens and to fund all costs to complete the Project including, without limitation, all interest costs, fees, insurance premiums and other payments associated with the Project;
 - iii) a guarantee for environmental issues, misrepresentations, negligence and willful misconduct.
 - iv) a guarantee to repay the Loan in full included all unpaid loan principal, unpaid loan interest and all unpaid costs and expenses incurred by the Lender in connection with the Loan.

(Hereinafter, the "Guarantee").

5. **Project Budget** – For the Project Budget, see Schedule "B".



6. **Project Monitor** – the Lender’s cost consultant / project monitor shall be Pelican Woodcliff or another consultant/project monitor acceptable to the Lender in its sole and unfettered discretion (the “Project Monitor” or “Cost Consultant”). The scope of the Project Monitor’s mandate is outlined in Schedule “C” Project Monitor Mandate / Reporting. The cost of the Project Monitor and its reports, including HST, shall be for the exclusive account of the Borrower.

7. **Loan Facilities** –

Facility 1 - \$4,550,000 land loan including a \$215,000 Interest Reserve (“Facility 1”)

Facility 2 - \$31,185,000 non-revolving construction loan (“Facility 2”)

Facility 3 – \$1,000,000 letters of credit facility (“Facility 3” or “Letters of Credit”)

Note: The initial advance of Facility 2 will refinance Facility 1.

(Collectively the “Loan”, “Loan Amount” or “Loan Facilities”).

8. **Minimum Project Equity** –

Facility 1: The Borrower shall maintain a minimum equity position of \$2,750,000 in the Project, of which \$1,000,000 is Borrower’s cash equity and \$1,750,000 is Tier 1 subordinate financing, until Facility 1 is repaid in full (the “Facility 1 Equity”).

Facility 2: The Borrower shall maintain a minimum equity position of \$4,425,000 in the Project, of which \$1,000,000 is Borrower’s cash equity and \$3,425,000 is Tier 1 subordinate financing, until the Loan is repaid in full (the “Facility 2 Equity”).

9. **Lender’s Fee** – Upfront fee as detailed below, earned by the Lender upon the Borrower’s execution of this Commitment Letter.

Facility 1: \$68,250 Lender’s Fee (the “Facility 1 Lender’s Fee”).

Facility 2: \$380,556 Lender’s Fee (the “Facility 2 Lender’s Fee”).

(Collectively, the “Lender’s Fee”)

The Lender’s Fee is non-refundable. The portion of the Good Faith Deposit, as defined below, not used to pay transaction expenses incurred by the Lender shall be applied as a credit toward the Lender’s Fee. The Lender shall deduct the unpaid balance of the Lender’s Fee from the proceeds of the initial advance under the Loan.

10. **Good Faith Deposit** – Lender acknowledges prior receipt of a \$50,000 good faith deposit (the “Good Faith Deposit”). This deposit will be used for expenses and the related HST, GST and/or PST that may be incurred by the Lender prior to the initial advance of the Loan, such as, but not limited to, the cost of property inspections, legal fees and disbursements, environmental site assessments, appraisal reports, building condition reports, insurance consultant reports and the cost of title insurance; if applicable, with the remaining balance, if any, to be credited towards the Lender’s Fee.



The Borrower acknowledges that such deposit is a reasonable estimate of the Lender's cost incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that the same may be retained by the Lender should the Loan not be funded for any reason.

11. **Monthly Payments** – Monthly payments of interest only, not in advance, are required to be made by the Borrower to the Lender in connection with the Loan at the Interest Rate defined below, subject to the Interest Reserve provisions noted in this Commitment Letter (the "Monthly Payments"). Monthly Payments are to be made on the first calendar day of every month until the Loan is repaid in full commencing on the first calendar day of the month next following the date of initial advance of the Loan. NSF payments will be subject to an administrative fee of \$500.00.

12. **Interest Rate**

Facility 1: 7.00% per annum, interest only and payable monthly, not in advance (the "Facility 1 Interest Rate").

Facility 2: 5.25% per annum, interest only and payable monthly, not in advance (the "Facility 2 Interest Rate").

Facility 3: 2.50% per annum payable semi-annually in advance (the "Facility 3 Interest Rate").

Facility 3 is subject to a minimum fee of \$250.00 annually per Letter of Credit. Any amendments to a Letter of Credit will be subject to a minimum fee of \$100.00 per amendment (the "Letters of Credit Fees").

(Collectively, the "Interest Rate").

13. **Interest Reserve** – Provided the Loan is not in default, an interest reserve of \$215,000 may be used by the Borrower to make its Monthly Payments for Facility 1 of the Loan. For greater certainty, monthly interest (i.e., the Monthly Payments) shall be capitalized to the outstanding principal balance of the Loan until the earlier of repayment of Facility 1 in full or the capitalization of a total of \$215,000 of Monthly Payments to the Facility 1 Loan. Upon default by the Borrower under the Loan or Security or upon full utilization of the Interest Reserve, the Borrower shall be required to make Monthly Payments from its own financial resources and not from the Interest Reserve (the "Interest Reserve").

14. **Term of Loan** –

Facility 1: Eight (8) months from the date of initial advance of Facility 1 if the same occurs on the first calendar day of a month otherwise eight (8) months from the first calendar day of the month next following the date of initial advance of Facility 1 (the "Facility 1 Maturity Date").

Facility 2: Twenty-four (24) months from the date of initial advance of Facility 2 if the same occurs on the first calendar day of a month otherwise twenty-four (24) months from the first calendar day of the month next following the date of initial advance of Facility 2 (the "Facility 2 Maturity Date").

15. **Amortization** – Not applicable; monthly interest payments only.

subject to two (2) extensions of up to three (3) months each at the request of the Borrower, upon payment of the Extension Fee equal to 0.50% of the principal amount of the Loan to be extended.



as it may be extended herein

16. Prepayment—

Facility 1: Closed for prepayment for the term of the Facility 1 loan, save and except for full prepayment from the proceeds of the Facility 2 initial advance.

Facility 2: Closed for prepayment prior to the Maturity Date save for takeout financing and/or sale proceeds in the normal course of business and subject to thirty (30) days prior written notice to the Lender. Open for partial discharges as per the Partial Discharge section herein.

- 17. Over Holding Fee** — If the Loan is not repaid in full on or before the Maturity Date, the Borrower shall be required to pay to the Lender an over holding fee, in addition to any and all other rates, fees and costs to be paid to the Lender by the Borrower pursuant to this Commitment Letter. More particularly, this fee shall be earned by and payable to the Lender monthly, in advance, on the first business day of each month and shall be payable at the rate of 0.25% per month, or part thereof, multiplied by the then outstanding Loan Amount (the "**Over Holding Fee**"). The Borrower hereby acknowledges that the requirement to pay the Over Holding Fee does not constitute an extension of the Loan. If the Loan is not repaid in full by the Maturity Date, the same shall constitute default by the Borrower under the Commitment and Security documents notwithstanding payment of the Over Holding Fee. The Borrower further acknowledges that the Lender, at its option, may add the Over Holding Fee to the outstanding principal balance of the Loan and that the Security for the Loan also secures the Over Holding Fee.

ok, s.t. extension fee in 7.14

- 18. Costs and Expenses** — Borrower to bear all costs and expenses incurred by the Lender from time to time in connection with the subject Loan regardless of whether or not the Loan Amount is ever advanced and, such costs may include, but shall not be limited to, legal fees, disbursements, environmental site assessment reports, appraisal reports, building condition reports, insurance consulting reviews, reliance letters, title insurance, out-of-pocket expenses for property inspections and the HST, GST and/or PST related to all such costs and expenses.
- 19. Partial Discharge** — Partial discharges of the Loan and Security are permitted prior to or upon contemporaneous receipt by the Lender of the Partial Discharge Amount as defined below.

The net closing proceeds from the completion of each unit sale of no less than 95% of the minimum gross sale price shown on Schedule "P" (the "**Sale Payment**") shall be directed to the Lender forthwith upon the completion of sale to reduce the outstanding principal balance of the Loan. For greater certainty, the Sale Payment shall be the greater of the pre-approved Lender gross sales price (net of GST/HST) or the actual gross sales price (net of GST/HST) less, in either case, each of the following amounts: reasonable legal fees, reasonable arm's length realty commissions, and reasonable closing adjustments for a property of this nature (e.g., realty taxes). The total of all such deductions shall not exceed 5% of the gross selling price. Hereinafter to be referred to as the "**Partial Discharge Amount**".

A discharge fee of \$550.00 per discharge document shall be deemed earned by the Lender and payable by the Borrower contemporaneously with each full or partial discharge, as the case may be, of the Lender's mortgage registered against the Property (the "**Discharge Fee**").

All legal fees, disbursements and GST/HST related to the discharge of the Lender's mortgage and other security shall be paid by the Borrower.



and other parties

\$8M

20. Permitted Subordinate Encumbrance – The Lender hereby acknowledges and consents to a second mortgage/charge in the registered principal sum of no more than ~~2,425,000~~ in favour of Tier 1 Advisory (“Tier 1”), provided that Tier 1 enters into a postponement, subordination and standstill agreement with the Lender in the Lender’s prescribed form for the purpose of postponing any Borrower indebtedness to Tier 1 and Tier 1’s mortgage to the Loan and the Security therefor.

(Hereinafter the “Permitted Subordinate Encumbrance”)

21. Security – The Loan shall be secured by the following security which, prior to any advance under the Loan, shall be delivered by the Borrower to the Lender in form, scope and substance satisfactory to the Lender and its legal counsel (collectively, the “Security”):
- a. Registered \$32,185,000 first mortgage/charge over the Property.
 - b. Guarantees as per section A.4, including a postponement of shareholder and creditor claims against the Borrower and the Project.
 - c. General Assignment of Rents and Leases registered in first priority on title to the Project lands.
 - d. General Security Agreement (“GSA”) registered in first priority under PPSA.
 - e. General assignment of individual agreements of purchase and sale, including purchaser deposits, pertaining to the Project. The same shall be registered under the PPSA (Ontario). Purchaser deposits from the sale of units, parking and storage lockers may be held in a solicitor’s deposit trust account and/or used to repay the subject Loan provided that the said deposits are at all times utilized in accordance with the provisions of applicable legislation, Condominium Act or otherwise, within the Province of Ontario.
 - f. General assignment of all current and future material contracts for the Project including, without limitation, those relating to engineering specifications and drawings, architectural specifications and drawings, plans, construction contracts, licenses and permits.
 - g. A specific assignment of any and all easement, access, egress, maintenance, parking, crane swing, tie-back and other agreements with neighbouring land owners to the Project as determined by the Lender. Such assignment to be in scope, form and content acceptable to the Lender. The assignments are to be acknowledged in writing by all parties that are neither the assignor nor the assignee of such assignments. The requirements of this paragraph shall not apply to agreements registered on title to the Project land in priority to the Lender’s mortgage.
 - h. Indemnification Agreement in respect to the Letters of Credit.
 - i. Specific assignment of cash securing Project Letters of Credit.
 - j. Acknowledgement, direction and security agreement from the beneficial owners of the Property, if the same are different than the registered owner of the Property, with respect to all of the security agreements entered into by the registered owner of the Property in favour of the Lender.
 - k. Hazardous Substance Indemnity with respect to the Project in scope, form and substance acceptable to the Lender.
 - l. Subordination and standstill agreement shall be required between the Lender and Tier 1 in form and content acceptable to the Lender.
 - m. Assignment of Borrower’s condominium voting rights forthwith upon registration of the condominium.



- n. Specific Assignment of the construction management contract for the Project, or contracts if more than one. Lender may assume, at its option, the rights of the Borrower under the same if an Event of Default has occurred as defined in the Security. The assignment of the construction contract, or contracts if more than one, in favour of the Lender shall be acknowledged and consented to in writing by the construction manager with such assignment to be in scope, form and content determined by the Lender.
- o. Negative Pledge by Borrower and Guarantor to not repay any shareholder loans, redeem shares, pay out dividends nor to otherwise compensate the Project sponsors and other non-arm's length parties until such time as the Loan has been repaid in full, save and except for repatriation of surplus equity on first draw as contemplated herein and those development, marketing and/or construction fees specifically approved in writing by the Lender and included in the Project budget prepared by the Project Monitor
- p. Assignment of Insurance - Insurance coverage as set out Schedule "A" Assignment by the Borrower to the Lender of all insurance for the Project. The Lender's independent insurance consultant shall at the Borrower's expense, review the required insurance coverage's and policies.
- q. Hypothecation and Pledge to the Lender of any and all issued and outstanding common shares, preferred shares and limited partnership units of the Borrower (and any and all shares of a general partner for the Project). The Lender's interest in such securities shall be perfected by possession and control by the Lender (or its legal counsel on behalf of the Lender) of the original share and unit certificates.
- r. Solicitor's Letter of Opinion confirming all Security is in place.
- s. Such other Security as the Lender and/or its legal counsel may reasonably require.

The Lender's mortgage and general assignment of rents and leases shall be registered on title to the Project lands. Where applicable, as determined by the Lender, PPSA registrations shall be granted in favour of the Lender with respect to the Lender's personal property security for the Loan.

B. CONDITIONS PRECEDENT

The Loan shall be subject to the following pre-funding conditions which shall each have been received, reviewed and/or met, as the context implies, to the satisfaction of the Lender in its sole, absolute, and unfettered discretion prior to any advance of the Loan (collectively, the "Conditions Precedent"):

Facility 1:

1. Financial and operating due diligence on Borrower, Guarantor, and Project, Borrower's construction manager and the general contractor.
2. Satisfactory inspection of the Property by the Lender.
3. Receipt and satisfactory review by the Lender of a complete copy of all agreements setting out the registered and beneficial ownership of the Project and the Borrower together with a complete organizational chart.
4. Satisfactory receipt and review by the Lender of current personal net worth statement and/or current financial statements for the Guarantors.
5. Receipt and satisfactory review by the Lender of the Purchase and Sale Agreement for the Project lands. Lender's intent is to (i) verify the Borrower's land cost of \$7 million as represented by the Borrower in the Project Budget and to (ii) review the agreements for surviving covenants of the buyer and/or seller



that did not merge upon completion of the purchase and sale of the lands. Lender to be satisfied with surviving buyer and/or seller covenants, if any.

6. Evidence satisfactory to the Lender that the Borrower has contributed the minimum required Facility 1 Equity amount, which equity may not be removed until the Loan is repaid in full.
7. Receipt and satisfactory review by the Lender and its planning consultant that zoning and site plan approval for the Project are attainable within the term of Facility 1 Loan.
8. Receipt and satisfactory review of evidence confirming physical and capacity allocation of all municipal services are immediately available for the Project.
9. Receipt and satisfactory review of Borrower's preliminary construction budget.
10. Current Project sales list in excel form showing all sold and unsold units which shall include the sale price, deposit amount, unit type, unit size, date of sale, purchaser name, address, citizenship status and mortgage pre-approval.
11. Receipt and satisfactory review by the Lender of purchase and sale agreement for all pre-sold units. The Lender is to be provided with firm and binding purchase and sale agreement for not less than 50% of the units (110 units) generating net sale proceeds of not less than \$28,801,800, supported by an overall average purchaser deposits of not less than \$8,309,188 (15% of gross unit price). At least 75% of the purchase and sale agreements (83 units) are to be supported by purchaser pre-approval for takeout financing.
12. Receipt and satisfactory review by the Lender of the environmental site assessment for the Project from an acceptable environmental site assessment firm. Report to be addressed to Lender or supported by a letter of transmittal from the environmental assessment firm in favour of the Lender.
13. Receipt and satisfactory review by the Lender of the geotechnical soil report for the Property from an acceptable engineering firm confirming the feasibility of the proposed Project under existing soil conditions. Report to be addressed to the Lender or supported by a letter of transmittal from the author of the report in favour of the Lender.
14. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating "as-is" Project land value of no less than +/- \$7 million as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
15. Satisfactory review by the Lender of the Tier 1 commitment letter, amendments (if any) and charge terms.
16. Receipt of a mortgage statement from Tier 1 confirming the loan is in good standing and consenting to the subject Loan.
17. Receipt and satisfactory review by the Lender and its insurance consultant, Canrisc Insurance Consulting Services, of appropriate insurance coverages for the Project. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
18. Receipt and satisfactory review by the Lender of a real property report / survey for the Project prepared by an accredited Ontario land surveyor confirming no encroachments, easements or rights of way, save those which the Lender may specifically accept, and setting out the relationship of the lands and proposed improvements thereon to public thoroughfares for access purposes. Alternatively, at the cost of the Borrower, title insurance may be put in place that is satisfactory in form, scope and content to the Lender and its legal counsel.



19. Receipt and satisfactory review by the Lender and its solicitors of all customary off-title searches for properties of similar nature to that of the Project including, without limitation, searches for unregistered easements, rights-of way, property tax status and environmental notices. The off-title searches are to be obtained by the Borrower's solicitors and forwarded to the Lender's solicitors for review. Alternatively, title insurance may be put in place, at the cost of the Borrower, that is deemed satisfactory to the Lender and its solicitors.
20. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
21. All levies, impost fees, local improvement charges, property taxes and other charges that are due and payable in connection with the Project shall have been paid to the date of the advance of the Loan unless the same form part of the Lender-approved Project budget and are to be included in ongoing loan advances under the Loan.
22. All Security to be executed by, as applicable, the Borrower, the Lender and the Guarantor and to, as applicable, be registered on title to the Project lands, and/or under the PPSA at least one (1) business day prior to the initial advance of the Loan.
23. Borrower to complete and execute Lender's Pre Authorized Debit ("PAD") form which shall permit the Lender to debit the Borrower's applicable current account each month for the Monthly Payment required hereunder should full utilization, suspension or cancelation of the Interest Reserve occur. See Schedule "F" attached hereto.
24. Borrower to complete and execute the Lender's Notice to Property Tax Authority for the Property which shall permit the Lender to request information from the municipality regarding the Property's property taxes. See Schedule "G" attached hereto.
25. All Conditions Precedent to be satisfied at least one (1) business day prior to the initial advance of the Loan.
26. Other usual matters involved in due diligence for a project of this nature.

Additional Conditions for Facilities 2 and 3:

27. Satisfactory second site inspection by the Lender, at the Lender's option.
28. Receipt and satisfactory review of site plan approval documentation, a fully executed Site Plan Agreement with the municipality along with building permits confirming the Project has been fully entitled to permit the development of the site as herein described.
29. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating not less than an estimated market value for the completed and Property of \$57,455,850 million as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
30. Satisfactory budget review from the Project Monitor, in accordance with Schedule "C", confirming the reasonableness of the \$44,227,862 total Project Budget. The Project Monitor shall further confirm that the Project can reasonably be completed within 24 months of the initial advance of Facility 2. Lender's cost consultant to review all Project contracts. A minimum of 70% of the Project hard costs are to be covered under executed fixed price contracts or as otherwise recommended by the Lender's cost consultant. Lender shall receive, at the Borrower's cost, ongoing progress reports from the Project Monitor until such time as the Loan is repaid in full.



31. Receipt and satisfactory review by the Lender and Project Monitor, as to scope, form and content, of the construction management contract. Lender to be satisfied in its absolute, unfettered discretion with the Borrower's construction manager for the Project. If the Lender is not so satisfied, in its absolute and unfettered discretion, the Lender may, at its exclusive option, forthwith terminate this Commitment and cancel its obligation to grant the Loan to the Borrower. Lender hereby acknowledges Van Del Contracting Inc. is an acceptable construction manager for the Project.
32. Receipt by the Lender and the Project Monitor of all Project architectural and engineering plans, drawings and specifications together with all related architectural and engineering fee-for-service soft cost contracts. Such contracts to be acceptable to the Lender and the Project Monitor.
33. The Project monitor is to confirm that the Borrower has met the Facility 2 Minimum Project Equity which is required to remain in the Project until the Loan is repaid in full.
34. If applicable, receipt and satisfactory review by the Lender and the Project Monitor of any and all cost sharing, parking, maintenance, easements, egress/ingress, crane swing, tieback or other contracts with neighbouring land owners.
35. Receipt and satisfactory review by the Lender of the bonding company commitment letter allowing the use of purchaser deposits as a source of funds for the Project.
36. Updated Project sales list in excel form showing all sold and unsold units which shall include the sale price, deposit amount, unit type, unit size, date of sale, purchaser name, address, citizenship status and mortgage pre-approval.
37. Receipt and satisfactory review by the Lender of purchase and sale agreement for all pre-sold units. The Lender is to be provided with firm and binding purchase and sale agreement for not less than 100% of the units (219 units) generating net sale proceeds of not less than \$57,455,850, supported by an overall average purchaser deposits of not less than \$8,618,377 (15% of gross unit price). At least 75% of the purchase and sale agreements (165 units) are to be supported by purchaser pre-approval for takeout financing.
38. Receipt and satisfactory review by the Lender and the Project Monitor of all Project architectural and engineering plans, drawings and specifications together with all related architectural and engineering fee-for-service soft cost contracts. Such contracts to be acceptable to the Lender and the Project Monitor.
39. Receipt and satisfactory review by the Lender of property management agreements of the Project, if available.
40. Receipt and satisfactory review by the Lender and its insurance consultant, Canrisc Insurance Consulting Services, of appropriate insurance coverages for the Project including, without limitation, liability and builder's "all risks" policies. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
41. Confirmation that the Borrower and the Project are registered and enrolled with Tarion.
42. Receipt and satisfactory review by the Lender and its legal counsel of all condominium documentation including, without limitation: condominium disclosure documents; parking agreements; reciprocal agreements; the declaration, by-laws and amendments thereto, if applicable; and the standard form of Agreement of Purchase and Sale for the sale of units in the Project.
43. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
44. Other usual matters involved in due diligence for a project of this nature.



C. FUNDING

1. **Advances** – The initial advance of the Loan is subject to the prior execution and registration of the Security and the satisfaction of all terms and conditions of this Commitment letter including, without limitation, the Conditions Precedent to each of the Loan Facilities. The Lender will require two (2) business days' notice from the receipt of the Borrower's written advance request to fund all advances.

Loan advances to be granted as follows:

Facility 1:

- a) A single lump-sum advance of \$5,335,000, net of the \$215,000 Interest Reserve, shall be made on or before ~~December 1, 2015~~ and in no case later than ~~February 1, 2016~~.
February 1, 2016 *April*

Facility 2:

- a) An initial advance under Facility 2 to fund no later than eight (8) months following the initial advance under Facility 1, *subject to extension(s) of up to ninety (90) days in the aggregate as a result of any reasonable delays with the municipal rezoning and site plan approval process, provided that any extensions shall not have an adverse impact on any Tierion warranty or appeal in relation to the Project.*
- b) The initial advance under Facility 2 to be in sufficient amount to repay Facility 1 in full.
- c) All requests for advances under the Loan shall be made in writing from the Borrower to the Lender and shall be accompanied by a progress advance report from the Project Monitor that includes, inter alia, the following, each in form and substance satisfactory to the Lender:
- i) Details of work-in-place with reference to the Lender-approved Project Budget.
 - ii) Certificate from the Project Monitor indicating:
 - a. Cost of work-in-place;
 - b. Certification by acceptable party that the work to-date has been completed in accordance with the plans and specifications previously submitted to the Lender and relied upon by the Lender in granting the Loan;
 - c. The amount of statutory lien and/or other Lender-required holdbacks and the estimated cost-to-complete the Project; and
 - d. Estimated substantial Project completion date.
 - iii) Written correspondence from the Lender's legal counsel confirming clear title.
- d) Advances shall be limited to once per month and in amounts no less than \$100,000.
- e) Accumulated advances under the Loan shall at no time exceed the cost of work-in-place less the sum of the following:
- a. holdbacks required by the Project Monitor, if any;
 - b. Purchaser deposits and Tier I financing as per Schedule "B"; and
 - c. Facility 2 Equity cash advances by the Borrower of not less than \$1,000,000 in amount.
- f) All realty taxes including, without limitation, all levies, development charges, educational development charges and local improvement rates billed to the date of each advance of the Loan are to be paid in full by way of deduction from the advance of the Loan or, if applicable, by further equity injection by the Borrower.



- g) For each advance under the Loan, the Borrower shall sign a statutory declaration satisfactory to the Lender and its legal counsel confirming that all Loan proceeds are being used solely to pay all Lender-approved accounts payable of the Project and for no other purpose whatsoever. Any use of Loan proceeds for any purpose other than that which has been approved by the Lender in connection with the Project Budget shall constitute default by the Borrower under this Commitment Letter and the Security agreements.
- h) Lender reserves the right to make advances directly to the project monitor or trades (sub-trades or otherwise) and/or suppliers if the Borrower is in default under the Loan or if the Lender believes, in its sole and unfettered discretion without the need to furnish evidence to the Borrower thereof, that Loan advances are being diverted from the Project and/or are being used to fund Project costs not provided for in the Lender approved Project Budget set-out in the most recent Project Monitor report.
- i) All Loan advances provided for hereunder shall be subject to payment by the Borrower of the Lender's legal fees, disbursements and HST, GST and/or PST incurred in the making of said Loan advances.
- j) All loan advances, shall be subject to a \$500 loan advance fee payable to the Lender which amount shall be deducted from the applicable advance of the Loan by the Lender.

In the event that the initial advance of the Loan has not been made by February 1, 2016, at the exclusive option of the Lender, its obligations under this Commitment shall cease and be at an end and the Lender shall be released from any and all of its present and/or future obligations under the Commitment and Security documents including, without limitation, the obligation to make any advances under the Loan. Notwithstanding the same, the Lender shall remain entitled to earn and receive full payment of the Lender's Fee and to fully recover from the Borrower and Guarantor any expenses incurred by the Lender.

D. SPECIAL CONDITIONS

1. Subsequent Financing – No further encumbrances, other than the Permitted Subordinate Encumbrance, secured or unsecured, are permitted in connection with the Project without the prior written consent of the Lender, which consent may be arbitrarily withheld, delayed and/or conditioned by the Lender. The Borrower shall disclose to the Lender all existing or proposed financing related to the Project and shall not pledge or otherwise further encumber its interest in the Project. Subsequent financing of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
2. Sale of Project – Prior to full repayment of the Loan, the Borrower may not sell the Project, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Project shall not be permitted. Sale of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
3. Real Property Taxes – the Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment at least quarterly or as otherwise requested from time-to-time by the Lender.
4. Ongoing Disclosure - at the Lender's request from time-to-time, the Borrower shall provide the Lender with ongoing Project information including, but not limited to, working and final architects' / engineers' drawings; construction budgets; artist's renderings; floor plans for the proposed units and Project Monitor reports.



5. Harmonized Sales Tax – Borrower accepts full responsibility for remittance and payment of any and all HST due and the monthly submission and collection of all HST claims and credits. The approved Project Budget shall include the net difference for HST paid less HST recovered.
6. Lender's Sign – the Lender shall have the right, but shall not be obligated, at the Lender's cost, to place a sign on the Project lands at any time after execution of the Commitment by the Borrower but prior to full repayment of the Loan, which sign shall state that the Lender has assisted with the financing of the Project. The Lender, at the Lender's cost, shall be permitted to take down the sign at any time prior to full repayment of the Loan. Following full repayment of the Loan, the Borrower shall be permitted to take down such sign at any time at the Borrower's cost.
7. Governing Laws - the Commitment and Loan shall be governed by and construed under laws of the Province of Ontario and the laws of Canada as applicable therein.
8. Lender's Legal Counsel
 Blaney McMurtry LLP
 2 Queen Street East
 Suite 1500
 Toronto, Ontario
 M5C 3G5

 Attention: Mr. Steven Jeffery
9. Borrower's Legal Counsel:
Harris + Harris LLP
2857 Skymark Ave.
Suite 300
Mississauga ON
L4W 4Y6
Att: Greg Harris
10. Other Conditions: See Schedule "D".
11. Reporting: See Schedule "E".
12. Letter to Tax Authorities: See Schedule "G".
13. Privacy Act Consent: See Schedule "H".



If you are in agreement with the foregoing terms and conditions, please indicate by signing and returning one copy of this Commitment to the Lender's office by Tuesday, October 13, 2015, failing which this letter shall, at the Lender's option, be deemed null and void.

Yours truly,

KINGSETT MORTGAGE CORPORATION

Per: 

Bryan Salazar
Director, Mortgage Underwriting & Funding

Per: 

Scott Coates
Managing Director, Mortgage Investments

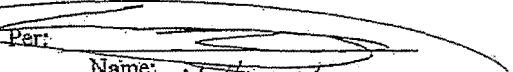
****Borrower and Guarantor Acknowledgement on next page****

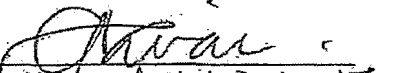


ACKNOWLEDGEMENT

The terms and conditions of this Commitment are hereby acknowledged and agreed to by the Borrower and Guarantors at Vancouver, BC this 10th day of November, 2015.

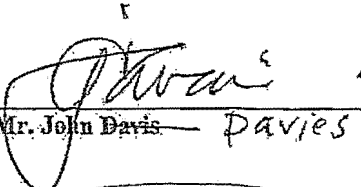
BORROWER:
TEXTBOOK (ROSS PARK) INC.

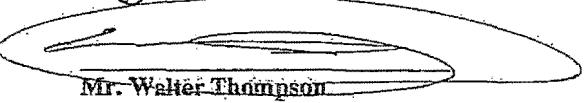
Per: 
Name: Walter Thompson
Title: Co-President

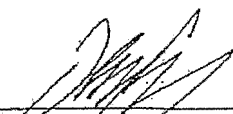
Per: 
Name: JOHN DAVIES
Title: CO-PRESIDENT

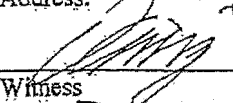
I/we have authority to bind the Corporation.

GUARANTORS:


Mr. John Davis — DAVIES


Mr. Walter Thompson


Witness
Name: DIANNA CASSIDY
Address: 555 Russell Hill Rd #404
TRUSTO, BC M5P 8T2


Witness
Name: DIANNA CASSIDY
Address: 555 Russell Hill Rd #404
TRUSTO, BC M5P 8T2



SCHEDULE "A"
CONSTRUCTION INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. **KingSett Mortgage Corporation** must be shown as **First Mortgagee** and **Loss Payee** under the **Builder's Risk** and, where applicable, **Boiler and Machinery** Insurance policies.
4. The Borrower/Registered Owner must be shown as a **Named Insured** or **Additional Named Insured** under all policies of insurance in force with respect to the subject Project.
5. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
6. The **Builder's Risk** and, where applicable, **Boiler and Machinery** policies shall contain a standard mortgage clause in favour of **KingSett Mortgage Corporation**.
7. All policies of insurance must provide **KingSett Mortgage Corporation** with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
8. There needs to be evidence of **Builders Risk** insurance written on an **All Risk or Broad Form** basis, subject to the latest **CCDC** policy wording.
9. The **Builders Risk** insurance needs to insure 100% of the projected **Hard Costs** and not less than 25% of the projected recurring **Soft Costs**.
10. There needs to be evidence of full **By-Laws** extensions, including the increased cost of construction, cost of demolition of the undamaged portion of the property and resultant loss of income.
11. There needs to be evidence of **Earthquake** insurance.
12. There needs to be evidence of **Flood** insurance
13. There needs to be evidence of **Sewer Back-Up** insurance
14. The **Builders Risk** policy needs to include a "**Permission to Occupy**" clause.
15. The **Builders Risk** policy needs to include **Delayed Rental Income / Soft Costs** insurance to cover the anticipated loss of revenue for one year, which may be incurred in the event of an insured loss, during construction.
16. Please provide copies of all policy "**Warranties**" that apply.
17. The **Builder's Risk** policy will provide coverage for the, **installation, testing and commissioning, of machinery and equipment.**
18. There must be evidence of comprehensive **Boiler and Machinery** insurance covering all central **HVAC** and miscellaneous electrical equipment (and production machinery where applicable) for explosion, electrical and mechanical breakdown.



19. Such other insurance as KingSett Mortgage Corporation may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

There must be full, original, certified, endorsed copies of the insurance policies provided to KingSett Mortgage Corporation, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.



SCHEDULE "A" CONTINUED
CONSTRUCTION LIABILITY INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
4. All policies of insurance must provide KingSett Mortgage Corporation with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
5. KingSett Mortgage Corporation must be an Additional Insured under all Liability Insurance policies covering the Property with respect to claims arising out of the operations of the Named Insured.
6. Such other insurance as KingSett Mortgage Corporation may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

Owners Liability:

7. There must be evidence of Owners' liability insurance, with a minimum limit of \$5,000,000 per occurrence or such other limit as may be agreed to by lender, unless the owner has purchased a Wrap-up Liability policy.

Contractors Liability:

8. There must be evidence of Contractors Liability insurance, with a minimum limit of \$5,000,000 per occurrence or such other limit as may be agreed to by lender.
9. The Borrower/Owner must be added as an Additional Named Insured under any Contractor's Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Wrap-up Liability:

10. There must be evidence of Wrap-Up Liability insurance, with a minimum limit of \$5,000,000 per occurrence.
11. The Borrower/Owner must be added as an Additional Named Insured under the Contractor's Wrap-up Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Other:

12. The Lender will not accept evidence of insurance on a CSIO form, or an ACORD Form # 25 (or their equivalents), due to the limitation in the wording as to its efficacy, and the restrictive cancellation provisions.



13. Evidence of Professional Liability (Errors & Omission) insurance is required for the architect and engineer;

There must be full, original, certified, endorsed copies of the insurance policies provided to KingSett Mortgage Corporation, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.

(end of Schedule "A")



**SCHEDULE "B"
PROJECT BUDGET**

The total Project Budget has been represented by the Borrower as set out below and shall be reviewed by the Project Monitor):

Facility 1:

Sources of Funds	Total	PSF	%
Facility 1 Land Loan	\$ 4,550,000	\$ 31	62%
Tier 1 Financing	1,750,000	12	24%
Borrower's Equity	1,000,000	7	14%
Facility 1 Total Sources	\$ 7,300,000	\$ 50	100%

(the "Facility 1 Budget")

Facility 2:

Uses of Funds	Total	PSF	%
Land at Cost (including LTT)	\$ 7,300,000	\$ 50	17%
Development Charges & Taxes	4,294,393	29	10%
Hard Construction Costs	22,710,317	156	51%
Soft Construction Costs	6,201,889	42	14%
Financing Costs	3,648,202	25	8%
Contingencies (3% of hard costs)	685,925	5	2%
Interim Occupancy	(612,863)	(4)	-1%
Facility 2 Total Uses	\$ 44,227,862	\$ 303	100%

Sources of Funds	Total	PSF	%
Facility 2 Construction Loan	\$ 31,185,000	\$ 214	71%
Tier 1 Financing	3,425,000	23	8%
Purchaser Deposits	8,617,962	59	19%
Borrower Cash Equity	1,000,000	7	2%
Facility 2 Total Sources	\$ 44,227,962	\$ 303	100%

(the "Facility 2 Budget")

The Facility 1 Budget and the Facility 2 Budget shall be collectively defined in the Commitment as the "Project Budget".

The Borrower and/or applicable Guarantor shall be required to finance any and all Project Budget overruns from its/their own financial resources and not from proceeds advanced under the Loan.

(end of Schedule "B")



SCHEDULE "C"
PROJECT MONITOR MANDATE / REPORTING

A. Preliminary Report Prior to Initial Funding:

Project Monitor to review and comment on the following:

1. Borrower's proposed detailed Project budget.
2. All Project architectural and engineering plans, drawings and specifications along with all related architectural and engineering fee-for-service soft cost contracts.
3. Construction management contract, if applicable.
4. Environmental site assessment report(s) and Geotechnical report(s), if any.
5. Borrower's proposed construction time schedule and project cash flow.
6. All material cost-items, contracts and change orders with major trades.
7. Building permits, development and other municipal / regional agreements, management agreements, consultant's agreements including design, sales, legal and marketing.
8. Review all existing leases and confirm tenant improvements/inducement, rents and deposits carried in the Project budget.
9. All loan agreements and commitment letters, amendments for the financing of the proposed Project. Project Monitor to confirm reasonableness of the interest expense carried in the budget.

Project Monitor to prepare a preliminary report inclusive of the following information:

1. The Project budget, as revised by the Borrower and approved by the Lender, further to the Project Monitor's recommendations.
2. Confirm and monitor Borrower's Minimum Project Equity is maintained in the Project at all times.
3. Review the construction time schedule and project cash flow. Project Monitor to re-confirm reasonableness of schedule to the Lender.
4. Identify any potential issues that may affect the completion of the Project in accordance with the Project budget and the construction time schedule.
5. Any additional recommendation as they become apparent during Project Monitor's review and discussions with the Borrower and/or Lender.

B. Progress Draw Reports Prior to Subsequent Advances for Cost-In-Place:

During construction of the Project submit monthly progress draw reports to the Lender, including the following:

1. Conduct monthly site inspections prior to every draw request, including photographs and commentary on all cost-in-place and status of Project.
2. Update and confirm costs of work completed to-date, work-in-place, holdback amounts, value of change orders, and estimate of cost-to-complete of the Project.
3. Review and comment on any changes to Project scope or budget, including revised drawings, if applicable.
4. Identify any existing or potential issues that may affect Project completion within the Budget.
5. Receipt and receive of standard form Statutory Declaration of Progress Payment Distribution and WSIB certificate.
6. Project monitor certificate per section C.4.c) ii.

(end of Schedule "C")



SCHEDULE "D"
OTHER CONDITIONS

1. Subsequent indebtedness to the Loan, secured or unsecured, is not permitted in connection with the Property without the prior written consent of the Lender. Subsequent indebtedness to the Loan, secured or unsecured, without the Lender's prior written consent shall constitute default under the Commitment and Security documents.
2. Prior to full repayment of the Loan, the Borrower may not sell the Property, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Property, or part thereof, shall be subject to the prior written approval of the Lender, which approval may be arbitrarily withheld, delayed or conditioned. Sale of the Property, in whole or in part, without the Lender's prior written consent shall constitute default under the Commitment and Security documents. This paragraph does not apply to individual townhome unit sales to arm's length purchasers.
3. A change in ownership of the Borrower shall not be permitted without the Lender's prior written consent, which consent may be arbitrarily withheld, delayed or conditioned. A change in ownership of the Borrower without the Lender's prior written request shall constitute default under the Commitment and Security documents.
4. The Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment annually or as otherwise requested from time-to-time by the Lender.
5. Loan disbursements shall take place only on title to the Property being acceptable to our solicitors and all matters in connection with the Security and other documentation deemed necessary or advisable by our solicitors being complied with by the Borrower and all Security and other instruments and agreements to evidence and secure the Loan being duly executed with evidence of registration where applicable.
6. The Lender shall require a satisfactory opinion and report from its solicitors regarding any encumbrances, financial charges or claims registered or to be registered against the Property.
7. The Lender shall require evidence of all corporate authorities together with an opinion of the Borrower's counsel as to usual matters such as: corporate authorities, absence of litigation, delivery of security and execution of all security listed herein.
8. The Borrower and guarantor(s) shall indemnify and save harmless the Lender and its officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature whatsoever arising out of the provisions of this Commitment and the Security, any letters of credit or letters of guarantee issued or indemnified, sale or lease of the Property and/or the use or occupation of the Property including, without limitation, those arising from the right to enter the Property from time to time and to carry out the various tests, inspections and other activities permitted by the Commitment and the Security.

In addition to any liability imposed on the Borrower and Guarantor(s) under any instrument evidencing or securing the Loan indebtedness, the Borrower and Guarantor(s) shall be jointly and severally liable for any and all of the Lender's costs, expenses, damages or liabilities, including,



without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances. The representations, warranties, covenants and agreements of the Borrower and Guarantor(s) set forth in this subparagraph:

- a) are separate and distinct obligations from the Borrower's and guarantor(s)' other obligations;
 - b) survive the payment and satisfaction of the Borrower's and guarantor(s)' other obligations and the discharge of the Security from time to time taken as security therefore;
 - c) are not discharged or satisfied by foreclosure of the charges created by any of the Security; and
 - d) shall continue in effect after any transfer of the land including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.
10. The Lender's Commitment and the Security may not be assigned, transferred or otherwise disposed of by the Borrower without the Lender's prior written consent. However, the Commitment and Security or any interest therein may be assigned or participated by the Lender (and its successors and assigns), in whole or in part, without the consent of the Borrower. Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Loan, the Property and the Borrower within the possession or control of the Lender.
11. The Borrower accepts full responsibility for remittance and payment of any and all GST/HST due and the submission of GST/HST credits or claims.
12. The Borrower acknowledges that the Lender may inspect the Property at any time at the expense of the Borrower.

In the event of the Borrower failing to pay any amount when due or being in breach of any covenant, condition or term of the commitment or the Security, or if any representation made by the Borrower and any guarantor or their respective agents, or any information provided by them is found to be untrue or incorrect, or if any Event of Default as defined in the Security occurs, or if in the sole opinion of the Lender, a material adverse change occurs relating to the Borrower, the Property, any guarantor of the Loan or the risk associated with the Loan, the Borrower shall, at the option of the Lender, be in default of its obligations to the Lender and the Lender may cease or delay further funding or may exercise any and/or all remedies available to it at law and/or in equity. Further, the Lender may, at its option, on notice to the Borrower, declare the principal and interest on the Loan, and any other amount due under the commitment forthwith due and payable, whereupon the same shall be and become immediately due and payable in full.

13. No extension, postponement, forbearance, delay, or failure on the part of Lender in the exercise of any power, right or remedy under this Commitment or any Security agreement or instrument executed in connection therewith or evidencing or securing the Loan, or at law or in equity, shall operate as a waiver thereof, nor shall a single or partial exercise of any power, right or remedy



- preclude other or further exercise thereof or the exercise of any other power, right or remedy. Neither the acceptance of any payment nor the making of any concession by the Lender at any time during the existence of a default shall be construed as a waiver of any continuing default or of any of the Lender's rights or remedies. All of the powers, rights and remedies of the Lender shall be cumulative and may be exercised simultaneously or from time to time in such order or manner as the Lender may elect. No waiver of any condition or covenant of the Borrower or of the breach of any such covenant or condition shall be deemed to constitute a waiver of any other covenant or condition or of any subsequent breach of such covenant or condition or justify or constitute a consent to or approval by Lender of any violation, failure or default by Borrower of the same or any other covenant or condition contained in the Loan, the Commitment or the Security or any other document or instrument executed in connection therewith.
14. The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
 15. The Borrower agrees that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
 16. If the Borrower is comprised of more than one person or corporation, the obligations shall be the joint and several obligations of each such person or corporation comprising the Borrower unless otherwise specifically stated herein.
 17. Time is of the essence in this Commitment.
 18. The Borrower will repay all indebtedness to the Lender on or before the Maturity Date, if so permitted pursuant to this Commitment letter, and, prior to the repayment of the Loan in full, hereby covenants to promptly pay its taxes, protect its property by contest of adverse claims, maintain required insurance, perform its obligations under contracts and agreements, obtain, where applicable, all necessary approvals for construction and use of the Property, comply with all governmental rules and regulations, permit reasonable inspections by the Lender and its agents of the Property and of all records pertaining to the Property.
 19. The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Security but shall survive until all obligations under this Commitment and the Security have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full.
 20. The Borrower will provide the usual warranties and representations respecting: accuracy of financial statements and that there has been no material adverse change in the Borrower's financial condition or operations, as reflected in the financial statements used to evaluate this credit; title to the Property charged by the Security; power and authority to execute and deliver documents; accuracy of documents delivered and representations made to Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Property; preservation of assets; no undefended material actions, suits or proceedings; payment of all taxes; no consents, approvals or authorizations necessary in connection with documentation;



compliance of any construction related to the Property with all laws; no other charges against mortgaged lands except permitted encumbrances; all necessary services available to the Property; no hazardous substances used, stored, discharged or present on the mortgaged lands and will warrant such other reasonable matters as Lender or its legal counsel may require.

21. No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by a duly authorized officer of the Borrower.
22. Any word importing the singular or plural shall include the plural and singular respectively. If any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Any word importing persons of either gender or firms or corporations shall include persons of the other gender and firms or corporations where the context so requires.
23. The headings and section numbers appearing in this Commitment are included only for convenience of reference and in no way define, limit, construe or describe the scope or intent of any provision of this Commitment.
24. The parties agree that this Commitment and the Security documents and the acceptance thereof by all parties may be made by facsimile transmission or by certified electronic signature and electronic transmission.
25. In the event of any inconsistency or conflict between any of the provisions of the Commitment and any provision or provisions of the Security, the provisions of the Commitment will prevail.

(end of Schedule "D")



SCHEDULE "E" REPORTING

Borrower shall provide the Lender with copies of the following for the Property:

1. Any and all insurance policy renewals and/or amendments within ten (10) business days of the issuance thereof. The Lender may, in its unfettered discretion, require its insurance consultant to conduct an insurance review at the Borrower's expense.
2. Property tax statements supported by proof of payment on an annual basis or as otherwise requested by the Lender from time to time.
3. Purchase and sale agreements to be provided to the Lender for review upon 10 (ten) days from execution by the Borrower and purchaser in accordance with the minimum selling prices pursuant to the terms of the Commitment.
4. Review Engagement or auditor prepared certified financial statements for the registered and beneficial owners of the Property and for each corporate guarantor prepared by a chartered accountant within 90 days of each fiscal year end.
5. Regular Project Budgets prepared and updated by the Project Monitor from time-to-time (i.e., until the Loan is repaid in full, the Borrower shall provide the Lender with a copy of each and every Project Monitor report prepared for the Borrower or the Lender).
6. Quarterly sales report in form acceptable to Lender (including all closed sales, unclosed sales and unsold homes)

At the Lender's request from time-to-time, the Borrower shall provide the Lender with any other relevant updates regarding the Property.

(end of Schedule "E")



SCHEDULE "F"
PRE-AUTHORIZED DEBIT ("PAD") FORM

I/we authorize KingSett Mortgage Corporation ("KingSett") and the financial institution designated (or any other financial institution I/we may authorize at any time) to begin deductions as agreed under the KingSett loan agreement(s) for monthly regular recurring payment and/or one-time payments from time to time. Regular monthly interest payments will be debited from my/our specific account on the 1st business day of each month. KingSett will provide five (5) days written notice of the amount of each regular monthly debit. KingSett will obtain my/our authorization for any other one-time or irregular debits.

This authority is to remain in effect until KingSett has received written notification from me/us of its change or termination. This change or termination notification must be received by KingSett at least ten (10) business days before the next debit is scheduled at the address provided below.

KingSett may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least ten (10) days prior written notice to me/us.

I/we have certain recourse rights if any debit does not comply with this agreement. For example, I/we have the right to receive reimbursement for any debit that is not authorized by the KingSett loan agreement(s) or is inconsistent with this PAD agreement. To obtain more information on my/our recourse rights, I/we may contact your financial institution or visit www.ednpay.com.

PAD Category: *Personal* _____ *Business* _____ *Fund Transfer* _____

PLEASE PRINT

DATE: _____

Name(s): _____

Loan Number: _____

Phone Number: _____

Purpose: *Personal* _____ *Business* _____

Address: _____

City/Town: _____ Province: _____ Postal Code: _____

FI Name: _____ FI Transit Number: _____

(branch-5 digits, FI-3 digits)

FI Account Number: _____

Address: _____

City/Town: _____ Province: _____ Postal Code: _____

Authorized Signature(s): _____

Name: _____

c/o KingSett Capital
Toronto-Dominion Centre, TD Bank Tower
66 Wellington Street West, Suite 4400
Toronto, Ontario M5K 1H6

www.kingsettcapital.com

(end of Schedule "F")



SCHEDULE "G"
NOTICE TO PROPERTY TAX AUTHORITY

Re: Borrower: _____
Property: _____
Loan No.: _____

To Whom It May Concern:

Approval is being given to release any information verbally or in writing as requested by our mortgage company, KingSett Mortgage Corporation, regarding all matters related to taxes for the above-noted property. This is including but not limited to taxes outstanding, status of tax account, payments received and/or outstanding or copies of tax statements.

This approval will remain in full force and effect until the mortgage is paid in full.

Dated this _____ day of _____, 2015.

BORROWER:

Per: _____

Witness

Property Civic Address: Roll Number: (Please complete in full)

(end of Schedule "G")



SCHEDULE "H"
PRIVACY ACT CONSENT

By signing this Commitment, each of you, being the parties signing (including all mortgagors and, if applicable, guarantor) agrees that the Lender is authorized and entitled to:

- a) Use your Personal Information (as hereinafter defined) to assess your ability to obtain your loan and to evaluate your ability to meet your financial obligations. This use includes disclosing and exchanging your Personal Information on an on-going basis with credit bureaus, credit reporting agencies and financial institutions or their agents, or to service providers, in order to determine and verify, on an on-going basis, your continuing eligibility for your loan and your continuing ability to meet your financial obligations. This use, disclosure and exchange of your Personal Information will continue as long as your loan is outstanding and will help protect you from fraud and will also protect the integrity of the credit-granting system; and
- b) Use, disclose and exchange, on an on-going basis, all the personal information collected by us or delivered by you to us from time to time in connection with your loan and any information obtained by us from time to time pursuant to paragraphs (a) above (collectively your "Personal Information") to other organizations which may fund all or any part of your loan and/or own all or any part of your loan and the security securing your loan from time to time and permit prospective investors in your loan to inspect your Personal Information.

(end of Schedule "H")



SCHEDULE "I"
BORROWER'S PROJECT SALES LIST

Unit #	Status	Sale Price	Purchaser Name
402	Firm	241,900.00	Tomasz K Czerwinski
404	Firm	193,900.00	Dinesh Achria
406	Firm	184,900.00	Gurpreet Singh Sandhu
407	Firm	303,900.00	Tomasz K Czerwinski
417	Firm	303,900.00	Gloria Castillo
420	Firm	245,900.00	Sukhjinder Singh Bhambra
421	Firm	241,900.00	Thaishini Thairamangam
422	Firm	241,900.00	Balwinder Singh
501	Firm	285,400.00	Deep Sachdev
502	Firm	242,400.00	Muhammad Mushtaq Rana
503	Firm	196,150.00	Firas Yousef
504	Firm	194,150.00	Kin Lok Chung
507	Firm	304,400.00	Alexander Makrygiannis
519	Firm	294,400.00	Deep Sachdev
521	Firm	242,400.00	Vijay Tayal
522	Firm	242,400.00	Neetu Chopra
602	Firm	242,900.00	Amritpal Kaur Dhaliwal
603	Firm	196,400.00	Tissa Mallawa-Arachchi
605	Firm	296,900.00	1927144 Ontario Unltd
617	Firm	304,900.00	Ted Yip
619	Firm	294,900.00	Deep Sachdev
620	Firm	246,900.00	Baljinder Singh Gosal
622	Firm	242,900.00	Sukhjinderpal Singh Makh
701	Firm	286,800.00	Rebecca Yau
702	Firm	243,400.00	Nirdosh Gulati
711	Firm	273,400.00	Meta Heldary
712	Firm	273,400.00	Nikita Sachindra Nalk
714	Firm	243,400.00	Adrian Roca Medicine Professional Corp
803	Firm	196,900.00	Tri Can Truong
804	Firm	194,900.00	Muoi Phan
805	Firm	297,900.00	Fatma Nasser
807	Firm	305,900.00	Steve Hunt
811	Firm	273,900.00	Manpreet Kaur Dhaliwal
812	Firm	273,900.00	Ajendra Ajnesh Prasad
815	Firm	285,900.00	Manoj Kumar Gupta
902	Firm	244,400.00	Jagroop Kaur Dhillon
904	Firm	195,150.00	Mahmoud Soud
908	Firm	274,400.00	Biyang Pan
910	Firm	274,400.00	Rachna Sharma
915	Firm	287,400.00	Gagandeep Singh Bedi
1002	Firm	244,900.00	Nirdosh Gulati
1005	Firm	298,900.00	Amrik Singh
1008	Firm	274,900.00	Biyang Pan
1013	Firm	274,900.00	Sabrina Imreis
1101	Firm	303,400.00	Kai Ni Ng
1102	Firm	245,400.00	Ravideep Singh Jhal
1103	Firm	197,650.00	John Congyue Wu
1104	Firm	195,650.00	Ayesha Ayesha
1105	Firm	299,400.00	The Rheimitula Group Inc
1107	Firm	307,400.00	Eric Babin
1108	Firm	275,400.00	Mitui Patel
1110	Firm	275,400.00	Kai Ni Ng
1112	Firm	275,400.00	Pritashkumar Jashbhal Patel
1204	Firm	195,900.00	Chirag Chandravadan Shah
1215	Firm	288,400.00	Pranab Chakravorty



SCHEDULE "I"
BORROWER'S PROJECT SALES LIST - Continued

Unit #	Status	Sale Price	Purchaser Name
1305	Firm	300,400.00	Shamsier Khemani
1313	Firm	276,400.00	Salvatore Di Chiara
1315	Firm	288,900.00	Nishant N Parikh
1402	Firm	245,900.00	Anwar Shalkh
1405	Firm	300,900.00	Art Kraiden
1407	Firm	323,900.00	Rajinder Pal
1413	Firm	276,900.00	David Azzoli
1414	Firm	300,900.00	Sally M Cohen-Kraiden
1415	Firm	289,400.00	SaBsh Avadhoot Chawathe
1501	Firm	290,900.00	Rochi Deduro
1603	Firm	198,900.00	Ahmed Al-Saffar
1604	Firm	195,900.00	Salem Mohammed Sukhon
1607	Firm	309,900.00	Sanjeev Sharma
1610	Firm	277,900.00	Adedayo Samuel Ogunsanya
1613	Firm	277,900.00	David Azzoli
1614	Firm	301,900.00	Nancy Nicola
713	Pending	273,400.00	Gus Anthos
903	Pending	197,150.00	Themy Koutrakos
905	Pending	298,400.00	Peter Anthos
3505	Pending	301,400.00	Despina Sotirakos
1602	Pending	252,900.00	Joan Hing King
1605	Pending	301,900.00	XinMing Li
405	Reserved	295,900.00	
408	Reserved	271,900.00	
412	Reserved	271,900.00	
413	Reserved	286,900.00	
419	Reserved	293,900.00	
512	Reserved	272,400.00	
520	Reserved	246,400.00	
607	Reserved	319,900.00	
706	Reserved	185,650.00	
715	Reserved	286,400.00	
802	Reserved	243,900.00	
806	Reserved	185,900.00	
808	Reserved	273,900.00	
813	Reserved	273,900.00	
901	Reserved	287,400.00	
906	Reserved	186,150.00	
909	Reserved	274,400.00	
911	Reserved	274,400.00	
1001	Reserved	287,900.00	
1003	Reserved	212,400.00	
1006	Reserved	186,400.00	
1009	Reserved	274,900.00	
1014	Reserved	298,900.00	
1015	Reserved	287,900.00	
1106	Reserved	186,650.00	
1109	Reserved	275,400.00	
1111	Reserved	275,400.00	
1113	Reserved	275,400.00	
1114	Reserved	314,400.00	
1115	Reserved	288,400.00	
1203	Reserved	197,900.00	
1205	Reserved	295,900.00	
1206	Reserved	186,900.00	



SCHEDULE "I"
BORROWER'S PROJECT SALES LIST - Continued

Unit #	Status	Sale Price	Purchaser Name
1208	Reserved	275,900.00	
1214	Reserved	299,900.00	
1301	Reserved	289,400.00	
1303	Reserved	198,150.00	
1306	Reserved	187,150.00	
1308	Reserved	276,400.00	
1314	Reserved	300,400.00	
1401	Reserved	289,900.00	
1403	Reserved	198,400.00	
1404	Reserved	195,400.00	
1405	Reserved	187,400.00	
1408	Reserved	276,900.00	
1501	Reserved	290,400.00	
1506	Reserved	187,650.00	
1508	Reserved	277,400.00	
1514	Reserved	301,400.00	
1608	Reserved	277,900.00	
1611	Reserved	277,900.00	
1615	Reserved	290,400.00	
401	Hold	284,900.00	
414	Hold	271,900.00	
505	Hold	295,400.00	
510	Hold	272,400.00	
513	Hold	272,400.00	
515	Hold	272,400.00	
517	Hold	319,400.00	
523	Hold	285,400.00	
601	Hold	285,900.00	
604	Hold	194,400.00	
614	Hold	272,900.00	
913	Hold	274,400.00	
1201	Hold	289,900.00	
1202	Hold	245,900.00	
1502	Hold	247,400.00	
1506	Hold	187,900.00	
403	Available	195,900.00	
409	Available	271,900.00	
410	Available	271,900.00	
411	Available	271,900.00	
415	Available	271,900.00	
416	Available	271,900.00	
418	Available	184,900.00	
423	Available	284,900.00	
506	Available	185,150.00	
508	Available	272,400.00	
509	Available	272,400.00	
511	Available	272,400.00	
514	Available	272,400.00	
516	Available	272,400.00	
518	Available	185,150.00	
606	Available	185,400.00	
608	Available	272,900.00	
609	Available	272,900.00	
610	Available	272,900.00	
611	Available	272,900.00	



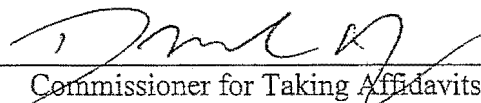
SCHEDULE "I"
BORROWER'S PROJECT SALES LIST - Continued

Unit #	Status	Sale Price	Purchaser Name
612	Available	272,500.00	
613	Available	272,500.00	
615	Available	272,500.00	
616	Available	272,500.00	
618	Available	185,650.00	
621	Available	242,500.00	
623	Available	285,500.00	
703	Available	196,650.00	
704	Available	154,650.00	
705	Available	297,400.00	
707	Available	305,400.00	
708	Available	273,400.00	
709	Available	273,400.00	
710	Available	273,400.00	
801	Available	286,900.00	
809	Available	273,900.00	
810	Available	273,900.00	
814	Available	312,900.00	
907	Available	306,400.00	
912	Available	274,400.00	
914	Available	298,400.00	
1004	Available	155,400.00	
1007	Available	306,900.00	
1010	Available	274,500.00	
1011	Available	274,500.00	
1012	Available	274,500.00	
1207	Available	322,500.00	
1209	Available	275,900.00	
1210	Available	275,900.00	
1211	Available	275,900.00	
1212	Available	275,900.00	
1213	Available	275,900.00	
1302	Available	246,400.00	
1304	Available	196,150.00	
1307	Available	308,400.00	
1309	Available	276,400.00	
1310	Available	276,400.00	
1311	Available	276,400.00	
1312	Available	276,400.00	
1409	Available	276,900.00	
1410	Available	276,900.00	
1411	Available	276,900.00	
1412	Available	276,900.00	
1503	Available	198,650.00	
1504	Available	196,650.00	
1507	Available	309,400.00	
1509	Available	277,400.00	
1510	Available	277,400.00	
1511	Available	277,400.00	
1512	Available	277,400.00	
1513	Available	277,400.00	
1515	Available	289,900.00	
1609	Available	277,900.00	
1612	Available	277,900.00	
Total		57,503,600.00	

End of Schedule I

TAB N

THIS IS EXHIBIT "N"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckwith

TEXTBOOK STUDENT SUITES INC.					PROFORMA SUMMARY					256 Rideau Street, Ottawa 279 Suites \ 465 Beds					Updated: 26-Jul-17					
PROJECT STATISTICS / ASSUMPTIONS					COSTS					VALUATION / FINANCING					GROSS ANNUAL					
Type	Suites	Beds	Avg size	Total Area	Per GFA	Per Suite	W.I.P.	Balance to Complete	TOTAL	Units	Avg. SF	Rent Per SF	Avg. / Month	Avg. / Annual	GROSS ANNUAL					
Land costs:										Revenues										
1 BR	93	93	496	46,082	\$ 47	\$ 39,427	\$ 100,000	\$ 10,900,000	\$ 11,000,000	1 BR	93	496	3.26	\$ 1,613	\$ 19,356	\$ 1,800,108				
2 BR	186	372	637	118,482	-	-	-	-	-	2 BR	186	637	3.27	2,081	24,972	4,644,792				
Residential	279	465	590	164,564	1	769	-	214,688	214,688	279	590	3.26	\$ 1,925	\$ 23,100	\$ 6,444,900					
Retail				3,191	-	-	-	-	-	Other										
Amenities				19,189	1	733	-	204,375	204,375	Retail	1	3,191	\$ 30	\$ 7,978	\$ 95,736	95,736				
Circ/Mech				48,688	Total Land costs					\$ 66	\$ 56,113	\$ 100,000	\$ 15,555,570	\$ 15,655,570	Gross Income					
Gross Floor Area (above grade)			71.2%	235,632	Hard costs:										Less: Vacancy Allowance					
					General Requirements					8	6,334	-	1,767,240	1,767,240	2.50%					
					Site Work \ Connections					5	3,801	-	1,060,344	1,060,344	-					
Parking:	Ratio	Required	Provided		Concrete/Formwork(Parkin					27	22,803	-	6,362,064	6,362,064	28.0%					
Per suite	0.00	0	0		Masonry					3	2,534	-	706,896	706,896	-					
Visitors	0.01	4	4		Metals					3	2,534	-	706,896	706,896	-					
Total # spaces	0.014	4	4		Carpentry					6	5,067	-	1,413,792	1,413,792	-					
Avg GFA per parking space			375		Thermal & Moisture Protec					8	6,334	-	1,767,240	1,767,240	-					
Total GFA - Parking			1,500		Doors & Windows					9	7,601	-	2,120,688	2,120,688	-					
					Finishes					10	8,234	-	2,297,412	2,297,412	-					
Development \ Lease up Schedule:					Appliances \ Furnishings					11	9,501	-	2,650,860	2,650,860	-					
CONSTRUCTION - START					Amenity, Specialties					1	633	-	176,724	176,724	-					
CONSTRUCTION - COMPLETION					Conveying Systems					3	2,534	-	706,896	706,896	-					
# of months					Mechanical					36	30,404	-	8,482,752	8,482,752	-					
PRE LEASING					Electrical					14	12,035	-	3,357,756	3,357,756	-					
LEASE UP - COMPLETION					Upgrades & other					1	538	-	150,000	150,000	-					
Average # units leased per month					Construction Management					5	3,801	-	1,060,344	1,060,344	-					
OCCUPANCY COMMENCING					Construction Contingency					3	2,534	-	706,896	706,896	-					
TAKE OUT FINANCING					Total Hard costs					\$ 151	\$ 127,222	\$ -	\$ 35,494,800	\$ 35,494,800	-					
					Soft costs:															
Statistics (per):					Design & Consulting					6	5,212	-	1,454,225	1,454,225	-					
REVENUE					GFA	Suite	Bed	Legal & Administration					16	13,373	-	3,731,100	3,731,100	-		
	\$ 390	\$ 329,142	\$ 197,485	Sales & Marketing					4	3,521	-	982,265	982,265	-						
Land Cost	66	56,113	33,668	Interest & Finance					28	23,372	-	6,520,656	6,520,656	-						
Hard Cost	151	127,222	76,333	Offsetting Income					6	4,851	-	1,353,429	1,353,429	-						
Soft Cost	69	57,971	34,783	HST - net of rebates					19	16,269	-	4,539,152	4,539,152	-						
COST	286	241,306	144,784	Soft cost contingency					1	1,075	-	300,000	300,000	-						
PROFIT	104	87,836	52,701	Total Soft costs					\$ 69	\$ 57,971	\$ -	\$ 16,173,969	\$ 16,173,969	-						
					Total COSTS					\$ 286	\$ 241,306	\$ 100,000	\$ 67,224,338	\$ 67,324,338	-					
										PROJECT FINANCING										
										Source of Funds - Upon Acquisition										
										VTB						50%	\$ 5,500,000			
										Mezzanine loan						25%	2,750,000			
										Equity						25%	2,750,000			
										Total Project Cost						100%	11,000,000			
										Source of Funds - During Construction										
										Construction loan						75%	50,574,338			
										Mezzanine loan						15%	10,050,000			
										Equity						10%	6,700,000			
										Total Project Cost						100%	67,324,338			
										Source of Funds - Upon Stabilization										
										Term Mortgage						100% Project Cost	73% LTV	67,324,338		
										Equity or Mez Financing								-		
										Total Project Cost								67,324,338		
										10-year Interest Rate						4.00% Amortization	30	DSCR	1.19	
										Development Profit										
										Value upon Stabilization								91,830,529		
										Total Project Costs								67,324,338		
										Development Profit upon Stabilization								24,506,191		
										Development Margin:						36%	IRR Y1-5	31%	IRR Y1-10	36%

PROFORMA SUMMARY		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
Cash flow - Capital cost		01-May-15	Jun-15	Jul-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16		
		PRE-CONSTRUCTION										Construction									
												Start	CONSTRUCTION								
INTERIM OPERATIONS	Units Occupied - Monthly	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Units Occupied - Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	INTERIM OPERATIONS																				
	Monthly rent - Retail																				
	Monthly rent - Residents																				
	Less: Operating costs																				
	Other																				
	Total cash receipts																				
	Construction % - Monthly	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	3.5%	5.7%	6.0%	6.0%	6.0%	8.4%	4.9%	
	Construction % - Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	4.0%	7.6%	13.3%	19.3%	25.3%	31.2%	39.7%	44.6%	
COSTS / CASH PAYMENTS:																					
USE OF FUNDS	General Requirements	-	-	-	-	-	-	-	-	-	98,180	98,180	98,180	98,180	98,180	98,180	98,180	98,180	98,180		
	Site Work \ Connections	-	-	-	-	-	-	-	-	-	530,172	530,172	-	-	-	-	-	-	-	-	
	Concrete/Formwork/Parking	-	-	-	-	-	-	-	-	-	-	-	-	1,060,344	1,060,344	1,060,344	1,060,344	1,060,344	1,060,344	1,060,344	
	Masonry	-	-	-	-	-	-	-	-	-	-	-	-	-	88,362	88,362	88,362	88,362	88,362	88,362	
	Metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,362	88,362	
	Carpentry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,816	117,816	
	Thermal & Moisture Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	220,905	220,905	
	Doors & Windows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265,086	265,086	
	Finishes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Appliances \ Furnishings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amenity, Specialties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Conveying Systems	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	176,724	
	Mechanical	-	-	-	-	-	-	-	-	-	-	-	-	-	565,517	565,517	565,517	565,517	565,517	565,517	
	Electrical	-	-	-	-	-	-	-	-	-	-	-	-	-	223,850	223,850	223,850	223,850	223,850	223,850	
	Upgrades & other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Construction Management	-	-	-	-	-	-	-	-	-	-	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017	
	Construction Contingency	-	-	-	-	-	-	-	-	-	-	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345	
	SOFT COSTS	Design & Consulting	-	-	20,000	40,000	50,000	60,000	100,000	150,000	350,000	400,000	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535
		Legal & Administration	-	-	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659
		Sales & Marketing	-	-	17,124	17,124	17,124	17,124	134,263	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124
Interest & Finance		-	-	-	-	-	-	-	502,500	22,917	83,750	108,750	1,550,883	89,250	111,626	117,936	127,629	137,716	147,843	158,013	
Interest on VTB		-	-	-	-	-	-	-	-	27,500	27,500	27,500	27,500	-	-	-	-	-	-	-	
HST - Net of rebates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Soft cost contingency		-	-	10,344.83	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	
LAND	Land Costs	-	500,000	-	-	-	-	5,214,688	8,696.81	8,697	4,244,681	5,508,175	8,697	8,697	8,697	8,697	8,697	8,697	8,697		
	Total cash payments	-	500,000	176,127	196,127	206,127	333,267	5,973,315	365,240	626,074	5,770,912	7,972,934	1,514,494	2,326,237	2,420,909	2,430,602	2,440,689	3,319,710	2,092,811		
		1st Deposit																			
CASH REQUIRED		-	500,000	176,127	196,127	206,127	333,267	5,973,315	365,240	626,074	5,770,912	7,972,934	1,514,494	2,326,237	2,420,909	2,430,602	2,440,689	3,319,710	2,092,811		
FINANCING:																					
Equity advance		-	500,000	176,127	196,127	206,127	333,267	5,288,352	-	-	-	-	-	-	-	-	-	-	-	-	
Mezzanine Mortgage advance		-	-	-	-	-	-	2,750,000	7,300,000	-	-	-	-	-	-	-	-	-	-	-	
Construction advance		-	-	-	-	-	-	-	-	-	-	5,370,123	1,514,494	2,326,237	2,420,909	2,430,602	2,440,689	3,319,710	2,092,811		
Total FINANCING		-	500,000	176,127	196,127	206,127	333,267	8,038,352	7,300,000	-	-	5,370,123	1,514,494	2,326,237	2,420,909	2,430,602	2,440,689	3,319,710	2,092,811		
Closing bank balance		-	-	-	-	-	-	2,065,037	8,999,797	8,373,723	2,602,811	-	-	-	-	-	-	-	-		
2) EQUITY FINANCING:																					
Opening Equity balance		-	-	500,000	676,127	872,254	1,078,381	1,411,648	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	
Current advances (repaid)		-	500,000	176,127	196,127	206,127	333,267	5,288,352	-	-	-	-	-	-	-	-	-	-	-		
Cumulative Equity balance		-	500,000	676,127	872,254	1,078,381	1,411,648	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000		
3) MEZZANINE FINANCING:																					
Opening Mezzanine balance		-	-	-	-	-	-	-	2,750,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000		
Current Advance (Repayment)		-	-	-	-	-	-	2,750,000	7,300,000	-	-	-	-	-	-	-	-	-	-		
Cumulative Mezzanine balance		-	-	-	-	-	-	2,750,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000		
4) CONSTRUCTION FINANCING:																					
Opening Construction Loan balance		-	-	-	-	-	-	-	-	-	-	-	5,370,123	6,884,618	9,210,855	11,631,764	14,062,366	16,503,055	19,822,765		
Current advance (repayment)		-	-	-	-	-	-	-	-	-	-	-	5,370,123	1,514,494	2,326,237	2,420,909	2,430,602	2,440,689	3,319,710		
Cumulative Construction Loan balance		-	-	-	-	-	-	-	-	-	-	5,370,123	6,884,618	9,210,855	11,631,764	14,062,366	16,503,055	19,822,765	21,915,576		
INTEREST	Interest on Construction Loan	-	-	-	-	-	-	-	-	-	-	-	22,376	28,686	38,379	48,466	58,593	68,763	82,595		
	Average Interest Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Interest on Mezz Financing	-	-	-	-	-	-	22,917	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750		
	Average Interest Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	COMBINED INTEREST	-	-	-	-	-	-	22,917	83,750	83,750	83,750	83,750	106,126	112,436	122,129	132,216	142,343	152,513	166,345		

PROFORMA SUMMARY	18	19	20	21	22	23	24	25	26	27	28	29	30	31	GRAND
Cash flow - Capital cost	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	TOTAL
CONSTRUCTION															
Units Occupied - Monthly	0	0	0	0	0	0	0	0	0	140	140	0	0		
Units Occupied - Total	0	0	0	0	0	0	0	0	0	140	279	279	279		
INTERIM OPERATIONS															
Monthly rent - Retail															
Monthly rent - Residents										268,538	537,075	537,075	537,075		1,879,763
Less: Operating costs										75,191	150,381	150,381	150,381		526,334
Other															
Total cash receipts										193,347	386,694	386,694	386,694	0	1,353,429
Construction % - Monthly	5.6%	5.6%	5.6%	5.8%	5.3%	5.3%	4.2%	7.2%	6.7%	3.7%	0.2%	0.0%	0.0%		
Construction % - Total	50.2%	55.8%	61.4%	67.3%	72.6%	78.0%	82.2%	89.4%	96.0%	99.8%	100.0%	100.0%	100.0%		
COSTS / CASH PAYMENTS:															
General Requirements	98,180	98,180	98,180	98,180	98,180	98,180	98,180	98,180	98,180						1,767,240
Site Work \ Connections															1,060,344
Concrete/Formwork/Parking															6,362,064
Masonry	88,362	88,362	88,362												706,896
Metals	88,362	88,362	88,362	88,362	88,362	88,362									706,896
Carpentry	117,816	117,816	117,816	117,816	117,816	117,816	117,816	117,816	117,816	117,816					1,413,792
Thermal & Moisture Protection	220,905	220,905	220,905	220,905	220,905	220,905	220,905								1,767,240
Doors & Windows	265,086	265,086	265,086	265,086	265,086	265,086									2,120,688
Finishes	229,741	229,741	229,741	229,741	229,741	229,741	229,741	229,741	229,741	229,741					2,297,412
Appliances \ Furnishings								883,620	883,620	883,620					2,650,860
Amenity, Specialties								88,362	88,362						176,724
Conveying Systems				176,724			176,724	176,724							706,896
Mechanical	565,517	565,517	565,517	565,517	565,517	565,517	565,517	565,517	565,517						8,482,752
Electrical	223,850	223,850	223,850	223,850	223,850	223,850	223,850	223,850	223,850	223,850					3,367,756
Upgrades & other								75,000	75,000						150,000
Construction Management	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017	53,017				1,060,344
Construction Contingency	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345	35,345				706,896
Design & Consulting	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535	13,535		1,454,225
Legal & Administration	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659	128,659		3,731,100
Sales & Marketing	17,124	17,124	17,124	17,124	17,124	17,124	17,124	17,124	268,527	17,124	17,124	17,124	17,124		982,265
Interest & Finance	171,845	180,565	190,300	200,071	209,883	220,104	229,629	239,197	247,147	259,501	272,198	278,715	552,691		6,410,656
Interest on VTB															110,000
HST - Net of rebates													4,539,152		4,539,152
Soft cost contingency	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345	10,345		300,000
Land Costs	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	5,392		15,655,570
Total cash payments	2,336,385	2,345,105	2,354,840	2,452,973	2,286,061	2,296,281	1,908,178	2,964,727	3,047,357	1,767,398	538,918	457,073	5,266,896	0	68,677,767
CASH REQUIRED	2,336,385	2,345,105	2,354,840	2,452,973	2,286,061	2,296,281	1,908,178	2,964,727	3,047,357	1,564,051	152,224	70,379	4,880,202	0	87,324,338
FINANCING:															
Equity advance															6,700,000
Mezzanine Mortgage advance															10,050,000
Construction advance	2,336,385	2,345,105	2,354,840	2,452,973	2,286,061	2,296,281	1,908,178	2,964,727	3,047,357	1,564,051	152,224	70,379	4,880,202		50,574,338
Total FINANCING	2,336,385	2,345,105	2,354,840	2,452,973	2,286,061	2,296,281	1,908,178	2,964,727	3,047,357	1,564,051	152,224	70,379	4,880,202		67,324,338
Closing bank balance															67,324,338
2) EQUITY FINANCING:															
Opening Equity balance	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000
Current advances (repaid)															6,700,000
Cummulative Equity balance	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	
3) MEZZANINE FINANCING:															
Opening Mezzanine balance	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000
Current Advance (Repayment)															10,050,000
Cummulative Mezzanine balance	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	10,050,000	
4) CONSTRUCTION FINANCING:															
Opening Construction Loan balance	21,915,576	24,251,961	26,597,065	28,951,905	31,404,877	33,890,938	35,987,219	37,895,397	40,860,124	43,907,482	45,471,533	45,623,757	45,694,136	50,574,338	50,574,338
Current advance (repayment)	2,336,385	2,345,105	2,354,840	2,452,973	2,286,061	2,296,281	1,908,178	2,964,727	3,047,357	1,564,051	152,224	70,379	4,880,202	50,574,338	50,574,338
Cummulative Construction Loan balance	24,251,961	26,597,065	28,951,905	31,404,877	33,890,938	35,987,219	37,895,397	40,860,124	43,907,482	45,471,533	45,623,757	45,694,136	50,574,338	50,574,338	
Cash Balance															67,324,338
Interest on Construction Loan	91,315	101,050	110,821	120,633	130,854	140,379	149,947	157,897	170,251	182,948	189,465	190,099	190,392		2,273,906
Average Interest Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,273,906
Interest on Mezz Financing	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750	83,750		2,032,917
Average Interest Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,032,917
COMBINED INTEREST	175,065	184,800	194,571	204,383	214,604	224,129	233,697	241,647	254,001	266,698	273,215	273,849	274,142		

256 Rideau Street, Ottawa
DETAILED CAPITAL COST ASSUMPTIONS
as at 26-Jul-17

COSTS	(1)	(2)	(3)			Notes - Est to complete			
	W.I.P.	Estimated to Complete	Total Forecast	SF / GFA	Units				
LAND				235,632	279				
1 Land - Purchase	100,000	10,900,000	11,000,000	\$11,000,000	\$0	Land Incl. Broker fee			
2 Land - Appreciation	-	-	-						
3 Title Fees / Transfer tax	-	214,688	214,688	1.95%		% of land purchase			
4 Parkland dedication	-	224,294	224,294			2.0% of appraised land value	1BR	2BR	
5 City Dev Charges - Res	-	3,367,713	3,367,713	9,745	13,234	2015 Greenbelt Rates inflated 1.4%	906,242	2,461,471	
6 City Dev Charges - Comm	-	306,000	306,000	3,191	19.82	2015 Greenbelt Rates inflated 1.4%	296,782	9,218	
7 Section 37	-	238,500	238,500	1,500	159	Allowance for incr. units @ \$1,500 per			
8 Realty Taxes	-	204,375	204,375	81,750	2.50	Est annual tax x 2.5 years			
9 Site Improvements	-	-	-						
10 Planning & re-zoning	-	100,000	100,000			Budget for Planning approvals			
Total LAND	100,000	15,555,570	15,655,570						Cost
CONSTRUCTION									
				Hard Cost PSF					
				150	35,344,800				
									% of Hard Costs
20 General Requirements	-	1,767,240	1,767,240	\$7.50	\$6,334				5.00%
21 Site Work	-	1,060,344	1,060,344	\$4.50	\$3,801				3.00%
22 Concrete Formwork/Parking	-	6,362,064	6,362,064	\$27.00	\$22,803				18.00%
23 Masonry	-	706,896	706,896	\$3.00	\$2,534				2.00%
24 Metals/Balcony railings	-	706,896	706,896	\$3.00	\$2,534				2.00%
25 Carpentry	-	1,413,792	1,413,792	\$6.00	\$5,067				4.00%
26 Thermal & Moisture	-	1,767,240	1,767,240	\$7.50	\$6,334				5.00%
27 Doors & Windows	-	2,120,688	2,120,688	\$9.00	\$7,601				6.00%
28 Finishes	-	2,297,412	2,297,412	\$9.75	\$8,234				6.50%
29 Appliances \ Furniture	-	2,650,860	2,650,860	\$11.25	\$9,501	Includes in-suite furnishings			7.50%
30 Amenity equipment \ Furnishings	-	176,724	176,724	\$0.75	\$633				0.50%
31 Conveying Systems	-	706,896	706,896	\$3.00	\$2,534				2.00%
32 Mechanical	-	8,482,752	8,482,752	\$36.00	\$30,404				24.00%
33 Electrical	-	3,357,756	3,357,756	\$14.25	\$12,035				9.50%
34 Construction Management	-	1,060,344	1,060,344	\$4.50	3.00%	Estimate of % hard costs			3.00%
35 Construction Contingency	-	706,896	706,896	\$3.00	2.50%				2.00%
Sub-total	-	35,344,800	35,344,800	150.00					100.00%
36 Soils \ Demolition	-	-	-			Included above			
37 Building permit	-	-	-	279	0	Included above			
38 Municipal fees	-	-	-		0	Included above			
39 Insurance / Bonding	-	150,000	150,000	0.100%	30,000,000	Allowance for bonding key trades			
40 Purchaser's upgrades	-	-	-						
Total CONSTRUCTION	-	35,494,800	35,494,800	\$150.64					
DESIGN									
50 Architect	-	640,000	640,000	32,000,000	279	Units			
51 Structural Engineer	-	128,000	128,000		2.00%	of hard costs			
52 Mechanical & Electrical	-	160,000	160,000		0.40%	"			
53 Landscape Architect	-	50,000	50,000		0.50%	"			
54 Site Services \ Civil Eng.	-	50,000	50,000		\$50,000	Allowance			
55 Interior Designer	-	111,600	111,600		\$50,000	Allowance			
56 Cost planning	-	15,000	15,000		\$400				
57 Inspection & Site Testing	-	104,625	104,625		\$15,000	Allow for take off / CM Contract			
58 Code consultant	-	25,000	25,000		\$375	Quality control			
59 Soils \ Geotech \ Environmental	-	40,000	40,000		\$25,000	Allowance			
60 Acoustic consultant	-	10,000	10,000		\$40,000				
61 Sprinkler consultant	-	10,000	10,000		\$10,000	Report			
62 Vibration consultant	-	10,000	10,000		\$10,000	Report			
63 Other consultants \ Studies	-	50,000	50,000	4	\$2,500	Monthly monitoring			
64 Printing & disbursements	-	50,000	50,000		\$50,000	Misc.			
Total DESIGN	-	1,454,225	1,454,225		\$50,000	Allowance			
LEGAL & ADMINISTRATION									
70 Legal Fees	-	209,250	209,250	279	\$750	Lease \ Corp org \ Financing			
71 Accounting	-	30,000	30,000	3	\$10,000	Annual financials x years			
72 Surveyor	-	41,850	41,850		\$150	AGM Surveyor			
73 Misc. Development	-	100,000	100,000		\$100,000	Out of pockets			
74 Land Acquisition	-	-	-		5.00%				
75 Development Management	-	3,350,000	3,350,000	67,000,000	5.00%	Textbook Development fees as % total costs			
Total LEGAL & ADMINISTRATION	-	3,731,100	3,731,100						
SALES & MARKETING									
80 Marketing & Advertising	-	223,200	223,200		\$800	Allowance			
81 Leasing Office - Construction	-	50,000	50,000	1,000	\$50.00	Est 1,000 sf sales centre			
82 Leasing Office - Operations	-	60,000	60,000	12	\$5,000	Staff & overhead for one year			
83 Commissions	-	537,054	537,054	8.33%	\$6,444,900	Approx. 1 Month revenue	Sale:	Constr Start	Closing
84 Commissions - Outside Broker	-	-	-	0.00%	0.00%	Incl above	134,263	134,263	268,527
85 Incentives - Rental Guarantee	-	-	-	0	\$0				
86 Leasing Consultant	-	-	-		\$0.00		134,263	134,263	268,527
87 Retail - Tenant Inducements	-	95,736	95,736	3,191	\$30.00	Allowance per sf. (1 years' rent)	481	481	962

256 Rideau Street, Ottawa
DETAILED CAPITAL COST ASSUMPTIONS
as at 26-Jul-17

	(1) W.I.P.	(2) Estimated to Complete	(3) Total Forecast		Notes - Est to complete
88 Retail - Commissions	-	16,275	16,275	17.00%	95,736 5-year deal (5% + (4 x 3%))
Total SALES & MARKETING	-	982,265	982,265		
FINANCE					
90 Construction Loan Fees	-	1,451,633	1,461,633	2.00%	50,165,000 1% Lender + 1% Broker + 2.5% Stamping fee
91 Mezzanine Loan Fees	-	502,500	502,500	5.00%	10,050,000 Lender \ broker fee \ legals
92 Service Charges & misc.	-	7,200	7,200	\$150.00	48 Monthly bank charges
93 Appraisal	-	20,000	20,000	1	20,000 Allowance for 1 appraisal
94 Tarion\BILD enrolment	-	5,000	5,000		\$5,000.00 BILD enrolment
95 Deposit Insurance Fees	-	-	-	0	0.00%
96 Letter of Credit Fees	-	7,500	7,500	1.50%	2 Allowance for \$250,000 K of LC to City
97 Project Monitor	-	100,000	100,000	18	5,500 Bank's monitor during construction
98 VTB Interest	-	110,000	110,000	6%	5,500,000
99 Mezzanine Loan Interest	-	2,032,917	2,032,917	10.050,000	10.00%
100 Construction Loan Interest	-	2,273,906	2,273,906	5.00%	Estimate per cash flow
Total FINANCE	-	6,520,656	6,520,656		Estimate as per cash flow
INTERIM OPERATIONS					
100 Interim rent collections	-	1,879,763	1,879,763		Per cash flow
101 Interim operating costs	-	526,334	526,334		Per cash flow
102 Other	-	-	-		
103 Interest Earned on Deposits	-	-	-		0
Total INTERIM OPERATIONS	-	1,353,429	1,353,429		
CONTINGENCY & HST					
104 HST - net of rebates	-	4,539,152	4,539,152	4.94%	91,830,529 Allowance for self-assessed HST
105 General contingency	-	300,000	300,000		Allowance
Total CONTINGENCIES & HST	-	4,839,152	4,839,152	0	0
Total CAPITAL COSTS	100,000	67,224,338	67,324,338		

Costs	Mezz costs	Net costs
NIC Land App	67,324,338	2,702,917
		64,621,422
		Net Loan = 47,871,422
Total	Tarion 2 Yr	Excess 1YR

Stamping Fee	on	one third	of	Constr. Loan
2.50%		33%		\$ 55,000,000
\$ 458,333				

SALES & MARKETING - Detailed

	Estimate	Costs to Date	Balance to complete
Marketing & Advertising			
Location shoots	5,000		5,000
Printing & stationery	5,000		5,000
A-Frames	25,000		25,000
Sales centre signage	15,000		15,000
Other signage	5,000		5,000
Marketing - Creative	100,000		100,000
Advertising			0
E-blast	12,000		12,000
Transit shelter ads	25,000		25,000
Condo \ Newspaper ads	15,000		15,000
Direct mail	15,000		15,000
Radio	0		0
Brokers reception	25,000		25,000
Other \ Contingency	28,000		28,000
Phase 1	275,000	0	275,000
Phase 2	0		
Total budget	275,000		

REVENUES

Item	#REF!	6,444,900	#REF!	Per SF	Per unit	Per summary
1 Suites	#REF!	0	#REF!	\$1,926.00	#REF!	Per summary
2 Parking	#REF!	95,736	#REF!		#REF!	
3 Retail	#REF!	4,591,526	4,591,526			Estimated valuation
### Retail	#REF!	#REF!	#REF!			
### Less: HST (net of Rebate)	#REF!	#REF!	#REF!			
Total REVENUES	#REF!	#REF!	#REF!			

MEZZ EQUITY COSTS

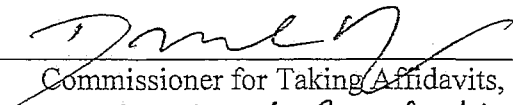
Mezzanine interest	0	2,032,917	2,032,917	6,700,000	10.50% Avg Int rate + 4% bonus
Equity fees and legals	0	670,000	670,000	10.00%	670,000 (1/2) of 16% + 4% legals
Total EQUITY COSTS	0	2,702,917	2,702,917	6,700,000	670,000

Total PROFIT

	#REF!
--	-------

TAB 0

THIS IS EXHIBIT "O"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beaton

P|W

PelicanWoodcliff

ENVISION. EVALUATE. EXCEL.

**GenerX (Byward Hall) Inc.
Proposed 278 Unit Rental Student Residences
+ Retail and Amenity
256 Rideau Street
Ottawa, Ontario**

**PRELIMINARY PROJECT PROFORMA
at October 31, 2016**

P | W

PelicanWoodcliff

December 12, 2016

Mr. Justin Walton, Director Mortgage Investments.
 Kingsett Mortgage Corporation.
 66 Wellington Street West, Suite 4400.
 P.O. Box 163.
 Toronto, Ontario M5K 1H6

Dear Mr. Walton,

Re: GenerX (Byward Hall) Inc.
Proposed 278 Unit Rental Student Residences + Retail and Amenity
256 Rideau Street, Ottawa, Ontario
Preliminary Project Proforma

We have reviewed the information available for the subject project and submit herein our **Preliminary Project Proforma** as of October 31, 2016 for your information.

1. Project Description

The project consists of two (26) storey buildings over a (3) storey podium and one basement level containing storage lockers and bike lockers. The (3) storey podium contains, one level of commercial/retail space at grade, one level providing for 14 parking spaces, and one level of Amenity Space. The overall above grade gross floor area is 240,132 sq. ft. made up of 205,590 sq. ft. for (1) and (2) bedroom student leasable units, and 34,542 sq. ft. for the (3) storey podium levels. In addition, there is 12,368 sq. ft. of basement area which contains the storage lockers and bike lockers.

The total leasable units is 278 of which (93) are one bedroom units, and (185) are two bedroom units with a reported leasable area of 45,849 sq. ft. and 114,515 sq. ft. respectively for a total leasable area of 160,364 sq. ft. In addition there is a reported leasable area of 2,500 sq. ft. of retail area.

2. Project Schedule

The following project schedule has been assumed for the Preliminary Project Proforma:

1. Podium and Tower Construction to commence February 2017, with the First Tower being completed September 2018 and the Second Tower being completed May 2019.
2. The First Tower's 139 rental units will be occupied in September 2018, with the Second Towers 139 units being occupied in May 2019.

Refer to our Schedule 4.1 Projected Cash Flow Schedule of this report.

Project Schedule (Cont'd)

The above construction schedule of twenty-nine (29) months is based on a construction schedule provided by the Borrower. We feel that this projected timeframe for construction completion is reasonable and if the Project is set up with a competent construction manager, experienced site personnel and sub-trades, and construction proceeds with minimal unforeseen delays, the anticipated timeframe of twenty-nine (29) months should be achieved.

3. Project Budget

Based on our review of the available documentation and budget discussions we have had with the Developer, we have established a preliminary gross project budget for the development of \$81,867,426. After allowing for projected offsetting net rental income receivable of \$2,417,426, the net Project Budget is \$79,450,000. The net project budget includes deferred costs of \$1,905,300.

The net offsetting income is based on the Borrower's projected total annual rental income projections of \$6,965,400 for 278 units minus annual operating expenses of \$2,130,552. The project budget includes the First Tower's 139 units net rental income of \$201,452 monthly for eight months until the Second Tower's 139 units becomes occupied in May 2019. The onward net rental income of \$402,904 monthly for the two towers combined is carried until project completion in June 2019.

This net project budget incorporates a Land Cost of \$11,588,016, Hard Construction Costs of \$47,200,000, Soft Costs of \$23,079,410, net Offsetting Income of (\$2,417,426). HST on self-assessment of \$3,810,600 is included in the project budget of which \$1,905,300 is deferred (assumed to be paid by permanent financing). It also includes contingencies in the total amount of \$3,310,222 made up of \$2,265,637 (5% of the construction budget) and \$1,044,585 (or 5% of the soft cost budget to complete).

Refer to our Schedule 2.1 Projected Budget Review and Schedule 2.2 Capital Cost to Complete Summary of this report for further details.

4. Sources of Funds

Based on the net project budget of \$79,450,000, the Source of Funds for the project is assumed and proposed as follows:

	Source of Funds	Percentage of Total
Kingsett Construction Loan	\$54,481,123	69% Note 1
Kingsett Mezzanine Loan	\$11,917,500	15% Note 1
Syndicated Mortgage Investment	\$8,396,077	11% Note 1
Borrowers Equity	\$2,750,000	3% Note 2
Deferred Costs	\$1,905,300	2% Note 3
Total Source of Funds	\$79,450,000	100%

Kingsett Mortgage Corporation
 Page 3
 December 12, 2016

4. Sources of Funds (Cont'd)

Note 1: The proposed sources of funding is higher than the proposed sources of funding noted in the Kingsett Commitment Letter dated October 22, 2015. **This is subject to Lender's approval.**

Note 2: The proposed sources of funding is as proposed in the Kingsett Commitment Letter dated October 22, 2015.

Note 3: Deferred Costs are as follows:

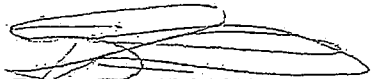
HST On Self Assessment	<u>\$1,905,300</u>
Total Deferred Costs	<u>\$1,905,300</u>

Once you have reviewed the contents of this Preliminary Project Proforma, we will be pleased to answer any questions or further discuss the project with you.


This proforma is not intended for general circulation, publication, nor reproduction for any other person without our express written permission in each specific instance.

Yours truly,

PELICAN WOODCLIFF INC.



Brian Goncalves
 Cost Consultant



Donny Aronso
 Associate

INDEX

1. **Schedule 2.1 Projected Budget Review**
2. **Schedule 2.2 Capital Cost to Complete Summary**
3. **Schedule 4.1 Projected Cash Flow Schedule**

2.1 PROJECT BUDGET REVIEW

The following is a reconciliation between the Borrower's budget and the PWI project budget and our budget assumptions/explanations for the budget amounts carried.

	ORIGINAL PROJECT BUDGET	BORROWER'S PROJECT BUDGET	VARIANCE	278	340,132	(CPA excl. parking & basement)	
A LAND COSTS							
1 Land Purchase Price	11,000,000	11,000,000	0	39,568	45.81	Budget based on Agreement of Purchase and Sale dated May, 2015.	
2 Land Transfer Tax	163,475	163,475	0	588	0.68	Budget based on costs incurred of \$163,475 and on final cost to complete basis.	
3 Title Insurance	12,771	12,771	0	46	0.05	Budget based on costs incurred of \$12,771 and on final cost to complete basis.	
4 Legals For Land	1,500	1,500	0	5	0.01	Budget based on costs incurred of \$1,500 and on final cost to complete basis.	
5 Property Taxes Before Construction	91,937	91,937	0	331	0.38	Budget based on costs incurred of \$91,937 and on final cost to complete basis. Realty Taxes during construction are included in A7 below.	
6 Misc Operating Expenses Before Construction	25,000	25,000	0	90	0.10	Budget based on costs incurred of \$2,728 and on a cost to complete basis.	
7 Property Taxes During Construction	293,333	293,333	0	1,055	1.22	Budget based on Final 2016 taxes plus projected costs to complete with a 5% increase per annum for three years.	
TOTAL LAND COSTS	11,588,016	11,588,016	0	41,684	48.26		
B HARD COSTS							
1 Construction Hard Costs (PWI Opinion Letter)	39,670,355	45,127,395	5,457,040	162,329	187.93	Budget based on a high level Cost Per Sq. Ft. Opinion Estimate dated November 30, 2016.	
2 Construction Cost Adjustment - Allowance	0	(3,024,157)	(3,024,157)	(10,878)	(12.59)	Allowance for cost adjustment - to match Doran's 16 Division construction estimate. We will better assess the construction budget by either 1) preparing an independent estimate and reconciliation (against Doran's estimate) or 2) reviewing trade quotations and contracts to confirm construction budget.	
3 Appliances \ Furniture \ Furnishings - by Owner	1,224,135	1,128,375	(95,760)	4,059	4.70	Budget based on Borrower's Allowance - equates to \$4,059 per unit for appliances, furniture and furnishings. This is not included in Doran's budget.	
4 Construction Management Fee	3.65%	1,514,608	1,647,150	5,925	6.86	Budget based on costs incurred of \$40,222 plus 3.65% of Construction Hard Costs projected on a cost to complete basis. Borrower has confirmed this fee with the Construction Manager, Doran Contractors Ltd.	
5 Warranty Repairs	0	55,600	55,600	200	0.23	Budget based on Allowance of \$200 per unit for Warranty Repairs.	
6 Construction Contingency	5%	3,330,291	2,265,637	(1,064,654)	(8,150)	9.43	Budget based on Allowance of 5% of Hard Cost to Complete.
TOTAL HARD COSTS	45,739,389	47,200,000	1,460,611	169,784	196.56		
SOFT COSTS							
C MUNICIPAL LEVIES/CHARGES							
1 Building Permit Fees	166,149	300,165	134,016	1,080	1.25	Budget based on City Of Ottawa below grade & building permit rates as of April 1, 2016 rates.	
2 Parkland Dedication (Cash In Lieu)	602,128	603,498	1,370	2,171	2.51	Budget based on Planner's (Fotenn) calculation of charges based on April 2016 rates.	
3 Development Charges City	3,463,385	3,463,993	608	12,460	14.43	Budget based on Planner's (Fotenn) calculation of charges as of August 1, 2016 rates.	
4 Development Charges Educational	651,765	651,688	(77)	2,344	2.71	Budget based on Planner's (Fotenn) calculation of charges as of August 1, 2016 rates.	
5 Section 37 Contribution	N/A	N/A	0	0	0.00	Section 37 Contribution Not Required as reported by Planner (Fotenn).	
6 Rezoning OPA Fees	8,388	8,388	0	30	0.03	Budget based on costs incurred of \$8,388 and on final cost to complete basis.	
7 Misc. Charges	0	50,000	50,000	180	0.21	Budget based on costs incurred of \$5,000 and on cost to complete basis.	
8 Site Application Fees	3,063	3,063	0	11	0.01	Budget based on costs incurred of \$3,063 and on final cost to complete basis.	
SUB-TOTAL MUNICIPAL LEVIES/CHARGES	4,894,878	5,080,795	185,917	18,276	21.16		
D CONSULTANTS							
1 Architect	939,000	939,000	0	3,378	3.91	Budget based on Prime Consultants Agreement dated May 4, 2016.	
2 Interior Designer	111,200	111,200	0	400	0.46	Budget based on Borrower's allowance and per our cash flow analysis.	
3 Shoring / Civil / Hydro Engineering	20,000	50,000	30,000	180	0.21	Budget based on Prime Consultants Agreement dated May 4, 2016 with additional allowance for cost to complete.	
4 Structural Engineer	195,000	195,000	0	701	0.81	Budget based on Prime Consultants Agreement dated May 4, 2016.	
5 Mechanical & Electrical Engineer	200,400	200,400	0	721	0.83	Budget based on Prime Consultants Agreement dated May 4, 2016.	
6 Site Engineer	Incl in Item D3	Incl in Item D3	0	0	0.00	Include above in item D3.	
7 Landscape Architect	6,500	6,500	0	23	0.03	Budget based on Prime Consultants Agreement dated May 4, 2016.	
8 Inspection & Site Testing	104,250	104,250	0	375	0.43	Budget based on Borrower's allowance and per our cash flow analysis.	
9 Surveyor	41,700	41,700	0	150	0.17	Budget based on costs incurred of \$3,350 and on cost to complete basis.	
10 Geotechnical & Environmental	40,000	40,000	0	144	0.17	Budget based on costs incurred of \$12,000 and on cost to complete basis.	
11 Traffic Consultant	25,000	25,000	0	90	0.10	Budget based on costs incurred of \$23,175 and on cost to complete basis.	
12 Acoustic Consultant	10,000	10,000	0	36	0.04	Budget based on Borrower's allowance and per our cash flow analysis.	
13 Code Consultant	25,000	25,000	0	90	0.10	Budget based on Borrower's allowance and per our cash flow analysis.	
14 Planning Consultant	100,000	100,000	0	360	0.42	Budget based on costs incurred of \$35,773 and on cost to complete basis.	
15 Misc. Consultant	70,000	70,000	0	252	0.29	Budget based on costs incurred of \$21,905 and on cost to complete basis.	
16 Cost Consultant	Incl in Item H9	Incl in Item H9	0	0	0.00	Budget based on Borrower's allowance and per our cash flow analysis.	
17 Disbursements	50,000	65,390	15,390	235	0.27	Budget based on costs incurred of \$3,133 and allowance of 5% on cost to complete of Consultants fees.	
18 Printing - Internal	0	5,000	5,000	18	0.02	Budget based on costs incurred of \$193 and on cost to complete basis.	
SUB-TOTAL CONSULTANTS	1,938,050	1,988,440	50,390	1,153	28.28		

2.1 PROJECT BUDGET REVIEW

The following is a reconciliation between the Borrower's budget and the PWI project budget and our budget assumptions/explanations for the budget amounts carried.

	ORIGINAL PROJECT BUDGET	REVISED PROJECT BUDGET	CHANGES	278	240,132	(GFA excl. parking & basement)	
E LEGAL & ADMINISTRATION							
1 Legals Land Acquisition	89,044	89,044	0	320	0.37	Budget based on costs incurred of \$89,044 and on final cost to complete basis.	
2 Legals Financing	108,206	108,206	0	389	0.45	Budget based on costs incurred of \$1,455 and on cost to complete basis.	
3 Legals Municipal	9,000	9,000	0	32	0.04	Budget based on costs incurred of \$8,285 and on cost to complete basis.	
4 Miscellaneous	50,000	50,000	0	180	0.21	Budget based on costs incurred of \$1,342 and on cost to complete basis.	
5 Development Management Fees	2,960,000	2,960,000	0	10,647	12.33	Budget based on 4% of Borrower's current total project costs. Borrower to confirm if this fee is to be increased based on current project budget being higher.	
SUB-TOTAL LEGAL & ADMINISTRATION	3,216,250	3,216,250	0	11,569	13.39		
F INSURANCE & ACCOUNTING							
1 Builders Risk	80,000	80,000	0	288	0.33	Budget based on 0.18% of Hard Construction Costs, which is adequate for Concrete Structure Buildings.	
2 Wrap-Up Liability	70,000	70,000	0	252	0.29	Budget based on 0.16% of Hard Construction Costs, which is adequate for Concrete Structure Buildings.	
3 Accounting	20,000	35,000	15,000	126	0.15	Budget based on Borrower's allowance and per our cash flow analysis.	
SUB-TOTAL INSURANCE & ACCOUNTING	170,000	185,000	15,000	665	0.77		
G MARKETING & ADVERTISING							
1 Other Advertising	0	30,000	30,000	108	0.12	Budget based on Borrower's allowance and per our cash flow analysis.	
2 Hard Media Advertising	0	89,000	89,000	320	0.37	Budget based on Borrower's allowance and per our cash flow analysis.	
3 Brochures	139,000	20,000	(119,000)	72	0.08	Budget based on Borrower's allowance and per our cash flow analysis.	
4 Leasing Inducements	75,000	75,000	0	270	0.31	Budget based on Borrower's allowance and per our cash flow analysis.	
5 Leasing Office Construction	50,000	50,000	0	180	0.21	Budget based on Borrower's allowance and per our cash flow analysis.	
6 Sales Center Operation Costs	60,000	60,000	0	216	0.25	Budget based on Borrower's allowance and per our cash flow analysis.	
7 Rental Commissions	574,200	180,000	(394,200)	647	0.75	Budget based on Donus Agreement dated November 29, 2016	
8 Retail Commissions	12,750	12,750	0	46	0.05	Budget based on Borrower's allowance which equates to \$4.89 per sq. ft for the 2,605 sq. ft of retail space.	
SUB-TOTAL MARKETING & ADVERTISING	910,950	516,750	(394,200)	1,859	2.15		
H FINANCE COSTS							
1 Kingsett Construction Loan - Interest Reserve @ 4.45%	3,170,724	2,471,125	(699,599)	8,889	10.29	Budget based on Kingsett Commitment Letter dated October 22, 2015. We have not included any provisions for increases in Prime Interest Rate.	
2 Kingsett Land Loan Interest - Previous Loan	356,696	356,696	0	1,283	1.49	Budget based on costs incurred of \$269,331 and on cost to complete basis as directed by the Borrower.	
3 Kingsett VTB Interest - Previous Loan	511,495	511,495	0	1,840	2.13	Budget based on costs incurred of \$401,496 and on cost to complete basis as directed by the Borrower.	
4 Mezzanine Interest @ 10%	2,613,333	2,623,818	10,485	9,438	10.93	Budget based on Kingsett Commitment Letter dated October 22, 2015.	
5 Commission Fee Construction Loan @ .75% of Loan	550,000	395,575	(154,425)	1,423	1.65	Kingsett Commitment Letter dated October 22, 2015, Budget based on .75% of revised loan amount.	
6 Land Loan Fees - Previous Loan	57,158	57,158	0	206	0.24	Budget based on costs incurred of \$57,158 and on final cost to complete basis.	
7 VTB Loan Fees - Previous Loan	40,322	40,322	0	145	0.17	Budget based on costs incurred of \$40,322 and on final cost to complete basis.	
8 Commissions Fee Mezzanine Loan @ 1.5% of Loan	168,000	168,000	0	604	0.70	Kingsett Commitment Letter dated October 22, 2015, Budget based on 1.5% of revised loan amount.	
9 Project Monitor	100,000	110,202	10,202	396	0.46	Budget Based on PWI fee proposal dated January 2016, and November 2016.	
10 Appraisal	25,000	25,000	0	90	0.10	Budget based on costs incurred of \$18,145 and on a cost to complete basis.	
11 Extension and Over Holding Fees	5,000	367,207	362,207	1,321	1.53	Budget based on the loan maturing after 24 months.	
12 Loan Advance & Discharge Fees	3,300	16,641	13,341	60	0.07	Budget based on Kingsett Commitment Letter dated October 22, 2015.	
13 Letter Of Credit Fees	62,500	93,750	31,250	337	0.39	Budget based on Borrower's Letter of Credit \$1,250,000 @ 2.5% for three years.	
SUB-TOTAL FINANCE COSTS	7,663,528	7,236,989	(426,539)	26,032	30.14		
I GOODS & SERVICES TAX							
1 H.S.T. Payable	0	7,072,037	7,072,037	25,439	29.45	Budget based on 13% HST payable on all applicable items	
2 H.S.T. Input Tax Credit	0	(7,072,037)	(7,072,037)	(25,439)	(29.45)	Budget based on recovery of HST from Revenue Canada in 1 month of HST payable	
3 HST On Self Assessment	3,810,600	3,810,600	0	13,707	15.87	Budget based on Borrowers calculations. Timing of payment has been confirmed by the Borrower. Borrower presents the second tower's HST payment as a deferred cost.	
SUB-TOTAL GOODS & SERVICES TAX	3,810,600	3,810,600	0	13,707	15.87		
J DEVELOPMENT CONTINGENCY							
1 Contingency - Soft Costs	5%	1,010,784	1,044,585	33,801	3.758	4.35	Budget based on allowance 5% of Soft Cost to Complete.
SUB-TOTAL DEVELOPMENT CONTINGENCY	1,010,784	1,044,585	33,801	3,758	4.35		
TOTAL SOFT COSTS	23,615,040	23,079,410	(535,630)	83,019	96.11		
GROSS PROJECT BUDGET	80,942,445	81,867,426	924,981	294,487	340.93		
K OFFSETTING INCOME							
1 Net Occupancy Income	(2,039,522)	(2,417,426)	(377,904)	(8,696)	(10.07)	Budget based on rental income of \$290,225 monthly for 139 units (50%) from September 2018 until May 2019. With May 2019 having full rental income from both building of \$580,450. Operating expenses of \$38,773 starting in September 2018 with full Operating expenses of \$177,546 starting in May 2019.	
SUB-TOTAL OFFSETTING INCOME	(2,039,522)	(2,417,426)	(377,904)	(8,696)	(10.07)		
NET PROJECT BUDGET	78,902,923	79,450,000	547,077	285,791	330.86		

GenerX (Byward Hall) Inc.
 278 Unit Student Residences
 256 Ridenu Street, Ottawa, Ontario

Preliminary Report and Report No. 1
 on the Status of the Project
 at October 31, 2016
 Final Version

2.1 PROJECT BUDGET REVIEW

The following is a reconciliation between the Borrower's budget and the PWI project budget and our budget assumptions/explanations for the budget amounts carried.

278 240,132 (GFA excl. parking & basement)

		ORIGINAL PROJECT BUDGET	REVISIONS	PROJECT BUDGET	DIFFERENCE	PERCENTAGE	EXPLANATION
SOURCE OF FUNDS							
A Kingsett Construction Loan	60%	47,120,000	54,481,123	7,361,123	195,975	226.88	69% Per Borrower's Budget Summary, subject to Lender's Approval.
A Kingsett Mezzanine Loan	13%	10,050,000	11,917,500	1,867,500	42,869	49.63	15% Per Borrower's Budget Summary, subject to Lender's Approval.
Total A		57,170,000	66,398,623	9,228,623	238,844	276.51	84%
D Syndicated Mortgage Investment	9%	7,404,338	8,396,077	991,739	30,202	34.96	11% Per Borrower's Budget Summary, subject to Lender's Approval.
B Borrower Equity	3%	2,750,000	2,750,000	0	9,892	11.45	3% Budget based on Kingsett Commitment Letter dated October 22, 2015.
Total B		10,154,338	11,146,077	991,739	40,094	46.42	14%
Total A+B		67,324,338	77,544,700	10,220,362	278,938	322.93	98%
C Borrower Additional Equity	10%	7,767,985	0	(7,767,985)	0	0.00	0% Based on Budget Review.
C Deferred Costs	5%	3,810,600	(1,905,300)	(1,905,300)	6,854	7.93	2% Per Borrower's Budget Summary
TOTAL SOURCE OF FUNDS (A+B)+C		78,902,923	79,450,000	547,077	285,791	330.86	100%
DEFERRED COSTS							
HST On Self Assessment		3,810,600	(1,905,300)	(1,905,300)	6,854	7.93	Timing of payment has been confirmed by the Borrower. Borrower presents the second tower's HST payment as a deferred cost.
TOTAL DEFERRED COSTS		3,810,600	(1,905,300)	(1,905,300)	6,854	7.93	

GenerX (Byward Hall) Inc.
 278 Unit Student Residences
 256 Rideau Street, Ottawa, Ontario

Preliminary Report and Report No. 1
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 at October 31, 2016
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2.2 CAPITAL COST & COST TO COMPLETE SUMMARY

	C	A-C	A							
A LAND COSTS										
1 Land Purchase Price	11,000,000	0	11,000,000	11,000,000	0	11,000,000	0	0	100%	N/A
2 Land Transfer Tax	163,475	0	163,475	163,475	0	163,475	0	0	100%	N/A
3 Title Insurance	12,771	0	12,771	12,771	0	12,771	0	0	100%	N/A
4 Legals For Land	1,500	0	1,500	1,500	0	1,500	0	0	100%	N/A
5 Property Taxes Before Construction	91,937	0	91,937	91,937	0	91,937	0	0	100%	N/A
6 Misc Operating Expenses Before Construction	25,000	0	25,000	2,728	0	2,728	22,272	0	11%	N/A
7 Property Taxes During Construction	293,333	0	293,333	0	0	0	293,333	0	0%	N/A
TOTAL LAND COSTS:	11,588,016	0	11,588,016	11,272,411	0	11,302,411	315,605	0	97%	0
B HARD COSTS										
1 Construction Hard Costs (PWI Opinion Letter)	39,670,355	5,437,040	45,127,395	0	0	0	45,127,395	0	0%	0
2 Construction Cost Adjustment - Allowance	0	(3,024,157)	(3,024,157)	0	0	0	(3,024,157)	0	0%	0
3 Appliances \ Furniture \ Furnishings - by Owner	1,224,135	(95,760)	1,128,375	0	0	0	1,128,375	0	0%	0
4 Construction Management Fees	3.65%	1,514,608	132,542	1,647,150	40,222	0	40,222	1,606,928	2%	N/A
5 Warranty Repairs	0	55,600	55,600	0	0	0	55,600	0	0%	N/A
6 Construction Contingency	5%	3,330,291	(1,054,654)	2,275,637	0	0	2,275,637	0	0%	N/A
TOTAL HARD COSTS	45,739,389	1,460,611	47,200,000	40,222	0	40,222	47,159,778	0	0%	0
SOFT COSTS										
C MUNICIPAL LEVIES/CHARGES										
1 Building Permit Fees	166,149	134,016	300,165	0	0	0	300,165	0	0%	N/A
2 Parkland Dedication (Cash In Lieu)	602,128	1,370	603,498	0	0	0	603,498	0	0%	N/A
3 Development Charges City	3,463,385	608	3,463,993	0	0	0	3,463,993	0	0%	N/A
4 Development Charges Educational	651,765	(77)	651,688	0	0	0	651,688	0	0%	N/A
5 Section 37 Contribution	N/A	0	N/A	0	0	0	0	0	0%	N/A
6 Rezoning OPA Fees	8,388	0	8,388	8,388	0	8,388	0	0	100%	N/A
7 Misc. Charges	0	50,000	50,000	5,000	0	5,000	45,000	0	10%	N/A
8 Site Application Fees	3,063	0	3,063	3,063	0	3,063	0	0	100%	N/A
SUB-TOTAL MUNICIPAL LEVIES/CHARGES	5,394,878	185,917	5,080,799	16,451	0	16,451	5,064,344	0	0%	0
D CONSULTANTS										
1 Architect	939,000	0	939,000	346,484	0	346,484	592,516	0	37%	N/A
2 Interior Designer	111,200	0	111,200	0	0	0	111,200	0	0%	N/A
3 Shoring / Civil / Hydro Engineering	20,000	30,000	50,000	17,550	0	17,550	32,450	0	35%	N/A
4 Structural Engineer	195,000	0	195,000	112,269	0	112,269	82,731	0	58%	N/A
5 Mechanical & Electrical Engineer	200,400	0	200,400	0	0	0	200,400	0	0%	N/A
6 Site Engineer	Incl in Item D3	0	Incl in Item D3	0	0	0	0	0	0%	N/A
7 Landscape Architect	6,500	0	6,500	0	0	0	6,500	0	0%	N/A
8 Inspection & Site Testing	104,250	0	104,250	0	0	0	104,250	0	0%	N/A
9 Surveyor	41,700	0	41,700	3,350	0	3,350	38,350	0	8%	N/A
10 Geotechnical & Environmental	40,000	0	40,000	12,000	0	12,000	28,000	0	30%	N/A
11 Traffic Consultant	25,000	0	25,000	23,175	0	23,175	1,825	0	93%	N/A
12 Acoustic Consultant	10,000	0	10,000	0	0	0	10,000	0	0%	N/A
13 Code Consultant	25,000	0	25,000	0	0	0	25,000	0	0%	N/A
14 Planning Consultant	100,000	0	100,000	35,773	0	35,773	64,227	0	36%	N/A
15 Misc. Consultant	70,000	0	70,000	21,905	0	21,905	48,095	0	31%	N/A
16 Cost Consultant	Incl in Item H9	0	Incl in Item H9	0	0	0	0	0	0%	N/A
17 Disbursements	50,000	15,390	65,390	3,133	0	3,133	62,257	0	5%	N/A
18 Printing - Internal	0	5,000	5,000	193	0	193	4,807	0	4%	N/A
SUB-TOTAL CONSULTANTS	1,938,050	50,390	1,988,440	575,832	0	575,832	1,412,608	0	29%	0

2.2 CAPITAL COST & COST TO COMPLETE SUMMARY

	C	A-C	A	B	C	D	E	F	G	H	I															
	ORIGINAL BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL TO DATE	UNPAID CONTRACTS	TOYOTA PERIOD	COST TO COMPLETE	PAID FOR COSTS	COMPLET	PERCENTAGE	STATUS															
E LEGAL & ADMINISTRATION																										
1 Legals Land Acquisition	89,044	0	89,044	89,044	0	89,044	0	0	100%	N/A																
2 Legals Financing	108,206	0	108,206	1,455	0	1,455	106,751	0	1%	N/A																
3 Legals Municipal	9,000	0	9,000	8,285	0	8,285	715	0	92%	N/A																
4 Miscellaneous	50,000	0	50,000	1,342	0	1,342	48,658	0	3%	N/A																
5 Development Management Fees - 4%	2,960,000	0	2,960,000	0	0	0	2,960,000	0	0%	N/A																
SUB-TOTAL LEGAL & ADMINISTRATION	3,216,250	0	3,216,250	100,126	0	100,126	3,116,124	0	3%	0																
F INSURANCE & ACCOUNTING																										
1 Builders Risk 0.18%	80,000	0	80,000	0	0	0	80,000	0	0%	N/A																
2 Wrap-Up Liability 0.16%	70,000	0	70,000	1,944	0	1,944	68,056	0	3%	N/A																
3 Accounting	20,000	15,000	35,000	0	0	0	35,000	0	0%	N/A																
SUB-TOTAL INSURANCE & ACCOUNTING	170,000	15,000	185,000	1,944	0	1,944	183,056	0	1%	0																
G MARKETING & ADVERTISING																										
1 Other Advertising	0	30,000	30,000	0	0	0	30,000	0	0%	N/A																
2 Hard Media Advertising	0	89,000	89,000	425	0	425	88,575	0	0%	N/A																
3 Brochures	139,000	(119,000)	20,000	448	0	448	19,552	0	2%	N/A																
4 Leasing Inducements	75,000	0	75,000	0	0	0	75,000	0	0%	N/A																
5 Leasing Office Construction	50,000	0	50,000	0	0	0	50,000	0	0%	N/A																
6 Sales Center Operation Costs	60,000	0	60,000	0	0	0	60,000	0	0%	N/A																
7 Retail Commissions	574,200	(394,200)	180,000	0	0	0	180,000	0	0%	N/A																
8 Retail Commissions	12,750	0	12,750	0	0	0	12,750	0	0%	N/A																
SUB-TOTAL MARKETING & ADVERTISING	910,250	(394,200)	516,050	873	0	873	515,877	0	0%	0																
H FINANCE COSTS																										
1 Kingsen Construction Loan - Interest Reserve @ 4.45%	3,170,724	(699,599)	2,471,125	0	0	0	2,471,125	0	0%	N/A																
2 Kingsen Land Loan Interest - Previous Loan	356,696	0	356,696	269,331	0	269,331	87,365	0	76%	N/A																
3 Kingsen VTB Interest - Previous Loan	511,495	0	511,495	401,496	0	401,496	109,999	0	78%	N/A																
4 Mezzanine Interest @ 10%	2,613,333	10,485	2,623,818	0	0	0	2,623,818	0	0%	N/A																
5 Commission Fee Construction Loan @ .75% of Loan	550,000	(154,425)	395,575	0	0	0	395,575	0	0%	N/A																
6 Land Loan Fees - Previous Loan	57,158	0	57,158	57,158	0	57,158	0	0	100%	N/A																
7 VTB Loan Fees - Previous Loan	40,322	0	40,322	40,322	0	40,322	0	0	100%	N/A																
8 Commissions Fee Mezzanine Loan @ 1.5% of Loan	168,000	0	168,000	0	0	0	168,000	0	0%	N/A																
9 Project Monitor	100,000	10,202	110,202	0	0	0	110,202	0	0%	N/A																
10 Appraisal	25,000	0	25,000	18,145	0	18,145	6,855	0	73%	N/A																
11 Extension and Over Holding Fees	5,000	362,207	367,207	0	0	0	367,207	0	0%	N/A																
12 Loan Advance & Discharge Fees	3,300	13,341	16,641	141	0	141	16,500	0	1%	N/A																
13 Letter Of Credit Fees	62,500	31,250	93,750	0	0	0	93,750	0	0%	N/A																
SUB-TOTAL FINANCE COSTS	7,663,528	(636,537)	7,026,991	786,593	0	786,593	6,450,396	0	11%	0																
I GOODS & SERVICES TAX																										
1 H.S.T. Payable	0	7,072,037	7,072,037	0	0	0	7,072,037	0	0%	N/A																
2 H.S.T. Input Tax Credit	0	(7,072,037)	(7,072,037)	0	0	0	(7,072,037)	0	0%	N/A																
3 HST On-Self Assessment	3,810,600	0	3,810,600	0	0	0	3,810,600	1,905,300	0%	N/A																
SUB-TOTAL GOODS & SERVICES TAX	3,810,600	0	3,810,600	0	0	0	3,810,600	1,905,300	0%	0																
J SOFT COST CONTINGENCY																										
1 Contingency - Soft Costs 5%	1,010,784	33,801	1,044,585	0	0	0	1,044,585	0	0%	N/A																
SUB-TOTAL SOFT COST CONTINGENCY	1,010,784	33,801	1,044,585	0	0	0	1,044,585	0	0%	0																
TOTAL SOFT COSTS	23,615,040	(535,630)	23,079,410	1,481,819	0	1,481,819	21,597,591	1,905,300	6%	0																
GROSS PROJECT BUDGET	80,942,445	924,981	81,867,426	12,794,452	0	12,794,452	69,072,974	1,905,300	16%	0																
Check	80,942,445	924,981	81,867,426	12,794,452	0	12,794,452	69,072,974	1,905,300	16%	0																
J OFFSETTING INCOME																										
1 Occupancy Rental Income	(2,927,250)	(555,450)	(3,482,700)	0	0	0	(3,482,700)	0	0%	N/A																
2 Occupancy Offsetting Costs	887,228	177,546	1,064,774	0	0	0	1,064,774	0	0%	N/A																
SUB-TOTAL OFFSETTING INCOME	(2,039,922)	(377,904)	(2,417,826)	0	0	0	(2,417,826)	0	0%	0																
NET PROJECT BUDGET	78,902,923	547,077	79,450,000	12,794,452	0	12,794,452	66,655,548	1,905,300	16%	0																
Check	78,902,923	547,077	79,450,000	12,794,452	0	12,794,452	66,655,548	1,905,300	16%	0																
Contingencies		% of CTC																								
Total Hard Cost Contingency	2,265,617	5%																								
Soft Cost Contingency	1,044,585	5%																								
	3,310,202																									
<table border="1"> <tr> <td>Gross Cost to Date</td> <td>12,794,452</td> <td>0</td> <td>12,794,452</td> <td>Cost to Complete</td> </tr> <tr> <td>Less: Holdback</td> <td>0</td> <td>0</td> <td>0</td> <td>0 Add: Holdback</td> </tr> <tr> <td>Net Cost to Date</td> <td>12,794,452</td> <td>0</td> <td>12,794,452</td> <td>66,655,548 Gross Cost to Complete</td> </tr> </table>												Gross Cost to Date	12,794,452	0	12,794,452	Cost to Complete	Less: Holdback	0	0	0	0 Add: Holdback	Net Cost to Date	12,794,452	0	12,794,452	66,655,548 Gross Cost to Complete
Gross Cost to Date	12,794,452	0	12,794,452	Cost to Complete																						
Less: Holdback	0	0	0	0 Add: Holdback																						
Net Cost to Date	12,794,452	0	12,794,452	66,655,548 Gross Cost to Complete																						

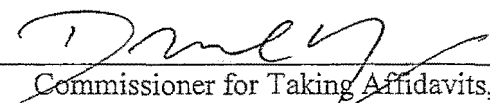
Financial Reporting Report No. 1
 1315 The Woodlands, Houston, Texas
 1315 The Woodlands, Houston, Texas
 1315 The Woodlands, Houston, Texas

Account	Completions												Expenses												Total	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD
CONSTRUCTION																										
1. Labor	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000	120000
2. Material	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	240000	240000
3. Equipment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000	60000
4. Fuel	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	36000	36000
5. Repairs	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
6. Insurance	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000	24000
7. Taxes	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
8. Licenses	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	6000	6000
9. Other	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
OPERATING EXPENSES																										
1. Salaries	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000	120000
2. Office	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000	60000
3. Travel	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000	24000
4. Entertainment	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
5. Telephone	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
6. Printing	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	6000	6000
7. Postage	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	6000	6000
8. Office Supplies	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	6000	6000
9. Repairs	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
10. Insurance	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
11. Taxes	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
12. Licenses	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	6000	6000
13. Other	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
FINANCIAL																										
1. Interest	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
2. Depreciation	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
3. Amortization	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
4. Other	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
NET INCOME																										
1. Operating	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000	120000
2. Investment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	60000	60000
3. Other	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000	12000
TOTAL																										

1. Labor
 2. Material
 3. Equipment
 4. Fuel
 5. Repairs
 6. Insurance
 7. Taxes
 8. Licenses
 9. Other
 10. Salaries
 11. Office
 12. Travel
 13. Entertainment
 14. Telephone
 15. Printing
 16. Postage
 17. Office Supplies
 18. Repairs
 19. Insurance
 20. Taxes
 21. Licenses
 22. Other
 23. Interest
 24. Depreciation
 25. Amortization
 26. Other
 27. Operating
 28. Investment
 29. Other
 30. TOTAL

TAB P

THIS IS EXHIBIT "P"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.
Michael Beckwith

-----Original Message-----

From: johndavies55@rogers.com [mailto:johndavies55@rogers.com]

Sent: April 19, 2012 9:00 PM

To: Succession Development Corporation <bwstewart@rogers.com>; Greg Harris <gregharris@harrisandharris.com>

Subject: Raj and Oasis

Hey Bruce, Hello Greg:

I have just finished a long conversation with Raj. We spoke a bit about some Bracebridge brochure refinements then we discussed Oasis-Oakville. Here is where they're at.

They have about \$5.9 million right now on deposit. The Bracebridge brochure will go out on Wednesday and will be placed and funded in a week. The balance of around \$2.3 million of already raised capital on deposit is being earmarked for Oakville.

Did Raj we need say, \$4 million to close Oakville after Tier 1 fees, legals etc. and we need it in 45 days. Max. There is a shortfall and I told Raj McMurray Street will loan Oasis \$2 million out of our Bracebridge proceeds so that we can close Oakville. I suggested that Raj then continue to aggressively raise the balance of the \$11 million required by Oasis and by the time he has the rest of the Oakville raise we'll need our \$2 million back. That will be by September, according to Raj.

I am going to need your copy, bio, etc. basically everything we are including in the Bracebridge brochure. We'll use that format and all the Tier 1 assembled and proofed for Bracebridge as the prototype for the Oakville brochure.

Greg has the prototype Tier 1 Offering Memorandum done and he will pull together our agreement for financing and our JV agreement in the next week or two. Before we launch nationally with Tier 1.

We'll follow the Oakville launch immediately with Huntsville. We have some housekeeping to do with the Chartwell guys and we will need to pull together a site plan, elevations, renderings and site photos of the existing senior's building etc. Raj say's we'll raise Huntsville quickly. His investors like the scale and we'll use the initial portion of that raise to buy out your former partner.

A lot is happening quickly. Raj has a tiger by the tail. Let's get together and talk about the brochure materials we need.

The train is leaving the station.

John

Sent from my BlackBerry device on the Rogers Wireless Network

John Davies

From: John Davies <johndavies55@rogers.com>
Sent: May 25, 2017 11:41 AM
To: john@textbooksuites.com
Subject: FW: 169 Borden Ave., Kitchener

From: John Davies [mailto:johndavies55@rogers.com]
Sent: May-27-13 10:22 AM
To: 'Raj Singh' <rajsingh100@gmail.com>
Cc: 'bwstewart@rogers.com' <bwstewart@rogers.com>; 'Gregory H. Harris' <gregharris@harrisandharris.com>
Subject: RE: 169 Borden Ave., Kitchener

Hey Raj:

In response to your e-mail to Candace, I want to be clear about the source of funding for the Kitchener purchase this Friday.

Greg's, Bruce's and my share are coming from Memory Care funds. Memory Care is loaning the newco our share of the funds to buy the property with you.

The closing amount on Kitchener will be roughly \$1.1 million (taking into account the 1st mortgage vtb of \$450,000). I suggested \$650,000 each from Tier 1 and Memory Care because we will have out of pocket expenses to close the deal. Going forward, Memory Care alone has agreed it will fund operating losses, fees to Eldercare Mgt. Architects, City of Kitchener, consultants and demolition to get the property to a state of readiness for a Fall raise of \$5.5 million.

Memory Care can't fund 100% of the Kitchener purchase, plus the Kitchener operating costs because we already have 5 months of Burlington expenses owing for the Burlington re-zoning work, architects, engineering, planners etc. that have never been paid. We owe \$200,000 to the Burlington consultants, plus on-going consulting costs over the summer of another \$200K.

The Tier 1 raise for Kitchener can start next week but given the summer season, you'll likely need until September to raise the full \$5.5 million. During that 4 month period until Kitchener closes, we'll have at least \$400,000 of out of pocket costs to get Kitchener to a state of readiness to pass the Harvey Kraft test in September. That cash is being funded by Memory Care. That's why MC is getting 66.33% of the deal and you're getting 33.33%. Also, we are not taking any fees to take Kitchener to a state of readiness to pass the Olympia Trust test, and ensure we have created value and that this isn't a "flip."

Out of the \$5.5 million Burlington raise, Memory Care will receive about \$1,400,000 after Tier 1 fees, interest reserve deductions and the company purchase. We will owe tax on that because we purchased the corporation not the land. We'll delay paying that tax, but after paying our \$650K for Kitchener, plus funding \$400K in pro-forma expenses on Kitchener over the next 4 months, we're left with around \$250K out of the \$5.5 million raise to fund our on-going Burlington obligations.

Raj, we're happy to carve up the windfall on the Kitchener purchase and sale with all the partners in the deal. Whether we fund with all of us writing personal cheques or not, if something goes sideways Greg, Bruce and I will have to fund our share of the loss or shortfall. If we had huge surpluses of MC cash lying around we'd fund the Kitchener purchase with that cash. Unfortunately, we're not there yet. The cash we are using is every dime Memory Care can afford and still

keep the doors open, meet our commitments and get ourselves thru to September / October. The Kitchener sale in September will be lucrative for all of us. It's a timing issue.

I wanted to be very clear with you about the sources and uses of our cash contribution for the Kitchener initiative. If you have a major problem with what I have put forward, Bruce, Greg and I will write personal cheques for our \$650,000 share, and we can fund the pre-development expenses 66/33% going forward until we sell the property to Memory Care Investments (Kitchener) Ltd. in September or October.

John.

From: Raj Singh [<mailto:rajsingh100@gmail.com>]

Sent: May-27-13 8:46 AM

To: Candace Wells

Cc: johndavies55@rogers.com; bwstewart@rogers.com; Gregory H. Harris; Maria Da Silva

Subject: Re: 169 Borden Ave., Kitchener

Candace:

I have spoke not to Greg last week and my understanding is as follows:

1) I will put up 50% of the funds and the other 50% will come from John, Bruce and Greg personally because the Memory Care funds. I suggested to John that we use the Burlington funds for this transaction but he advised that is not possible because they have already been spoken for elsewhere.

2) Will there be a VTB. There was a mention of one but not shown on the statement of adjustments.

3) I explained that my funds are available but wanted to ensure they go on same terms as the personal funds from the other parties. I don't want to have the only personal risk capital in the transaction.

4) The 50% contribution from me gets a 1/3 profit participation.

5) Greg was going to determine the what security will be put in place for the funds.

Thanks

Raj

On Monday, May 27, 2013, Candace Wells wrote:

Good morning all,

In anticipation of the closing on Friday, please confirm the following:

1. Who will be signing the closing documents, Bruce or John, and your availability to come to the office this week either Wednesday or

Thursday morning to sign the closing documents?

2. Approval of the Statement of Adjustments forwarded to you on Friday May 24, 2013.
3. If there will be a first mortgage arranged for this transaction, please provide us with the particulars as soon as possible.
4. In accordance with the Statement of Adjustments, I would like to confirm that the funds for the balance due on closing in the amount of \$1,427,711.91 will be coming from the following sources:
 - a) \$650,000.00 from Raj. Please confirm if Raj has already provided the funds to our trust account, and if he has not yet done so, please confirm when same will be complete; and
 - b) If there is no first mortgage being arranged, the remaining balance from our trust account under Memory Care Investments (Burlington) Ltd.
5. Further to my email Friday, please confirm whether you will be proceeding by way of s.167 HST joint election or self-assessing for HST? Please confirm as soon as possible so we may prepare the required documentation.
6. Upon completion of your meeting with the employees today, please advise as soon as possible of the names of those employees not being offered employment.

Thank you,

Candace Wells
Harris + Harris LLP
Barristers and Solicitors

2355 Skymark Avenue, Suite 300
Mississauga, Ontario L4W 4Y6
Tel No. (905) 629-7800 ext. 227

Fax No. (905) 629-4350

Email: candacewells@harrisandharris.com

www.harrisandharris.com <<http://www.harrisandharris.com%20>>

This email (and any attachments) is privileged and may contain confidential information intended only for the person(s) named above. If you receive this email in error, please notify the sender immediately by email, phone or fax and permanently delete the e-mail and any attachments.

From: Candace Wells

Sent: May-24-13 3:16 PM

To: 'John Davies' ([johndavies55@rogers.com](mailto: johndavies55@rogers.com)); Bruce Stewart ([bwstewart@rogers.com](mailto: bwstewart@rogers.com)); [raisingh100@gmail.com](mailto: raisingh100@gmail.com)

Cc: Gregory H. Harris; Maria Da Silva

Subject: 169 Borden Ave., Kitchener

Good afternoon all,

Please find attached the Statement of Adjustments I just received from the Vendor's solicitor for your review. Please review the Statement of Adjustments and confirm your approval, and in the meantime, I will review same and if I find any discrepancies or issues I will let you know shortly.

Additionally, the Vendor has requested confirmation of the following information:

1. Whether you will be proceeding by way of s.167 HST joint election or self-assessing for HST?
2. Following your meeting with the employees on Monday May 27th, please provide a list of the names of the employees which you will not be offering employment to.

Thank you,

Candace Wells
Harris + Harris LLP
Barristers and Solicitors
2355 Skymark Avenue, Suite 300
Mississauga, Ontario L4W 4Y6
Tel No. (905) 629-7800 ext. 227

Fax No. (905) 629-4350

Email: candacewells@harrisandharris.com

www.harrisandharris.com <<http://www.harrisandharris.com>%20>

This email (and any attachments) is privileged and may contain confidential information intended only for the person(s) named above. If you receive this email in error, please notify the sender immediately by email, phone or fax and permanently delete the e-mail and any attachments.

--
Raj Singh

My LinkedIn Profile:

<http://ca.linkedin.com/in/raisingsh100>

John Davies

From: John Davies [mailto: johndavies55@rogers.com]
Sent: February 14, 2014 1:15 PM
To: 'Raj Singh'
Cc: 'Bruce Stewart'; 'Gregory Harris'; 'Peter Matukas'
Subject: Kitchener Raise

Hey Raj:

I just spoke to Peter Matukas. I was asking for an update on Kitchener. He hasn't heard anything from Tier 1 or Olympia regarding opening of accounts, signatures or other outstanding requirements. As far as Peter is aware, we're stuck at \$3.7 million. Peter said if he received all the documents on Tuesday to get us to the minimum raise of \$4.250 million, he MAY be able to close next week.

After being informed we'd close \$5 million this week, we mailed post-dated cheques last week. Now we've had to call and say hold-off. Yes, we understand that Olympia has fired people, they're short staffed, or falling behind, or whatever, but a week ago we were contemplating a single \$6.5 million advance at the end of this month? It doesn't appear anyone has a handle on when raises are able to be processed. There always seems to be some reason at the last minute things are delayed. How could we not know we're missing signatures, or customer accounts or whatever this hold-up is about?

We haven't had a Tier 1 raise in over 8 months. We used a substantial portion of the Burlington funds to purchase the Kitchener property, plus we have spent over a million on that deal. We took those (now apparent reckless) steps because we were told Kitchener was going to close in November, then before Christmas, then Year End, then in first two weeks of the New Year, now March 1st, maybe? How do we miss a closing date by 4 months?

Raj, we are using \$100,000 of risk money to tie up Whitby with a contemplated closing this June. We are obligated to close the Whitby deal 30 days after receipt of severance. If we can't close 30 days following severance, we could lose the \$100,000 deposit, plus the Architects fees of \$100,000, plus P+B at \$100,000, plus Planners at \$35,000, plus legal fees of \$50,000, plus hundreds of hours of our time and out of pocket costs chasing the severance and advancing the pre-development work. The train has left the station and we have consultants going hard. We are spending real money on Whitby.

It's one thing to tell the sales agents whatever you have to tell them to keep them motivated and selling Tier 1 product, but it's another thing to shine us up and see us risk \$500,000 on the Whitby deal if it doesn't close as prescribed. Now is the time to be prudent and crystal clear about the time required to raise \$6.5 million. If it's 6 months, fine, we'll entrench that into the agreement with the Vendors that Greg is drafting now. But we need certainty the money is going to be there.

I know you're on holiday but we'd appreciate it if you could get us some certainty regarding when the Kitchener deal will be funded. Both tranches.

Thank you,

John.

John Davies

From: John Davies <johndavies55@rogers.com>
Sent: March 27, 2014 12:39 PM
To: 'Raj Singh, B.Sc., MBA, CEO'
Cc: 'Gregory Harris'
Subject: McMurray and Whitby Raises.

Hey Raj:

As you know, you'll be starting an aggressive sales campaign to raise \$13 million to fund the Whitby \$9 million land purchase in July, as per our agreement with the vendor.

The \$13 million raise will net us the \$9 million purchase price of the land and nothing else. Over the next 4 months, starting last month, we are going to spend about \$1.5 million getting Whitby to market. (Use your costs to date on Guildwood and replicate those for Whitby). We already have architect and P+B Whitby invoices for over \$100,000. If we want to have a sales trailer on site this summer we'll be spending a considerable amount of cash (including the land deposit of between \$250,000-\$500,000) very quickly. Call it \$2 million. In addition, we're racing forward on the 3 Memory Care projects and Huntsville. We do not have cash resources to fund Whitby (\$2 million) and all of our other commitments.

We have an \$8.4 million Cane appraisal on McMurray already. If you can raise \$5.0 million for McMurray, we'll net \$3.5 million, or so from that. We'll repay Pillar's \$1.5 million, get back most of the 2 years of interest we paid Pillar upfront and net around \$1.9 million to fund Whitby and other commitments.

I've mentioned McMurray a couple of times recently and I wanted to bring to your attention that without receiving both Oakville and McMurray raises, we can't afford to fund the \$1.5 million (plus the land deposit) to take Whitby forward over the next 4 months. Like Scollard last year, now that we're incurring huge interest costs because of the \$13 million raise, we need new funding. Raising McMurray AFTER Whitby doesn't help us. We need the McMurray raise proceeds as soon as you can get them.

See you at 3:30 this afternoon.

John.

John Davies

From: John Davies <johndavies55@rogers.com>
Sent: June 2, 2014 8:24 PM
To: 'rajsingh100@gmail.com'
Cc: 'Gregory Harris'
Subject: Tranche 1 Whitby

Raj:

Was I correct in hearing the 1st Tranche in Whitby for a Labour Day closing is \$11.5 million? If that's the case, we have a problem.

After deduction of T1 fees, interest etc. we'll net \$8.1 million. That means we don't get our \$1 million Whitby deposit returned out of that end of the 1st advance, nor any of the costs we've already disbursed on Whitby, let alone all of the costs we're about to incur. We MUST take advantage of this summer selling season and the favourable zoning we have in place, so slowing this down isn't a good solution.

Here is why:

I have spent approximately \$250,000 on Whitby so far. The sales centre, model, sales materials, TV's and renderings are scheduled to cost another \$500,000. This will be spent by early July. Architects, P+B, landscape architect, Civil Engineering etc. will cost \$250,000 by July. Rental of the sales centre property, building of the sales centre parking lot, entry stairs etc. will cost \$150,000. P+B estimates the full marketing budget at \$890,000.

If we sell 70 condo suites this summer to investors (as we've set out in our pro-forma) we'll owe \$250,000 in commissions.

All-in, this summer, we'll spend say, \$1.5 million on Whitby alone.

We're receiving \$1.9 million from the Oakville raise.

We have several hundred thousand dollars of interest payments (for various projects) to fund between now and end of the summer. We need to pay our office and staffing expenses and I need to re-launch McMurray, launch Huntsville and pay the Memory Care consultants for the technical and construction drawings necessary to get started on construction in August / September and October. I have fixed fee contracts from the Architect and Engineers of \$150,000 per project plus disbursements. Call Memory Care design and construction drawings \$500,000 by September. Call the other projects \$200,000.

So, in total, we'll need \$1.6 million for Whitby. We need \$500,000 for the 3 Memory Care projects. We'll need \$250,000 for interest on various projects, plus \$200,000 for McMurray and Huntsville and another \$200,000 for office expenses and outside consultants. Add \$150,000 for the Oakville settlement with our neighbour. All in, we'll require approximately \$3 million between now and the end of September.

We need the \$800,000 we discussed for Bracebridge asap.

I do not want to put Whitby on a slow boat to China because the market is hot and I think we can hit this out of the park by driving it forward right away. If we lose the summer we'll be sitting in limbo all winter.

Would you consider not raising the 2nd tranche in Whitby? I'll get a Cane "development" appraisal for say, \$15.6 million. With \$11.6 million of Tier 1 cash registered against the Whitby project, we'll have room to fund a further \$4 million of 1st mortgage construction debt in front of it. I can easily raise that amount and we'll have the receipts and invoices from sales centre construction, architects and engineers to justify the \$4 million of Construction funding if OT wants to see it. We'll have a 4th Memory Care site by September and your guys can start that raise and the Memory Care Construction financing earlier by wrapping Whitby up after 1 tranche.

The 1st Tranche is a huge raise all on its own. I will be dead in the water if I have to wait until November to get repaid the \$1.6 million we're spending on Whitby. Memory Care will grind to a full stop without the funds this summer to pay for the Construction documents and arrange our building permits. We'll be out of business with no new cash until November.

It's really the only thing way I can see to fund all our commitments by end of summer.

John.

From: John Davies [mailto: johndavies55@rogers.com]
 Sent: November 27, 2014 1:37 PM
 To: 'Gregory Harris' <GregHarris@harrisandharris.com>
 Cc: 'Raj Singh' <rajsingh100@gmail.com>
 Subject: RE: Memory Care Investments (Burlington) Ltd. re \$12.8 Million Syndicated Mortgage Financing

OK, I see what you mean. We just handle these as intercompany banking transfers and show them as a loan from Burlington to Whitby. When Whitby gets the Mintz money next week, we'll repay the \$84,000 advance.

From: Gregory Harris [mailto: GregHarris@harrisandharris.com]
 Sent: November 27, 2014 1:32 PM
 To: John Davies
 Cc: 'Raj Singh'
 Subject: RE: Memory Care Investments (Burlington) Ltd. re \$12.8 Million Syndicated Mortgage Financing

Ok, if that's the case then Mem Care Burlington is paying off a portion of boat Haus' liability to Tier 1 and Boat Haus will owe Mem Care Burlington \$84,000.

Was there any kind of a note or other document evidencing the \$161,000 loan?

Gregory H. Harris
 Harris + Harris LLP
 2355 Skymark Avenue
 Suite 300
 Mississauga, Ontario
 L4W 4Y6
 Phone 905.629.7800 x 240
 Fax 905.629.4350
 Cell 416.460.2507
 Email gregharris@harrisandharris.com
 Web www.harrisandharris.com



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From: John Davies [<mailto: johndavies55@rogers.com>]
Sent: November-27-14 1:29 PM
To: Gregory Harris
cc: 'Raj Singh'
Subject: RE: Memory Care Investments (Burlington) Ltd. re \$12.8 Million Syndicated Mortgage Financing

Hey Greg:

We paid a bunch of Boathaus invoices with it. I'd assign it to Boathaus. That's who'll be paying it back.

John

From: Gregory Harris [<mailto: GregHarris@harrisandharris.com>]
Sent: November 27, 2014 1:19 PM
To: Raj Singh; Nicole Cristiano; Peter Matukas
Cc: John Davies
Subject: RE: Memory Care Investments (Burlington) Ltd. re \$12.8 Million Syndicated Mortgage Financing

Raj:

As you know, the money on deposit for the \$100,000 Pnote loan to Memory Care Burlington has now cleared.

I know we're paying \$16,000 in fees to Tier 1 and the balance of \$84,000 to Tier 1 as repayment of outstanding loans; however I need to know, for the purposes of the authorizing direction from Memory Care Burlington, which party owes the \$161,000 to Tier 1.

reg

Gregory H. Harris
 Harris + Harris LLP
 2355 Skymark Avenue
 Suite 300
 Mississauga, Ontario
 L4W 4Y6
 Phone 905.629.7800 x 240
 Fax 905.629.4350
 Cell 416.460.2507
 Email [gregharris@harrisandharris.com](mailto: gregharris@harrisandharris.com)
 Web [www.harrisandharris.com](http: www.harrisandharris.com)



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From: Raj Singh [<mailto: rajsingh100@gmail.com>]
Sent: November-19-14 5:41 PM
To: Nicole Cristiano; Peter Matukas

Cc: Gregory Harris; John Davies

Subject: Re: Memory Care Investments (Burlington) Ltd. re \$12.8 Million Syndicated Mortgage Financing

Thanks Nicole.

The promissory note comes to us and we will courier to client. Peter normally wires the 16% fee to my Tier1 account.

The balance will come to Tier1 Advisory as well as repayment against the \$161,000 owed to Tier1 by John Davies.

Thanks

Raj

Raj Singh
CEO
Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/raisingsh100>

On Wed, Nov 19, 2014 at 3:14 PM, Nicole Cristiano <NicoleCristiano@harrisandharris.com> wrote:
Hi Raj,

We are now in receipt of the originally signed Promissory Note and cheque in the amount of \$100,000 from Dennis Dlouhy. The funds will be cleared from our bank account on November 27, 2014. Once they have cleared, please let me know where you would like me to send the Promissory Note and cheque.

Regards,

Nicole Cristiano
Legal Assistant to Gregory H. Harris
Harris + Harris LLP.
2355 Skymark Avenue
Suite 300
Mississauga, Ontario
L4W 4Y6

Phone [905.629.7800](tel:905.629.7800) x 237

fax [905.629.4350](tel:905.629.4350)

Email NicoleCristiano@harrisandharris.com<<mailto:NicoleCristiano@harrisandharris.com>>

Web www.harrisandharris.com<<http://www.harrisandharris.com/>>

[cid:image001.gif@01C65352.7EB91400]

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John Davies

From: Raj Singh <rajsingh100@gmail.com>
Sent: January 4, 2016 10:01 PM
To: Chris Giamou; John Davies
Subject: Fwd: # 12066 Memory Care: Burlington sets of drawings

Chris:

Please remember to send me the details on Boathaus to let me see if I can raise the \$6M to take out Firm's \$4M and give the additional \$2M.

/raj

Raj Singh
 CEO
 Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/rajsingh100>

----- Forwarded message -----

From: <rajsingh100@gmail.com>
Date: Wed, Dec 23, 2015 at 12:04 PM
Subject: Re: # 12066 Memory Care: Burlington sets of drawings
To: johndavies55@rogers.com
Cc: Chris Giamou <chris@memorycare.ca>, "Gregory H. Harris" <gregharris@harrisandharris.com>

OK, send me all of the Boathaus information and let me see if I can take out forms \$4m with \$6m first Mtg.

Raj

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: johndavies55@rogers.com
Sent: Wednesday, December 23, 2015 11:22 AM
To: Raj Singh
Cc: Chris Giamou; Gregory H. Harris
Subject: Re: # 12066 Memory Care: Burlington sets of drawings

By Raj:

MC and Scollard received \$1.3 million in loan repayments from the last two T-1 raises. Used \$900K for the December quarterly interest payments sent to H+H, used \$250K for costs for Boathaus launch, the rest for overhead and a few consulting invoices past 60 days. We have \$700K available in Textbook various accounts until Fengate can fund Ross Park in February.

This cash shortage is a result of closing large raises on expensive sites with very little surplus proceeds being retained to fund operations. Need a couple of smaller raises back to back that put a couple million in the coffers.

There are Project Mgt fees that will start to flow on Ross Park

I spoke to you and Greg about raising some new financing (\$2 million) on Boathaus. We'll use some of those proceeds and the Oakville 20% equity cash to reinstate Burlington SPA and pull the site alteration and foundation permits.

I certainly would have preferred to give the City \$250K in November, but the looming interest payments needed to be secured ahead of that.

I am not worried about reinstating SPA in Burlington. It's a matter of giving them a cheque and re-filing. It's a civic cash grab.

Can we go to market in January and raise \$2 million cash on the back of our successful September Boathaus launch? An increase of \$2 million to the Tier 1 loan is \$2 million below the \$16 million Cane Whitby appraisal. I'm guessing that investors would be impressed with the progress made on Boathaus and that \$2 million would be fairly straightforward and quick. I assume we would need new loan documents but I imagine the Cane appraisal is still usable as it's less than 24 months old.

JD

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

From: Raj Singh
Sent: Wednesday, December 23, 2015 8:32 AM
To: John Davies
Cc: Chris Giamou; Gregory H. Harris
Subject: Re: # 12066 Memory Care: Burlington sets of drawings

Hi John:

I am working on the equity but no firm timeline when I can complete it.

You indicated that you were going to have \$750K paid back to Memory Care from Textbook from the Kingston closing. Can you use that now to get it started?

I am sure we will need the equity raised to start paying Varcon for their work and keep raising money in the meantime.

/raj

Raj Singh
CEO
Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/raisingh100>

On Wed, Dec 23, 2015 at 10:21 AM, <[johndavies55@rogers.com](mailto: johndavies55@rogers.com)> wrote:

To keep the SPA current will require a \$250,000 payment. We held off making the payment to the City in November because of the nearly \$1 million of interest payments owing in December. We can re-instate our SPA status (City likes everything) with the \$250,000 payment. Raj is raising \$3 million equity for Oakville and additional equity for Burlington. As soon as we recapitalize, we can give the City their DC's and move forward in earnest. I understand the Oakville equity is imminent. JD

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

From: Chris Giamou
Sent: Wednesday, December 23, 2015 7:53 AM
To: [johndavies55@rogers.com](mailto: johndavies55@rogers.com); 'Raj Singh'
Cc: 'Gregory H. Harris'
Subject: RE: # 12066 Memory Care: Burlington sets of drawings

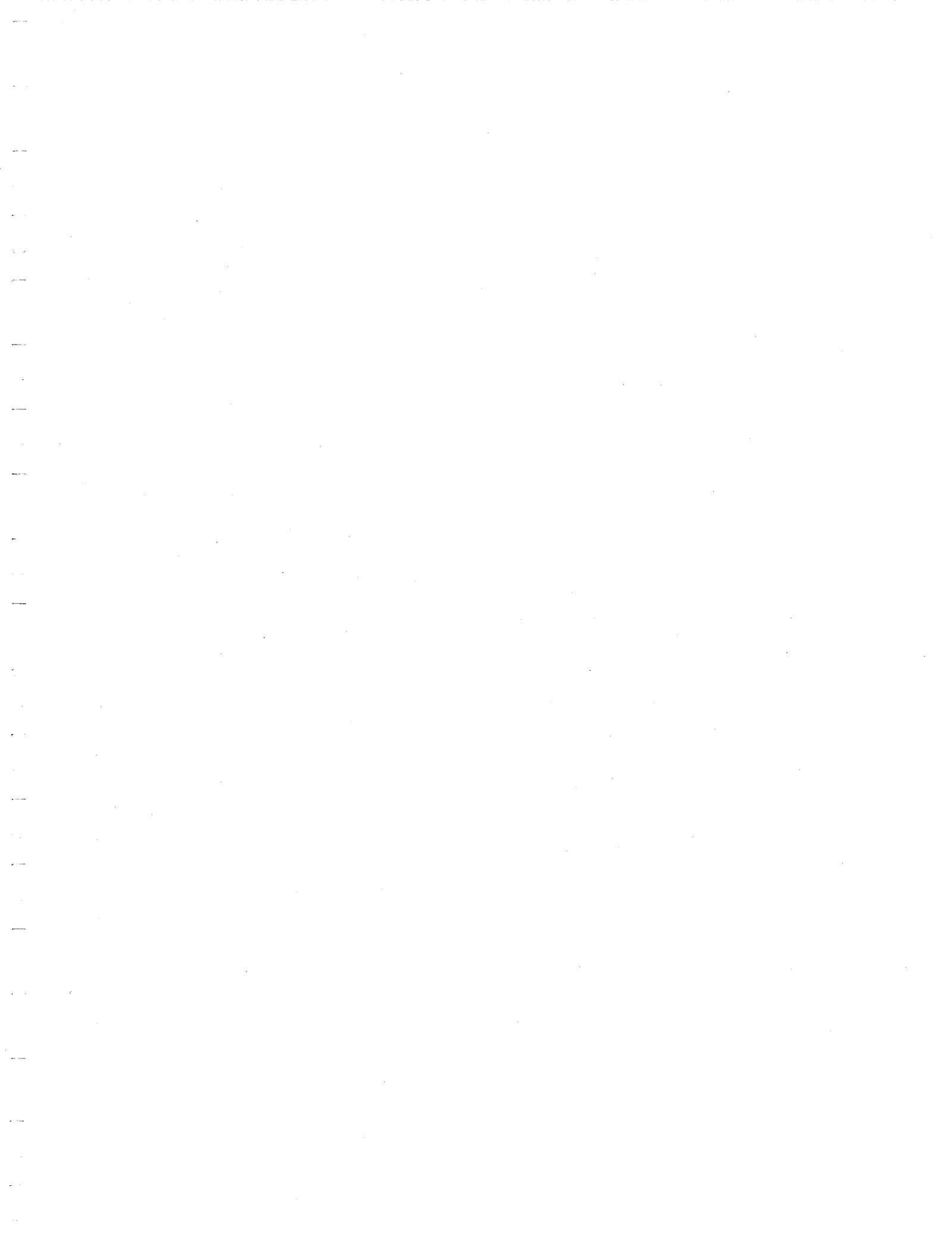
I was surprised by Fernando's email. I had no idea that the SP Approval had lapsed.

I have emailed him and left him a vm message, asking if we can get a meeting with Burlington staff to fast track this.

He must be on vacation. We will make this a priority once he is back in the office.

-Chris

From: [johndavies55@rogers.com](mailto: johndavies55@rogers.com) [<mailto: johndavies55@rogers.com>]
Sent: December 22, 2015 6:31 PM
To: Raj Singh <[raisingh100@gmail.com](mailto: raisingh100@gmail.com)>; Chris Giamou <[chris@memorycare.ca](mailto: chris@memorycare.ca)>
Cc: Gregory H. Harris <[gregharris@harrisandharris.com](mailto: gregharris@harrisandharris.com)>
Subject: Re: # 12066 Memory Care: Burlington sets of drawings



John Davies

From: Raj Singh <rajsingh100@gmail.com>
Sent: April 6, 2016 11:37 AM
To: John Davies
Subject: Re: Note from Dave Martino.

ok, I will let him know.

/raj

Raj Singh
 CEO
 Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/rajsingh100>

Wed, Apr 6, 2016 at 11:00 AM, <[johndavies55@rogers.com](mailto: johndavies55@rogers.com)> wrote:

No, we'll give him \$25K to keep him going. Just responding to him being upset. Seems everyone is upset with me these days. John.

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

From: rajsingh100@gmail.com
Sent: Wednesday, April 6, 2016 10:03 AM
To: [johndavies55@rogers.com](mailto: johndavies55@rogers.com)
Subject: Re: Note from Dave Martino.

Hi John, I understand but I was responding to you saying last night that you will give him \$25k to make him happy until you can pay him in full. If this is not the case let me know and I will tell him he can't be paid now and that I misunderstood what you told me.

Raj

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: [johndavies55@rogers.com](mailto: johndavies55@rogers.com)
Sent: Wednesday, April 6, 2016 9:49 AM
To: rajsingh100@gmail.com
Subject: Re: Note from Dave Martino.

Hey Raj.

As you know, Textbook realized around \$1.8 million from the recent Bronson raise. From that, Textbook loaned McMurray, Memory Care, Boathaus and Legacy around \$950,000 to pay interest due April 1st, and cover pressing payables. More interest is due April 30th.

Textbook has AP for consultants and related municipal fees in excess of \$2 million. :

For Parkland Dedication is in excess of \$2 million. No building permits without these payments. The recently raised \$1.8 million for Bronson has already been spent, and we need more cash in a hurry. The \$8.78 mm Tier 1 raise for Kingston Shoppers Drug Mart project needs to commence right away. Interest is due again in 90 days.

I am sympathetic to Dave Martino because he is owed his commissions of \$50,000 but it is money owed to him by Boathaus. As we discussed last night, Boathaus refinancing has dragged on and on and we either need to stay the course with Dominion or find Plan B right away.

Boathaus has not paid it's consultants in 4 months and the last two Boathaus quarterly interest payments were via loans from other projects, including from Textbook projects. We are anxious to see Dave receive his commissions, but if we don't pay architects to do the work necessary to obtain municipal approvals and drawings sufficiently reconciled to obtain contractor pricing, every project stops dead in its tracks.

Until we receive new Boathaus funding, the cash we have on hand needs to be disbursed judiciously. We are under the gun, and as I said to you last night, we really need your help with Dominion.

We must receive Boathaus financing to be able to move that project forward and cover upcoming investor interest.

Thanks.

John.

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

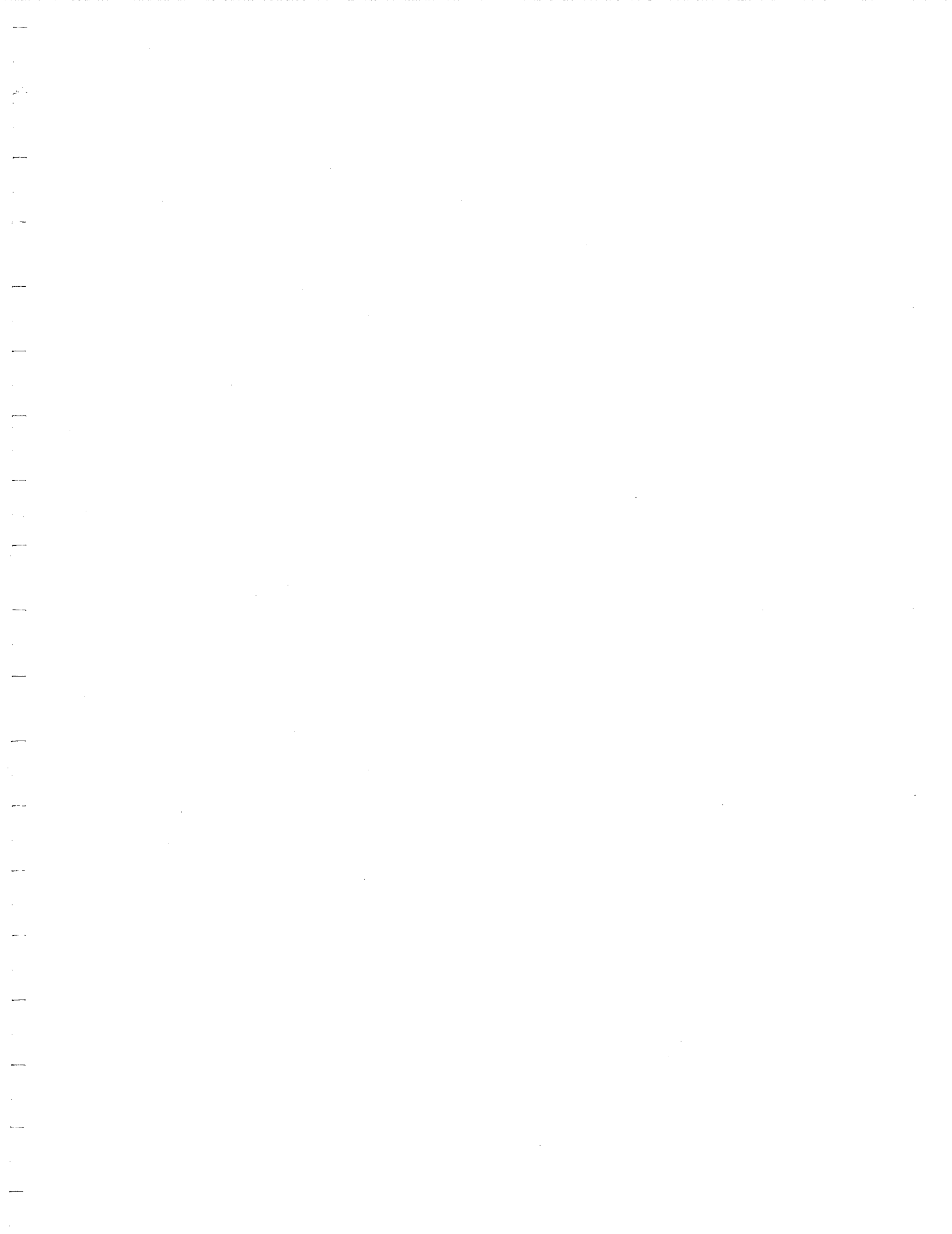
From: rajsingh100@gmail.com
 Sent: Wednesday, April 6, 2016 9:00 AM
 To: John E. Davies
 Subject: Note from Dave Martino.

John,

Here is a note from Dave Martino. I told him I spoke to you last night and you will prepare a cheque for some money for him. Let me know when he can pick it up. He is very upset.

Raj

Raj, today's we'd and i haven't heard back from John. Let me know if I need to take other action for this. Not waiting any longer. look like fools to the people who made our business by not paying them. I want to know what time I can have that check picked up.



From: Raj Singh [mailto:rajsingh100@gmail.com]
Sent: April 29, 2016 4:36 PM
To: John Davies <johndavies55@rogers.com>
Cc: Gregory H. Harris <gregharris@harrisandharris.com>
Subject: Re: McMurray (12140) - April 30, 2016 Interest Distribution

god is looking out for us!

Raj Singh
CEO
Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/rajsingh100>

On Fri, Apr 29, 2016 at 4:33 PM, <johndavies55@rogers.com> wrote:

You will not believe this but Dianna just checked the mailbox and there is a Scollard HST rebate cheque for \$55,000. I'll give her the difference. She'll go to the bank and wire the \$68,000 to H+H now. JD.

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

From: Raj Singh
Sent: Friday, April 29, 2016 4:13 PM
To: Gregory H. Harris
Cc: johndavies55@rogers.com
Subject: Re: McMurray (12140) - April 30, 2016 Interest Distribution

John:

You don't want to miss this payment. We are obligated now to disclose this on all FSCO forms as we have to assess a developer's financial position and indicate risks. This will most certainly affect Shoppers Deal as we are putting it together right now.

Apart from the above, this will send ripples through the agent's channel that is also very weary of deals with Textbook, Memory care etc.

kindest regards

Raj

Raj Singh
CEO
Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/raisingsh100>

On Fri, Apr 29, 2016 at 3:48 PM, Peter Matukas <PeterMatukas@harrisandharris.com> wrote:

Greg,

We held back \$35,000 upon the Bronson file due its large size as a single tranche closing for the need to create closing books. There are no other funds heldback for legal fees.

Thank you,

Peter

Peter V. Matukas
Harris + Harris LLP
Barristers and Solicitors
2355 Skymark Avenue, Suite 300
Mississauga, Ontario L4W 4Y6
Tel No. [905.629.7800](tel:905.629.7800)
Fax No. [905.629.4350](tel:905.629.4350)
Email: petermatukas@harrisandharris.com
www.harrisandharris.com



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From: Gregory Harris
Sent: April-29-16 3:31 PM
To: johndavies55@rogers.com
Cc: Dianna Cassidy, Operations Manager October 8, 2015; Peter Matukas; Raj Singh

Subject: RE: McMurray (12140) - April 30, 2016 Interest Distribution

I can tell you we would not have held back \$160k for future fees. I suspect the amount is around \$30k – but Peter Matukas would know exactly what amount was held back on Bronson.

Let me find out.

Also, the reputational damage to you, Tier 1 and by association Textbook, on not paying interest will be significant; notwithstanding some or many of the investors were solicited by persons who are no longer involved with first Commonwealth or Tier 1.

Moreover, the present ongoing FSCO Tier 1/First Commonwealth audit will likely be detrimentally impacted by any issues arising from a project where interest is not being paid.

Perhaps you Raj and I should have a call to discuss. I've copied Raj on this email.

Peter:

Let me know what we've held back from the Bronson financing for future legal fees.

Greg

Gregory H. Harris

Harris + Harris LLP

2355 Skymark Avenue

Suite 300

Mississauga, Ontario

L4W 4Y6

Phone 905.629.7800 x 240

Fax 905.629.4350

Cell 416.460.2507

Email gregharris@harrisandharris.com

Web www.harrisandharris.com



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From: johndavies55@rogers.com [mailto:johndavies55@rogers.com]

Sent: April-29-16 3:16 PM

To: Gregory Harris

Cc: Dianna Cassidy, Operations Manager October 8, 2015; Peter Matukas

Subject: Re: McMurray (12140) - April 30, 2016 Interest Distribution

Greg: We have enough cash available for payroll, rent and utilities. No consultants have been paid. As I mentioned in our last meeting, the issues around the delays obtaining the Whitby refinancing have had huge ripple effects. We used a large portion of the Bronson raise for the last round of Memory Care interest payments. Perhaps the Memory Care cash on hand could be deployed to pay the McMurray interest and repaid from the Boathaus loan in a few weeks. We note from the last breakdown on legal fees that H-H has heldback monies for potential future legal fees. I think these were around \$160K. Given the ongoing legal business, perhaps some of those contingency holdback fees could be released and used to pay McMurray interest. The only good thing about owing money to McMurray investors is the bulk of the investors were those found by the original T1 crew and they are no longer with Tier 1. Perhaps we could send a letter to investors advising we have an offer for the purchase of the property and an interest adjustment will be made upon closing. John.

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

From: Gregory Harris

Sent: Friday, April 29, 2016 2:31 PM

To: Peter Matukas; johndavies55@rogers.com

Cc: Dianna Cassidy; Heather Miller; Dianna Wartnaby

Subject: RE: McMurray (12140) - April 30, 2016 Interest Distribution

John/Dianna:

Please ensure you deal with this today.

As it is we're already going to be late which will be bad enough. Tier 1 will be inundated with calls from investors, if interest isn't received for May 1st.

We don't need any hiccups, at this time, with respect to payment of interest; especially if there is a light at the end of the tunnel with respect to a sale transaction.

Gregory H. Harris

Harris + Harris LLP

2355 Skymark Avenue

Suite 300

Mississauga, Ontario

L4W 4Y6

Phone 905.629.7800 x 240

Fax 905.629.4350

Cell 416.460.2507

Email gregharris@harrisandharris.com

Web www.harrisandharris.com



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From: Peter Matukas
Sent: April-29-16 2:29 PM
To: johndavies55@rogers.com
Cc: Gregory Harris; Dianna Cassidy; Heather Miller; Dianna Wartnaby
Subject: McMurray (12140) - April 30, 2016 Interest Distribution
Importance: High

Good afternoon John,

This is an e-mail reminder follow-up upon the March 4, March 22, 2016, April 7, 18, 25 and 28, 2016 e-mails pertaining to the April 30, 2016 interest distribution for McMurray St.- being additional interest for investors who have not received their principal back (presuming it is no repaid in prior to the interest distribution date) as well as those investors who have chosen to continue with the project. Please note that we will require funds to be placed on deposit with us (and made payable to Harris + Harris LLP, In Trust) to pay the next interest distribution, namely \$68,273.91 (please note this is an estimated amount based upon a 89 day quarter and for all of the investors). As there are no funds held in trust from the most recent distribution we will require \$68,273.91 on or before April 11, 2016 if in uncertified format; by April 15, 2016 if the funds are either in bank draft or certified format.

John – we are perilously close to not being able to get the interest distribution cheques out on time if we do not receive the money today (April 28, 2016). Kindly please advise as to when we will be in receipt of the interest distribution monies. 457

John – we have now (April 29, 2016) been receiving calls from investors as to their interest distributions. We are not able to create cheques to mail out to them without the funds being in our trust account. Kindly please wire the money to HH today so that we may proceed to do so. Absent provision of the monies and payment of the interest, the project will go into a Default position.

Accordingly, please advise when funds will be provided so we may make the interest distributions and repayment of the investors investment amounts.

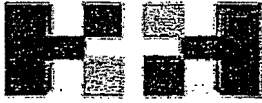
John – this interest distribution is particularly salient given that we are still awaiting an election from one of the investors, and thus all of the investors are stuck and entitled to interest until repayment of their principal regardless of whether they have elected to continue with the project or receive a return of their capital. It is salient to keep investor confidence in the project and not just that they receive the payment but to demonstrate that the delay really is upon that election rather than any other reason. Please forward these monies upon the timelines noted above as we require time to prepare the cheques and mail them out to investors, which monies are due to them for April 30, 2016.

Thank you,

Peter

Peter V. Matukas
Harris + Harris LLP

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



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From: Peter Matukas
Sent: December-01-14 10:31 AM
To: 'johndavies55@rogers.com'
Cc: gregharris@harrisandharris.com; Brenda Schultz; 'Dianna Cassidy'
Subject: RE: McMurray (12140) - January 31, 2015 Interest Distribution

Good morning John,

This is a reminder e-mail upon my November 3, 2014 e-mail regarding the January 31, 2015 interest distribution for McMurray St. Please note that we will require funds to be placed on deposit with us (and made payable to Harris + Harris LLP, In Trust) to pay the next interest distribution, namely \$70,575.37. As there are no funds held in trust from the most recent distribution we will require \$70,575.37 on or before **JANUARY 12, 2015 if in uncertified format; by JANUARY 16, 2015 if the funds are either in bank draft or certified format.** We are requesting the funds by this time to permit us sufficient opportunity to create the cheque's in advance and be in a position to distribute same prior to the distribution date.

Accordingly, please advise when funds will be provided so we may make the interest distributions.

Thank you,

Peter

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



HARRIS + HARRIS LLP
BARRISTERS AND SOLICITORS

This email (and any attachments) is privileged and may contain confidential information intended only for the person(s) named above. If you receive this email in error, please notify the sender immediately by email, phone or fax and permanently delete the e-mail and any attachments.

From: Peter Matukas
Sent: November-03-14 10:22 AM
To: 'johndavies55@rogers.com'
Cc: gregharris@harrisandharris.com; Brenda Schultz; 'Dianna Cassidy'
Subject: McMurray (12140) - January 31, 2015 Interest Distribution
Importance: High

Good morning John,

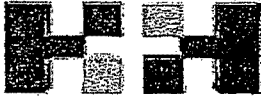
This is a reminder e-mail regarding the January 31, 2015 interest distribution for McMurray St. Please note that we will require funds to be placed on deposit with us (and made payable to Harris + Harris LLP, In Trust) to pay the next interest distribution, namely \$70,575.37. As there are no funds held in trust from the most recent distribution we will require \$70,575.37 on or before JANUARY 12, 2015 if in uncertified format; by JANUARY 16, 2015 if the funds are either in bank draft or certified format. We are requesting the funds by this time to permit us sufficient opportunity to create the cheque's in advance and be in a position to distribute same prior to the distribution date.

Accordingly, please advise when funds will be provided so we may make the interest distributions.

Thank you,

Peter

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2355 Skymark Avenue, Suite 300
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Tel No. 905.629.7800
Fax No. 905.629.4350
Email: petermatukas@harrisandharris.com
www.harrisandharris.com




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TAB Q

THIS IS EXHIBIT "Q"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.
Michael Butron

Overview of Intercompany Loans

Summary:

The directing minds of Memory Care, Textbook and the other development ventures that were responsible for the day to day management of the various projects operated the business as an "umbrella" organization, albeit with separate bank accounts for each project. Every intercompany loan was made to companies within the organization in order to pay project management, staffing, investor interest and other costs associated with the project companies. The practice of making intercompany loans was known to and directed by the Trustee Corporations. Every intercompany loan was recorded in the companies' accounting records. A matrix summarizing the intercompany loans is attached.

Background:

While SMI loans are popular investment opportunities for investors looking for higher than average returns with collateral mortgage security, there are punitive up-front costs that are incurred by the borrower. These include the 22% fees and disbursements associated with the cost of brokerage to raise the SMI loan funds. The quantum of an SMI raise cannot exceed the appraised value of the property, and after deducting broker fees, appraisal fees, legal and accounting fees, the retention of a 1 year interest reserve, and the purchase price of the land, the developer is left with only a small percentage of the face amount of the loan. On the first year anniversary of each raise, the developer is obligated to commence paying investor interest.

The Davies Developers relied on their expertise to advance the development status of projects during the first year of the loan. The Davies Developers then had each development property reappraised in the expectation that the intense development activities throughout the first year (design development, progress with municipal approvals, increases in density, advanced pro-forma calculations, etc.) would result in an increase in the property's value. If the property was valued higher than the initial appraisal, Tier 1 was asked to raise additional financing. New (net) loan proceeds were used to pay investor interest, consultants, staff costs, and other costs associated with advancing the projects to a state of shovel readiness.

Rationale for Intercompany Loans

Intercompany loans were generally made when i) the value of a development had not yet increased sufficiently to support an increase in the appraised value of the property and an increase in the Tier 1 mortgage, ii) the developer had spent the surplus proceeds from the first raise and had limited cash resources, or iii) Tier 1 was unable to raise new financing because it were raising funds for non-Davies Developers projects, or the raise took longer than anticipated.

Tremendous pressure was placed on the Davies Developers every 3 months to make certain the obligation to pay investor interest was met. Singh and Harris advised the Davies Developers that any interruption to the investor interest payment schedule would result in the Davies Developers never again receiving financing from Tier 1.

Over time, maintaining interest payments on a project-by-project basis became more challenging as new projects were introduced and as Tier 1 experienced difficulty raising new SMI or investor funding on a timely basis. In many cases, funding promised for a certain date was months delayed (in one case by more than 7 months). Cash flow demands to keep the projects moving forward through the pre-development stages (design costs, planning approvals, engineering, background studies and staff costs) had to be balanced with the obligation to keep investor interest payments current. To strike this balance, the Davies Developers made intercompany loans from projects that had recently received a cash infusion or had cash on hand, to projects in need of funding for development costs or interest payments (including existing projects and those being considered for acquisition). This practice was known by and consented to by Singh, Harris and the Trustee Corporations (as further described below). At times, Singh initiated or directed that specific loans be made to meet interest payments. All loans were made solely for the purpose of maintaining the projects and all intercompany loans stayed within the overall umbrella enterprise. All intercompany loans were recorded and tracked in the Davies Developers' accounting records.

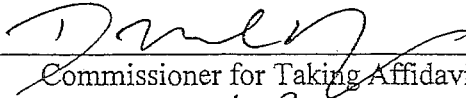
Approval of the SMI Trustee

There is significant correspondence between Davies, Singh and Harris discussing various intercompany loans that were made over time. This correspondence is detailed in its description of the quantum of the loans being made and the use to which the loan proceeds would be made. This correspondence commenced in 2012 and continued regularly through 2016.

At no time did Singh or Harris advise the Davies Developers that intercompany loans were prohibited, under the terms of the Loan Agreements or otherwise. Indeed, Singh, Harris and the Trustee Corporations knew that the only feasible way to advance the projects, create incremental value in each project (in order to qualify for new financing), and avoid defaulting on interest payments, was to make intercompany loans. From time to time, Singh and Harris suggested or directed that specific intercompany loans be made for particular transactions or payments. Through these suggestions and directions, as well as their knowledge of the intercompany loans from the parties' correspondence, Singh and Harris consented to the practice of making such loans on behalf of the Trustee Corporations.

TAB R

THIS IS EXHIBIT "R"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckett

John Davies

From: John Davies <johndavies55@rogers.com>
 Sent: June 15, 2017 4:18 PM
 To: 'John Davies'
 Subject: FW: McMurray pdf

From: Raj Singh [mailto:rajsingh100@gmail.com]
 Sent: October 7, 2013 11:43 AM
 To: John Davies <johndavies55@rogers.com>
 Subject: Fwd: McMurray pdf

John, your daughter did a great job on these write ups. Treat her well or may hire her away from you.! LOL

/raj

----- Forwarded message -----

From: **Raj Singh** <rajsingh100@gmail.com>
 Date: Mon, Oct 7, 2013 at 11:41 AM
 Subject: Fwd: McMurray pdf
 To: Colman Obrien <colman.obrien@tier1advisory.com>
 Designer Dinesh Satrohan <info@perfectpixels.ca>

Colman / Dinesh:

Can you guys coordinate getting these updates on to our website asap.

thanks

Raj

----- Forwarded message -----

From: **Sarah Davies** <sarah-davies@live.ca>
 Date: Fri, Oct 4, 2013 at 4:55 PM
 Subject: Re: McMurray pdf
 To: Raj Singh <rajsingh100@gmail.com>

Hi Raj,

Yes he is, its great I'm really loving it. Not a problem, enjoy your weekend as well.

Talk soon,

Sarah

Sent from my iPhone

On 2013-10-04, at 4:43 PM, "Raj Singh" <rajsingh100@gmail.com> wrote:

Hi Sarah:

I see Dad is keeping you very busy. Sure I will send out and post to pur website.

Thanks for expeiting.

Have a great weekend and best regards

Raj

On Fri, Oct 4, 2013 at 4:36 PM, Sarah Davies <sarah-davies@live.ca> wrote:

Hi Raj,

Could you please send out this McMurray newsletter instead of the one sent previously?

Thank you,
Sarah

--
Raj Singh

My Linkedin Profile:

<http://ca.linkedin.com/in/rajsingh100>

--
Raj Singh

My Linkedin Profile:

<http://ca.linkedin.com/in/rajsingh100>

--
Raj Singh

My Linkedin Profile:

<http://ca.linkedin.com/in/rajsingh100>



John Davies

From: johndavies55@rogers.com
Sent: August 28, 2014 12:21 PM
To: Simon Cane, Account Director; Andrew Davies, President
Subject: Re: Post Homes Saturday Full Page

Let's do it. Good job Andrew. Thanks.
 Sent from my BlackBerry device on the Rogers Wireless Network

From: Simon Cane <simon@pboline.com>
Date: Thu, 28 Aug 2014 12:16:12 -0400
To: Andrew Davies<andrew@y2media.ca>
Cc: John Davies<johndavies55@rogers.com>
Subject: Re: Post Homes Saturday Full Page

This is a very good rate Andrew, much lower than I've been able to negotiate in the past.

Simon Cane

Account Director
 pb marketing ltd.
 55 St. Clair Ave. West, Suite 205
 Toronto, Ontario, M4V 2Y7

t: 416.960.4885 ext.305

c:416-509-4940

www.pboline.com

On 2014-08-28, at 12:01 PM, Andrew Davies wrote:

Good Morning,

I have booked the National Post Real Estate pages starting next Saturday. This campaign will run for 3 consecutive weeks.

The page rate that we were able to secure was \$3,900 net. Here are the details from the rep;

Specs: full page color ad: 10.8" w x 21.375" deep

Material due: Thursdays at noon.

Run Dates: Sept 6, 13, 20

Price: \$3,900 net per ad + \$507 HST....Total \$4,407 per ad. X 3 ads

Payment Options:

1. Send certified cheque to arrive no later than Tuesday afternoon
2. Wire Transfer funds each week for each ad...details attached
3. Prepay by Visa

TOTAL BUY: \$11,700 + \$1,521 tax = 13,221

The contract will be sent over to me shortly for approval, so I will send that over once I receive it.

Regards,

Andrew

John Davies

From: johndavies55@rogers.com
Sent: September 16, 2014 11:34 AM
To: Raj Singh, B.Sc., MBA, CEO; Simon Cane, Account Director
Cc: Dinesh Achria; Chris Giamou, CMA; Sarah Davies, Marketing Manager; Maryann J. Grace, Sales Agent; Hunter Milborne, Chairman; Clarence Poirier, President; Andrew Davies, President
Subject: Re: Guildwood Media

I think its money well spent.
 Sent from my BlackBerry device on the Rogers Wireless Network

From: Raj Singh <rajsingh100@gmail.com>
Date: Tue, 16 Sep 2014 11:04:22 -0400
To: Simon Cane <simon@pboline.com>
Cc: John E. Davies <johndavies55@rogers.com>; Dinesh Achria <dinesh.achria@tier1advisory.com>; Chris Giamou <chris@memorycare.ca>; Sarah Davies <sarah-davies@live.ca>; Maryann Grace <maryann@milborne.com>; Chairman Hunter Milborne <hunter@milborne.com>; Clarence Poirier <cpoirier@pboline.com>; Andrew Daview <andrew@y2media.ca>
Subject: Re: Guildwood Media

I am fine with it subject to John & Chris being on side with it.

John, its a \$27K spend on transit shelters etc. which I believe was a part of the overall marketing budget. Please let Simon know if you are ok with this.

thanks

Raj

Raj Singh
 CEO
 Tier1 Advisory

My LinkedIn Profile:

<http://ca.linkedin.com/in/rajsingh100>

On Mon, Sep 15, 2014 at 11:46 AM, Simon Cane <simon@pboline.com> wrote:
 Our registration list is growing but we'd like to see some more numbers over the next several weeks.

I'll be changing the a-frame map this weekend and suggest continuing with the same print buy as last week. Attached are the astral media 8week buy that includes area transit shelters and area billboards, Y2 media has some great weeks and we recommending starting asap.

Please approve this weeks print buy (cost below) and astral 8 week buy (attached)

Simon

Simon Cane

Account Director
pb marketing ltd.
55 St. Clair Ave. West. Suite 205
Toronto, Ontario, M4V 2Y7

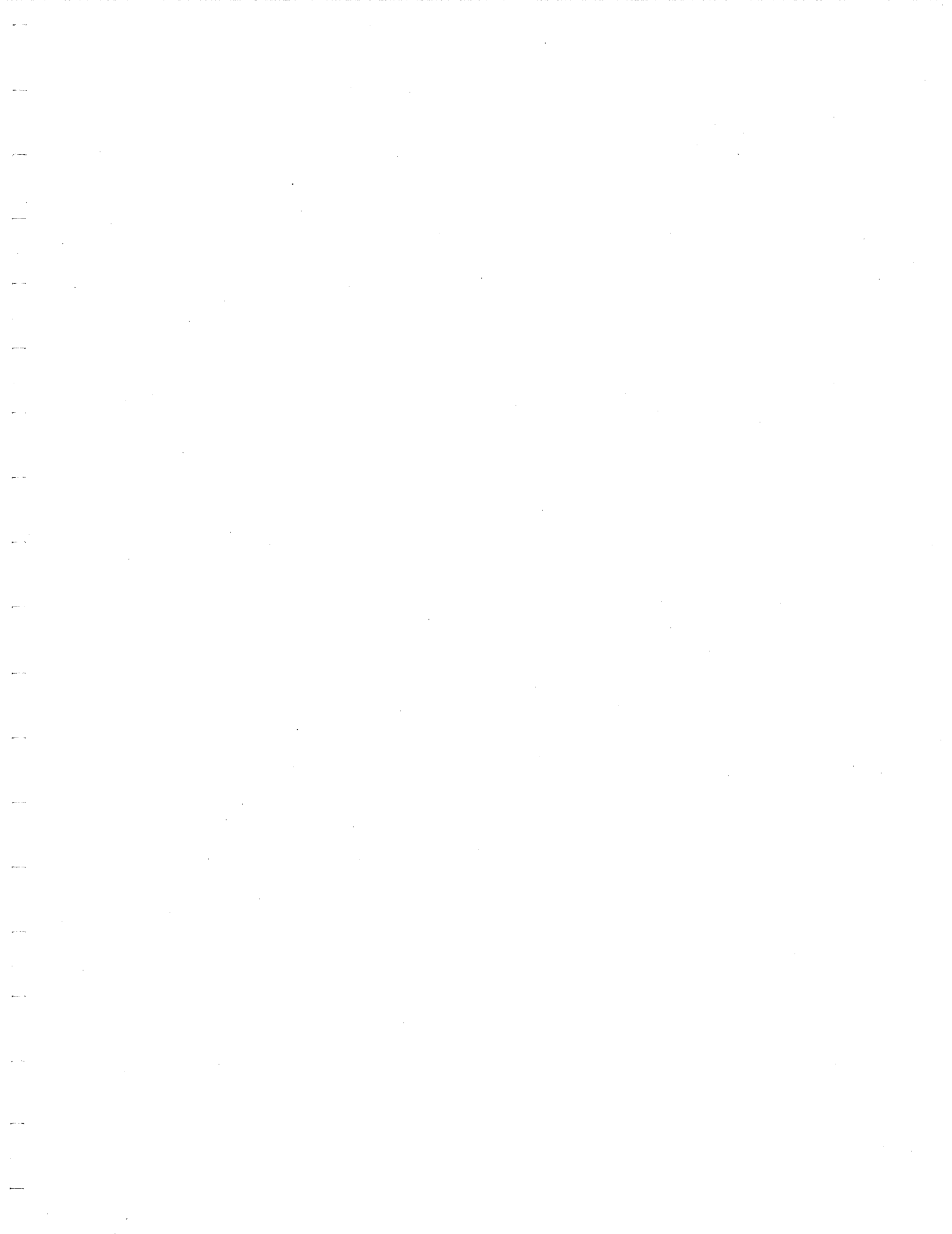
t: 416.960.4885 ext.305

c: 416-509-4940

www.pboline.com

- Toronto Star: FP East, FP Central \$7000 (\$3500 each zone)
- Can India: \$1,985 Full Page Full Color Section A
- Weekly Times of India: \$1,600 Full Page Inside Cover Pg 2
- Toronto Sun \$4500
- Shaharvand: \$500 per insertion

Total: \$15,585



John Davies

From: johndavies55@rogers.com
Sent: October 27, 2014 2:25 PM
To: Andrew Davies, President
Cc: Chris Giamou, CMA; Sarah Davies, Marketing Manager
Subject: Re: Globe & Mail booking

Yes. I still have to ask Raj but this rate is getting pretty close to half price.
 Sent from my BlackBerry device on the Rogers Wireless Network

From: Andrew Davies <andrew@y2media.ca>
Date: Mon, 27 Oct 2014 14:21:31 -0400
To: <johndavies55@rogers.com>
Subject: Re: Globe & Mail booking

Hey,
 Sorry to bug you. Just to confirm, you want me to ask if we can book 30 for each development, so 90 ads in total?

Andrew

From: <johndavies55@rogers.com>
Reply-To: <johndavies55@rogers.com>
Date: Monday, October 27, 2014 2:06 PM
To: Andrew Davies <andrew@y2media.ca>
Cc: "Sarah Davies, Marketing Manager" <sarah-davies@live.ca>, "Simon Cane, Account Director" <simon@pboline.com>, "Chris Giamou, CMA" <chris@memorycare.ca>
Subject: Re: Globe & Mail booking

What if we book Guildwood, Boathaus and Bracebridge each for full pages x's 30 weeks consecutively?
 Sent from my BlackBerry device on the Rogers Wireless Network

From: Andrew Davies <andrew@y2media.ca>
Date: Mon, 27 Oct 2014 13:51:05 -0400
To: <johndavies55@rogers.com>
Cc: Simon Cane, Account Director <simon@pboline.com>; Sarah Davies, Marketing Manager <sarah-davies@live.ca>; Chris Giamou, CMA <chris@memorycare.ca>
Subject: Re: Globe & Mail booking

Good afternoon,

I got off the phone with the rep at the Globe and I was able to get the rate down to \$6,060 net per page based on 30 full pages.

Andrew

From: <johndavies55@rogers.com>
Reply-To: <johndavies55@rogers.com>

Date: Monday, October 27, 2014 11:54 AM

To: Andrew Davies <andrew@y2media.ca>

Cc: "Simon Cane, Account Director" <simon@pboline.com>, "Sarah Davies, Marketing Manager" <sarah-davies@live.ca>, "Chris Giamou, CMA" <chris@memorycare.ca>

Subject: Re: Globe & Mail booking

Hey Andrew; No, I think we'll take the week off. Its very expensive to advertise in the Globe and while it may be the only thing driving traffic, and every other ad source is a waste of money, we still aren't converting traffic into sales. We're averaging around \$150,000 of advertising and promotion costs per sale. See what rate we could get with 30 buys of a full page each. committed to now going forward. Would it garner a huge discount? JD
Sent from my BlackBerry device on the Rogers Wireless Network

From: Andrew Davies <andrew@y2media.ca>

Date: Mon, 27 Oct 2014 11:31:31 -0400

To: John Davies <johndavies55@rogers.com>

Cc: Simon Cane <simon@pboline.com>

Subject: Globe & Mail booking

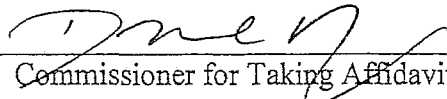
Good morning,

Would you like to run this week in the Globe? We do not have anything currently booked.

Andrew

TAB S

THIS IS EXHIBIT "S"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckwith

John Davies

From: John Davies <john@textbooksuites.com>
Sent: May 24, 2016 4:36 PM
To: Raj Singh
Cc: Greg Harris; Walter Thompson
Subject: Re: Shoppers Drug Mart

OK.

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

From: Raj Singh
Sent: Tuesday, May 24, 2016 3:47 PM
To: John Davies
Cc: Greg Harris; Walter Thompson
Subject: Re: Shoppers Drug Mart

Hi John:

Given where we are with this transaction and the back and forth I will take a pass on this transaction.

best regards

.aj

On May 24, 2016, at 2:55 PM, John Davies <john@textbooksuites.com> wrote:

OK.

From: Gregory Harris [<mailto:GregHarris@harrisandharris.com>]
Sent: May 24, 2016 2:50 PM
To: John Davies <john@textbooksuites.com>; 'Raj Singh' <rajsingh100@gmail.com>
Cc: 'Walter Thompson' <walter@textbooksuites.com>; dianna@textbooksuites.com
Subject: RE: Shoppers Drug Mart

John:

I'm not going to even debate the issue.

It will be Raj's call.

Gregory H. Harris
 Harris + Harris LLP
 2355 Skymark Avenue
 Suite 300
 Mississauga, Ontario
 L4W 4Y6
 Phone 905.629.7800 x 240
 Fax 905.629.4350

Cell 416.460.2507
 Email gregharris@harrisandharris.com
 Web www.harrisandharris.com
 <image001.gif>

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From: John Davies [<mailto:john@textbooksuites.com>]
Sent: May-24-16 2:49 PM
To: Gregory Harris; 'Raj Singh'
Cc: 'Walter Thompson'; dianna@textbooksuites.com
Subject: RE: Shoppers Drug Mart

Greg: I have no recollection of the \$1 million shareholder dividends being discussed in the compensation structure meeting. Raj left that meeting early as you'll recall. I definitely recall that in our last meeting the 4 of us had together I advised that we can no longer afford the dividends. John.

From: Gregory Harris [<mailto:GregHarris@harrisandharris.com>]
Sent: May 24, 2016 2:43 PM
To: John Davies <john@textbooksuites.com>; 'Raj Singh' <rajsingh100@gmail.com>
Cc: 'Walter Thompson' <walter@textbooksuites.com>; dianna@textbooksuites.com
Subject: RE: Shoppers Drug Mart

Well, I think ten that Tier 1 isn't going to be raising the funds. I'll leave that to Raj to decide.

This was the deal that you and Walter proposed from the onset of the change in the compensation structure.

Raj, your thoughts?

Gregory H. Harris
 Harris + Harris LLP
 2355 Skymark Avenue
 Suite 300
 Mississauga, Ontario
 L4W 4Y6
 Phone 905.629.7800 x 240
 Fax 905.629.4350
 Cell 416.460.2507
 Email gregharris@harrisandharris.com
 Web www.harrisandharris.com
 <image001.gif>

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From: John Davies [<mailto:john@textbooksuites.com>]
Sent: May-24-16 2:42 PM
To: Gregory Harris; 'Raj Singh'
Cc: 'Walter Thompson'; dianna@textbooksuites.com
Subject: Re: Shoppers Drug Mart

Greg: We are not budgeting for the \$1 million shareholder dividends. We simply can't afford these deductions. John.

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

From: Gregory Harris
Sent: Tuesday, May 24, 2016 2:40 PM
To: John Davies; 'Raj Singh'
Cc: 'Walter Thompson'; dianna@textbooksuites.com
Subject: RE: Shoppers Drug Mart

John:

Just make sure that you and Walter are also budgeting for the \$1 million in shareholder dividends.

I've spoken with Raj about this, and he's expecting it, and I don't want to go down the path and find there is some miscommunication going on.

Obviously, if Raj only raises the minimum amount needed for the closing, then the dividend will have to come from the next tranche, but I didn't want to leave any room for belief that it wasn't happening on this transaction.

We're still waiting for the OT approval, however we're hopeful that we should have it shortly.

Greg

Gregory H. Harris
 Harris + Harris LLP
 2355 Skymark Avenue
 Suite 300
 Mississauga, Ontario
 L4W 4Y6
 Phone 905.629.7800 x 240
 Fax 905.629.4350
 Cell 416.460.2507
 Email gregharris@harrisandharris.com
 Web www.harrisandharris.com

<image001.gif>

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From: John Davies [<mailto:john@textbooksuites.com>]
Sent: May-24-16 12:53 PM
To: 'Raj Singh'
Cc: 'Walter Thompson'; Gregory Harris; dianna@textbooksuites.com
Subject: Shoppers Drug Mart

Hello Raj:

Walter and Amy are working thru some matters with the Shoppers vendors that they're using to delay the May 30th closing. They've basically "manufactured" legal issues they're utilizing to extend closing to make the vendors happy. I did let Walter know you expected to be able to close \$3.5 million by June 18th. As you know, the \$3.5 million (net \$2.5 million) will allow us to close the purchase but we'll need the balance of the \$6 million to pay bills with. Could you let us know, to the best you can forecast, when the balance of the raise could close? Just doing some forecasting at this end.

Thank you,

John.

TAB T

THIS IS EXHIBIT "T"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckett

SHORT NARRATIVE APPRAISAL REPORT
AND
VALUATION ANALYSIS
OF
MULTI-RESIDENTIAL CONVERSION PROPERTY
MUNICIPALLY KNOWN AS
28 MCMURRAY ST.
IN THE
TOWN OF BRACEBRIDGE,
DISTRICT MUNICIPALITY OF MUSKOKA
PROVINCE OF ONTARIO
EFFECTIVE DATE: JUNE 1, 2010
INSPECTION DATE: JUNE 1, 2010
PREPARED FOR
MCMURRAY STREET INVESTMENTS INC.
ATTN: MR. JOHN DAVIES

File Number: 0378
June 7, 2010

McMurray Street Investments Inc.
Attn: Mr. John Davies

**Re: Appraisal of 28 McMurray St.,
Town of Bracebridge,
District Municipality of Muskoka, Ontario**

Dear Mr. Davies,

In compliance with your request, we have completed an appraisal of the property known municipally as 28 McMurray St., Town of Bracebridge, District Municipality of Muskoka, Province of Ontario. An inspection was conducted on the subject property on June 1, 2010, and consideration was given to factors and forces that influence the property value as of the effective date of June 1, 2010.

The purpose of this Short Narrative Appraisal Report is to estimate the market value of the subject property's fee simple as of the effective date. The intended use of this appraisal is for financing purposes. The intended user of this report is the client as stated herein.

An *extraordinary assumption* is an assumption which if found to be false could alter the resulting opinion or conclusion. The subject property has the potential for a myriad of development opportunities and discussions are ongoing as to final development concept but a direction and general density formula involving the conversion of the existing high school has been chosen. The following are considered extraordinary assumptions:

1. The existing building will be converted to accommodate 108 seniors' residential units (including 16 dementia care units) in the tower, plus 60 seniors 1 and 2 bedroom condo units.
2. Surplus land on the site has the potential for at least 40 condominium units (site plan shows a 50,000 sq. ft. 4 storey building with say, 40 units).
3. The subject development will not have to pay development charges to the Town of Bracebridge (in keeping with the present Development Charges By-Law which exempts DCA for all development in the downtown BIA). This represents a savings circa \$1,000 per unit compared to non-exempt properties.

Kitchen and Company Appraisal Services

Page 3 of 57.

A *hypothetical condition* is an assumption made contrary to fact, but which is assumed for the purpose of discussion, analysis, or formulation of opinions. We have provided a comment regarding the value of the historical portion of the subject building including an allowance for 52 parking spaces on the site based on the proposed use as a public library. This is considered a *hypothetical condition*.

We did not inspect the interior of the building. On our exterior inspection of the subject property, we found no visible evidence of contamination. Since we do not consider ourselves as having any level of expertise on contamination, it is suggested that a specialist provide this information, if required. For this appraisal assignment, we consider and assume that the subject site is without contamination; however, if contamination is of concern, it is recommended that an environmental assessment be completed, since it would have a negative effect on the market value of the subject.

The subject property is described as a Multi-residential Conversion Property involving the conversion of a former high school with several portions encompassing some 128,000 square feet over three levels. The historical portion which has been earmarked for future institutional use encompasses some 50,000 square feet of floor area. The subject site is some 5.816-acres with frontage on McMurray St., Quebec St. and Armstrong St. and is located in the downtown core of the Town of Bracebridge.

Based on our analysis of the data collected, it is our opinion, subject to the attached assumptions and limiting conditions, the estimated market value of the various components of the subject property as of the effective date, of June 1, 2010, is some:

Firstly, the portion of the subject property that will be used to accommodate 168 units with a portion of surplus land suitable for at least an additional 40 units:

\$1,465,000

(ONE MILLION FOUR HUNDRED AND SIXTY FIVE THOUSAND DOLLAR)

- and -

Secondly, the estimated market value of the 50,000 sq. ft. historical portion of the building and an allocation of 52 parking spaces on the site based on the hypothetical condition that it be developed as a library (based on the projections provided) would reasonably be

\$500,000

(FIVE HUNDRED THOUSAND DOLLARS)

The value expressed herein is based on an exposure period of 6 months to 1 year.

Kitchen and Company Appraisal Services

Page 4 of 57

The following report contains the data, analysis and conclusions supporting the valuation. We trust that you find this report satisfactory and that it fulfils its intended purpose.

Respectfully submitted,

KITCHEN AND COMPANY APPRAISAL SERVICES



Robin Jones, B.Sc., AACI. P.App.
Staff Appraiser



Wayne E. S. Kitchen, AACI. P.App.
President

PHOTOGRAPHS OF SUBJECT PROPERTY

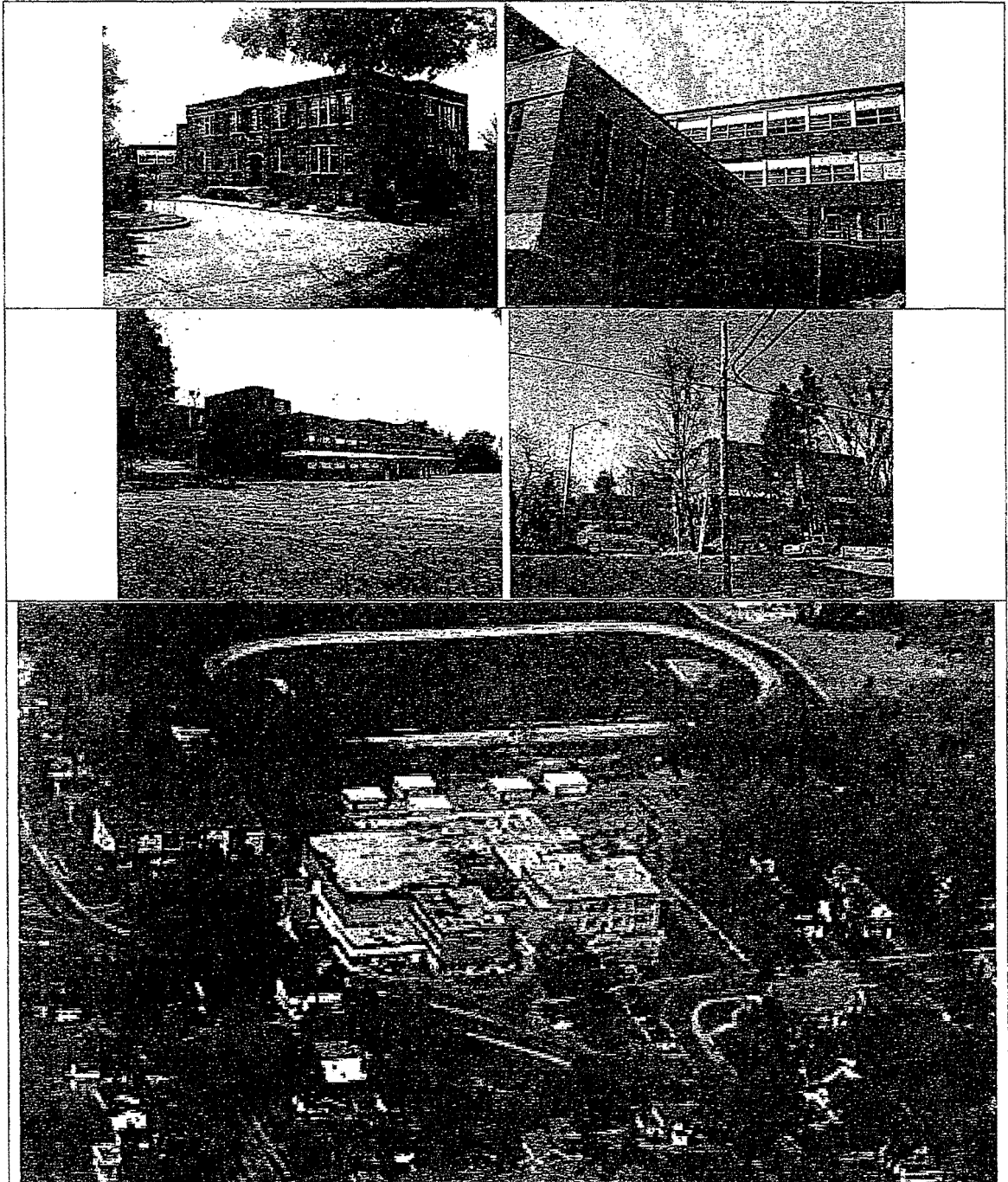


TABLE OF CONTENTS

TITLE PAGE	1
LETTER OF TRANSMITTAL	2
PHOTOGRAPHS OF SUBJECT PROPERTY	5
TABLE OF CONTENTS	6
PART I – PREFACE	7
EXPOSURE PERIOD	7
PART II – BASIS OF THE APPRAISAL	8
ASSUMPTIONS AND LIMITING CONDITIONS	10
PART III – FACTUAL INFORMATION	14
IDENTIFICATION OF THE PROPERTY	14
LEGAL DESCRIPTION	14
REGISTERED OWNERS	14
PAST SALES HISTORY: FIVE YEARS	14
SUBJECT PROPERTY ENVIRONMENT	15
SUBJECT PROPERTY NEIGHBOURHOOD	20
SUBJECT PROPERTY SITE	22
BUILDING IMPROVEMENTS	25
DEVELOPMENT SUMMARY	28
EXISTING USE	32
ASSESSMENT DATA	32
LAND USE CONTROLS – ZONING	32
PART IV – ANALYSIS AND CONCLUSIONS	33
HIGHEST AND BEST USE ESTIMATE	33
METHOD OF VALUATION	36
THE DIRECT COMPARISON APPROACH TO VALUE	37
CERTIFICATION	55
RESUMES	56
PART V – ADDENDUM	58
Title Documents	A
Library Proposal	B

Kitchen and Company Appraisal Services

Page 7 of 57

PART I – PREFACE

SUMMARY OF SALIENT FACTORS AND IMPORTANT CONCLUSIONS

Type of Property:	Multi-residential Conversion Property
Address of Property:	28 McMurray St., Town of Bracebridge, District Municipality of Muskoka, Ontario
Effective Date: Inspection Date:	June 1, 2010 June 1, 2010
Size of Land:	5.816-acres
Size of Building:	Existing building is a former high school with several portions encompassing some 128,000 square feet over three levels.
Assessment & Taxes:	Not assessed for intended use.
Zoning:	Assumed to be suitable for multi-residential development
Highest and Best Use:	Seniors centre with condominium and institutional use portion. Final configuration yet to be determined.
Estimate of Value by Cost Approach:	Not applicable.
Estimate of Value by Income Approach:	Not applicable.
Estimate of Value by Direct Comparison Approach and Final Estimate of Market Value:	<p>Estimated value of the portion of the subject property that will be used to accommodate 168 units with a portion of surplus land suitable for at least an additional 40 units: \$1,465,000</p> <p>he estimated market value of the 50,000 sq. ft. historical portion of the building and an allocation of 52 parking spaces on the site based on the hypothetical condition that it be developed as a library (based on the projections provided) would reasonably be \$500,000</p>
Exposure Period	6 months to 1 year

PART II – BASIS OF THE APPRAISAL

Intended Use of the Report

This report is intended to be used by the client for financing purposes.

Purpose of the Report

The purpose of this report is to estimate the market value of the subject property as of the effective date.

Property Rights Appraised

The property rights appraised is the fee simple in the subject property.

Definition of Value

Market Value as per "The Standards" (CUSPAP – January 1, 2001):

Market value may be defined as: 'the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under the conditions whereby:

- (i) Buyer and seller are typically motivated;
- (ii) Both parties are well informed or well advised, and are acting in what they consider their best interests;
- (iii) A reasonable amount of time is allowed for exposure on the open market;
- (iv) Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- (v) and a price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Effective Date of Value

The effective date of this appraisal is June 1, 2010.

Scope of Work

The scope of this appraisal has been the following:

- (i) To inspect the **exterior** of the subject property,
- (ii) To view what plans are available,
- (iii) To examine Registry Office records for the subject property,
- (iv) **To review the zoning and official plan designations of the subject property and review correspondence between the client and the Town. We recognize that the final site plan approval process is ongoing and we have made assumptions in this regard.**
- (v) To review the economic background as it affects the subject property,
- (vi) To review sales of vacant land and improved comparable properties reported by parties to transactions, realtors, appraisers, and other informed sources. Further information was extracted from Teela Information Services, the Registry Office records, or our office records. I did not personally inspect all the comparable sales.

Assumptions and Limiting Conditions

An *extraordinary assumption* is an assumption which if found to be false could alter the resulting opinion or conclusion. The subject property has the potential for a myriad of development opportunities and discussions are ongoing as to final development concept but a direction and general density formula involving the conversion of the existing high school has been chosen. The following are considered extraordinary assumptions:

4. The existing building will be converted to accommodate 108 seniors' residential units (including 16 dementia care units) in the tower, plus 60 seniors 1 and 2 bedroom condo units.
5. Surplus land on the site has the potential for at least 40 condominium units (site plan shows a 50,000 sq. ft. 4 storey building with say, 40 units).
6. The subject development will not have to pay development charges to the Town of Bracebridge (in keeping with the present Development Charges By-Law which exempts DCA for all development in the downtown BIA). This represents a savings circa \$1,000 per unit compared to non-exempt properties.

A *hypothetical condition* is an assumption made contrary to fact, but which is assumed for the purpose of discussion, analysis, or formulation of opinions. We have provided a comment regarding the value of the historical portion of the subject building including an allowance for 52 parking spaces on the site based on the proposed use as a public library. This is considered a *hypothetical condition*.

This appraisal has been made on the basis of the following assumptions and limiting conditions.

1. This report has been prepared at the request of McMurray Street Investments Inc. for the purpose of providing an estimate of the market value of the property municipally known as 28 McMurray St., Town of Bracebridge, District Municipality of Muskoka, Ontario, Canada, for information to be used for financing purposes. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. The subject property was inspected on June 1, 2010, and the effective date of this appraisal report is June 1, 2010.
3. This report has been prepared at the request of, McMurray Street Investments Inc. and for the exclusive (and confidential) use of, the recipient as named and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial

Kitchen and Company Appraisal Services

Page 11 of 57

statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

4. The property rights appraised herein exclude mineral rights, if any.
5. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following assumptions and limiting conditions:
 - (i) It is assumed that the title to the real estate herein appraised is good and marketable.
 - (ii) No responsibility is assumed for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, soil or sub-soil conditions including environmental consideration such as the presence of toxic waste or other materials, engineering or other technical matters which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis, that certain problems may exist, a cautionary note has been entered in the body of this report.
 - (iii) Unless otherwise stated in this report the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals which may be present on the property, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials, on or in the property unless otherwise stated. The appraiser however is not qualified to test such substances or condition. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.
 - (iv) **The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, building, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We**

Kitchen and Company Appraisal Services

Page 12 of 57.

expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

- (v) The legal description of the property and the area of the site were obtained from the Land Registry Office. Further, the plans, sketches, drawings, diagrams, and photographs contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
- (vi) It is assumed that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
- (vii) It is assumed there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or sale-ability of the subject property or any portion thereof.
- (viii) It is assumed that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. It is also assumed that there are no work orders or other notices of violation of law outstanding with respect to the real estate and that there is no requirement of law preventing occupancy of the real estate as described in this report.
- (ix) Investigations have been undertaken in respect of matters that regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department, or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
- (x) It is assumed that, save and except for encumbrances as may be permitted, there are no easements, rights-of-way, building restrictions or other restrictions so affecting the site as to prevent or adversely affect the operation of the property or so as to materially and adversely affect its market value.
- (xi) The inspection of the improvements is not necessarily the equivalent of an inspection by a qualified engineer, but is made to adequately described the real estate, and develop an opinion of the highest and best use and make meaningful comparisons in the valuation of the property. This report is not to be utilized as an interpretation of structural integrity or as a compilation of building defects.

Kitchen and Company Appraisal Services

Page 13 of 57

- (xii) It is assumed that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
 - (xiii) The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, this data is not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
6. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations.
 7. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.
 8. The estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor and subject to any contractual agreements and encumbrances as noted in this report. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
 9. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provision for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this, nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body, that will decide the use of this report which best serves the administration of justice.
 10. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
 11. The distribution of value between land, buildings, and other improvements applies only in regard to the purpose and function of this appraisal, as outlined in the body of this report.
 12. This report is only valid if it bears the original signature of the author(s).
 13. The value expressed herein is in Canadian dollars.
 14. These Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.

PART III – FACTUAL INFORMATION

Identification of the Property

Municipal Address

The municipal address of the subject property is 28 McMurray St., Town of Bracebridge, District Municipality of Muskoka, in the Province of Ontario.

Legal Description

The subject property is identified by two PIN numbers as follows:

PIN: 481150429

PT THE GROVE, PL 8 BRACEBRIDGE; PT LTS 11, 12, 13 & 14 N/S ONTARIO ST, PL 3, BRACEBRIDGE, PT LT 1, CON 2 MACAULAY PT 1 35R-22861; PT THE GROVE, PL 8 BRACEBRIDGE; PT LOTS 11 & 12 N/S ONTARIO ST, PL 3 BRACEBRIDGE PT 2 35R-22861; PT LOT 1, CON 2 MACAULAY PT 3 OF 35R-22861; T/W PT 7 35R2580 AS IN DM30937, DM80981; S/T PT 3 35R22861 AS IN LT92776 AS AMENDED BY ORDER LT240194 PARTIALLY RELEASED BY LT165005; S/T PT 3 35R22861 AS IN LT92727 AMENDED BY ORDER LT240194 TOWN OF BRACEBRIDGE

PIN: 481150168

PT LT 26 RCP 531 BRACEBRIDGE PT 5 35R22861; BRACEBRIDGE ; THE DISTRICT MUNICIPALITY OF MUSKOKA

Registered Owners

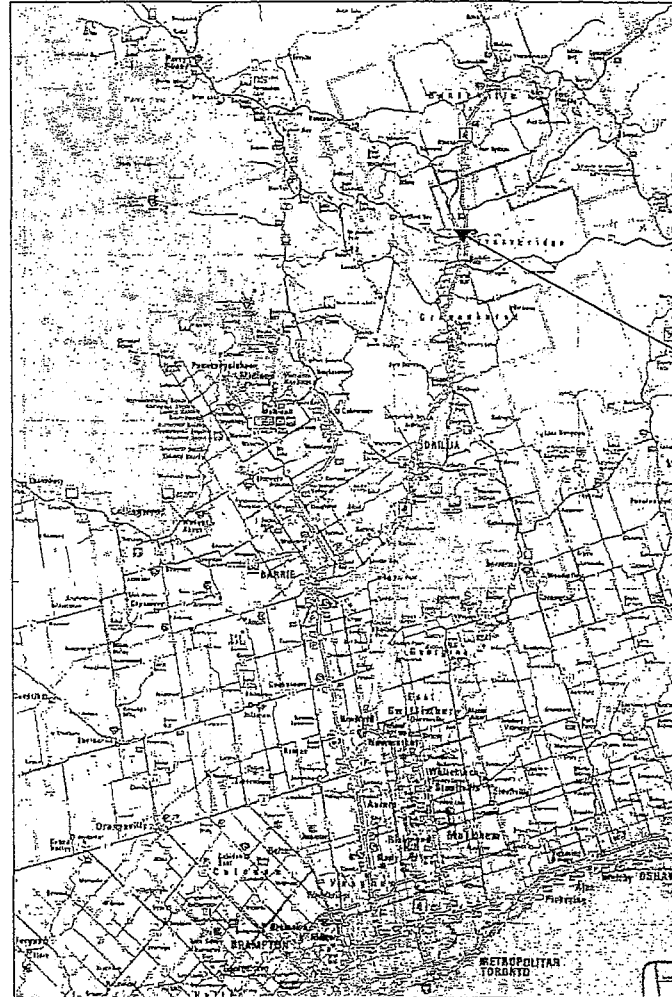
The present registered owner is MCMURRAY STREET INVESTMENTS INC.

Past Sales History: Five Years

The subject was reported by MLS to have been purchased for \$850,000. The property was listing on December 3, 2008 and the offer was presented on January 15, 2009 some 42 days later. The deal became firm and binding on June 2, 2009. The last transfer indicated at consideration of \$650,000 closing January 15, 2010 but the client has indicated the total sale price was in fact \$850,000. Considerable development planning and negotiating with the Town of Bracebridge and the seller Trillium Lakelands District School Board since the agreement of purchase and sale was initiated on January 15, 2009.

Subject Property Environment

The following location map shows the subject properties in relation to southern Ontario.



Subject Property
within Bracebridge

District Municipality of Muskoka

The District Municipality of Muskoka was established in January 1971 and is made up with six area communities; the Town of Bracebridge, the Township of Lake of Bays, the Town of Gravenhurst, the Town of Huntsville, the Township of Georgian Bay and finally, the Township of Muskoka Lakes. The total population of the District of Muskoka is 158,894. Of the total population only 33% represent a permanent population within the Muskoka District.

Kitchen and Company Appraisal Services

Page 16 of 57

Muskoka itself has over 53,106 permanent residents, supplemented by a seasonal population of over 75,000. There are some 1,600 lakes of all sizes in Muskoka, most of which are developed with seasonal cottages. Some are highly priced.

Muskoka's main attraction is its lifestyle, combining a clean, natural setting for sports and recreation. Good facilities for winter sports compliment the traditional Muskoka summer sports and recreational activities.

MUSKOKA'S PERMANENT POPULATION

	1996 (a)	2001 (a)	2006 (b) (Projected)	2011 (b) (Projected)	2021(b) (Projected)
Bracebridge	13223	13751	14312	14767	15228
Georgian Bay (c)	2230	2176	2176	2177	2177
Gravenhurst	10030	10899	11248	11529	11811
Huntsville	15918	17338	18268	19032	19813
Lake of Bays	2850	2900	2946	2983	3020
Muskoka Lakes	6061	6042	6250	6417	6586
Muskoka	50312	53106	55200	56905	58635

(a) Source: Statistics Canada

(b) Source: Permanent Population Projections 2001-2021 (Marshall Mackin Monaghan, 2004)

(c) Includes the Moose Deer Point First Nation

MUSKOKA'S SEASONAL POPULATION

	Total # of Seasonal Dwellings (a)	Average # Persons Per Household (b)	2004 Estimated Seasonal Population	Estimated Total Population (c)
Bracebridge	1968	3.59	7065	20816
Georgian Bay	4023	3.65	14684	16860
Gravenhurst	3036	3.60	10930	21829
Huntsville	1674	3.72	6227	23565
Lake of Bays	3160	3.62	11439	14339
Muskoka Lakes	6706	3.72	24946	30988
Muskoka	20567	3.7	76098	129204

(a) Source: Municipal Property Assessment Corporation (MPAC), 2004

(b) Source: 2004 Second Home Study, District of Muskoka

(c) Source: Statistics Canada 2001 (permanent population)

Town of Bracebridge

The Town of Bracebridge, located 175 km north of Toronto, is in the heart of the District of Muskoka. The Town covers an area of 630 sq. km, which includes rural wards and it has a current population circa 15,000 permanent residents. The economy of Bracebridge is mixed: tourist, commercial and industrial.

Governmental and Planning Policies

The Town of Bracebridge is part of the District Municipality of Muskoka and is made up of six wards, namely: Bracebridge Ward, Muskoka North Ward, Monk South Ward, Macaulay Ward, Draper Ward and Oakley Ward. Councillors are elected from each of these wards to represent the town as a unit. A number of these representatives, along with the Mayor, also serve on committees at the District level of government.

Comprehensive Zoning By-Law No. 2006-120 was passed on May 10, 2007. The District Municipality of Muskoka approved the new Official Plan for the Town of Bracebridge on September 6, 2005. The Committee of Adjustments deals with minor variance problems. The District Planning Department handles applications for subdivision, re-zoning, etc. In the event of any opposition, the Ontario Municipal Board conducts the necessary hearings. Although forces of progress and development occasionally face opposition, the Municipal and District Governments are generally progressive and open to new industry and development.

Although processing development proposals can take time, especially when zoning changes and amendments require hearings and public notices, Muskoka development proposals tend to be dealt with more effectively than in large Suburban Municipalities.

The Town Council welcomes business enterprise and has created a favourable climate for entrepreneurs.

Kitchen and Company Appraisal Services

Page 18 of 57

Industries

CORPORATION OF THE TOWN OF BRACEBRIDGE, MAJOR EMPLOYERS 2004 - ALL SECTORS

Company	Location	Number of Employees	Type of Business
Fowler Construction Co. Ltd.	Highway #11 North	325*	Roads/Highway Construction, Subdivision Servicing, Asphalt and Aggregate Production
Muskoka Transport	456 Ecclestone Drive	250	Transportation, Less Than Load Full Load, Van, Flatbed U.S.A., Ontario, Quebec.
South Muskoka Memorial Hospital	75 Ann Street	200	Regional Hospital
Bracebridge Detachment, Ontario Provincial Police	690 Cedar Lane	72	Detachment office for the Provincial Police Department
Simcoe Muskoka Catholic District School Board	Monsignor M. O'Leary School, St. Dominic Catholic Secondary School	60 (Est.)	Elementary & Secondary School in Bracebridge
A & P	Hwy 118 & Wellington Street	67*	Retail Grocer
Muskoka Ambulance Service	Cedar Lane	60	Provider of Land Ambulance Service for Bracebridge & Muskoka Area.

Kitchen and Company Appraisal Services

Page 19 of 57

Company	Location	Number of Employees	Type of Business
The Home Depot	Taylor Road	135	Home Improvement Retailing
Muskoka Containerized Services Ltd.	580 Ecclestone Drive	110*	Waste Management, Recycling, Diversion and Composting Services
The Pines Long Term Care Residence	Pine Street	105	105 bed licensed residence -will be expanding to 160 beds in early 2004
Bracebridge Examiner	18 Manitoba Street	105*	Weekly and bi-weekly newspaper publications
Trillium Lakelands District School Board	Various locations	200 (Est.)	Elementary & Secondary Schools & consulting staff in Bracebridge.
Gagnon's, Your Independent Grocer	270 Wellington Street	122*	Retail grocer
Fenner-Dunlop (formerly Scandura)	700 Ecclestone Drive	58	Conveyor Belting Manufacturer
Hammond Transportation Ltd.	450 Ecclestone Drive	80*	School Buses, Motorcoach, Charters, Limos, Wheelchair Vehicles, Activity Buses, Vans, taxi and Chauffeur Services, Group Tour Planning and Travel Services

Transportation

Facilities include rail, bus and air. The airport has a 6,000 ft. runway but is not serviced by any major carriers.

Schools

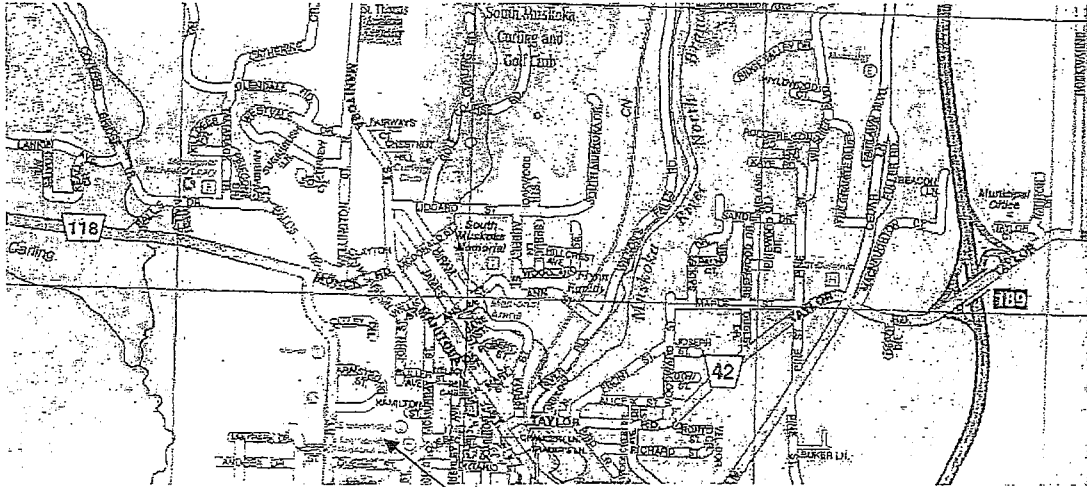
The educational needs of Bracebridge are provided for by two separate schools, one Christian School, and 5 public elementary schools that serve approximately 1,450 pupils. The secondary school has an enrolment of 900 students. A special school provides programs to approximately 20 students with special learning problems.

Churches

There are churches to meet the needs of the following groups:
Roman Catholic, Anglican, United, Presbyterian, Baptist, Jehovah's Witness, Free Methodist, Jesus Christ of the Latter Day Saints, Pentecostal, Salvation Army.

Subject Property Neighbourhood

The subject property is located in the core BIA area of the urbanized portion of the Town of Bracebridge.



Subject Property



The core area of the Town of Bracebridge is situated on a plateau overlooking a valley to the west and following the Muskoka River to the west. Historical commercial development has been centered on Manitoba Street within is approximately 250 m from the subject. The following map shows various developments within the immediate area (subject in red):

Commercial strip plaza's - old commercial core - new power centre



Georgian College/ Nipissing University - new high rise development

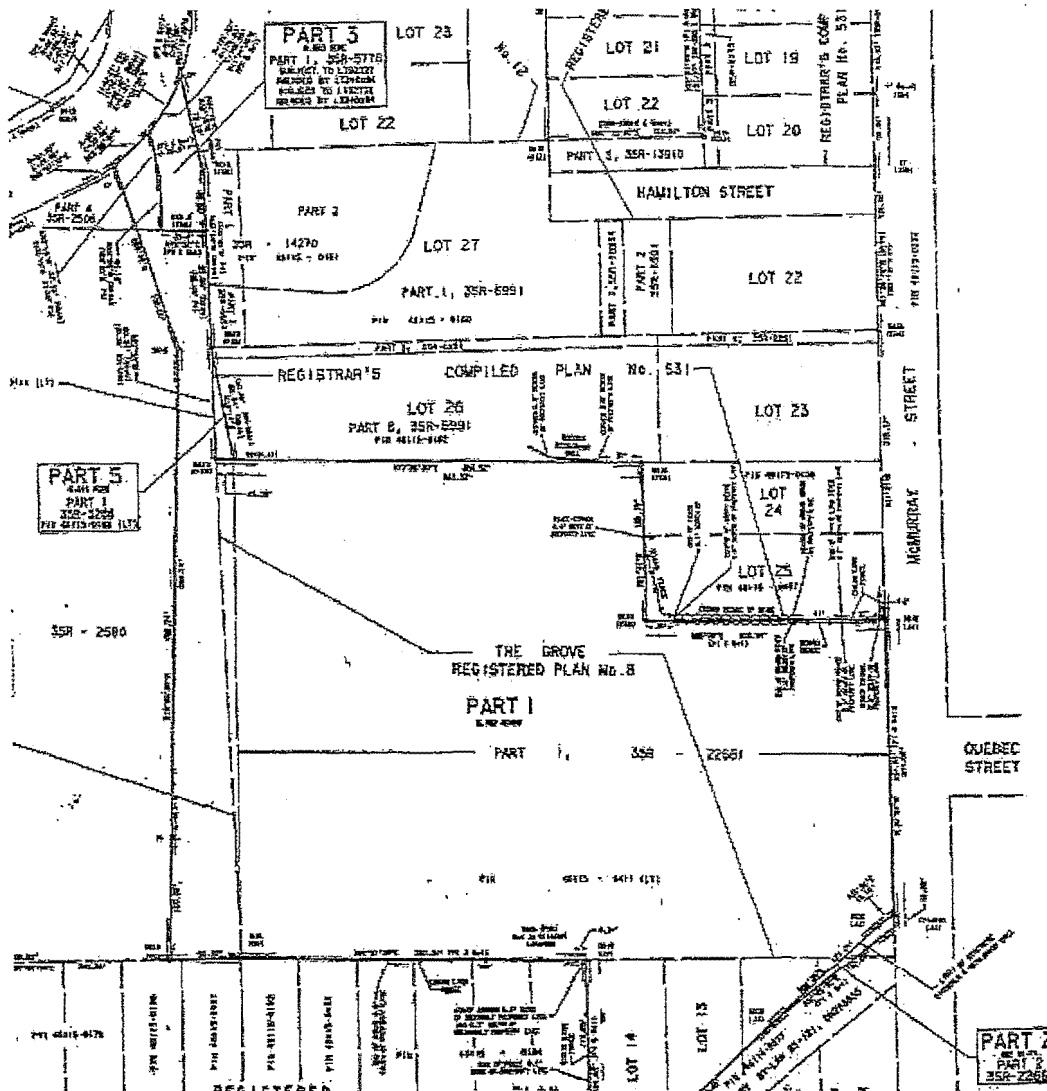
Conclusion: The subject property is well positioned within the neighbourhood for the proposed multi-residential and institutional use.

Subject Property Site

Survey and Source:

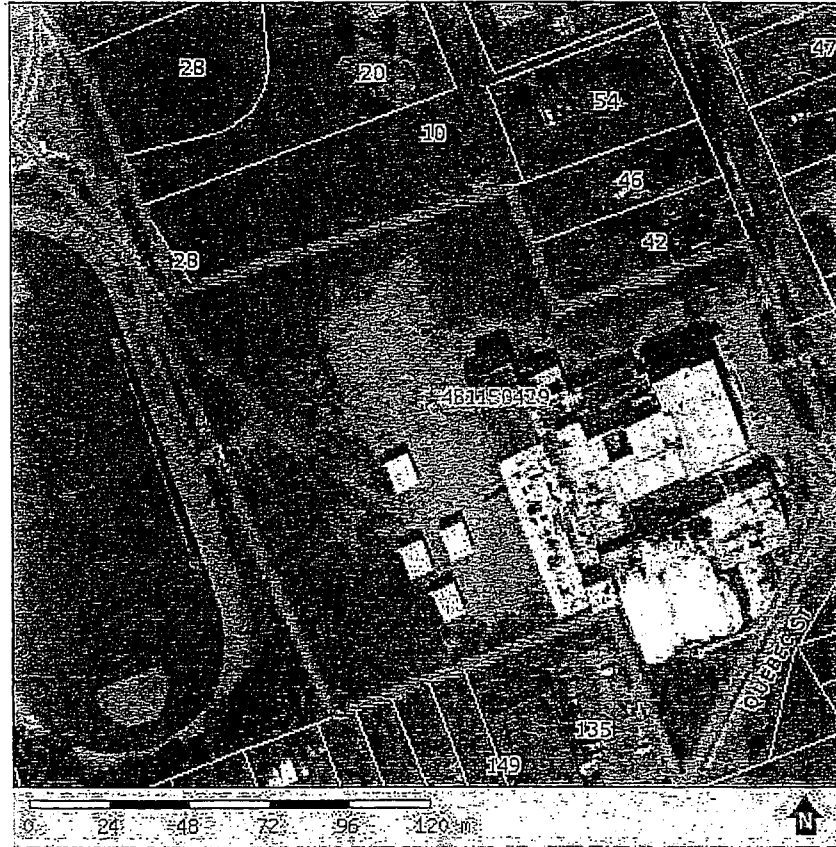
The subject property is shown as Parts 1, 2, 3, and 5 on Reference Plan 35R-22861 which was deposited in the registry office on September 9, 2009. The property is subject to a right of way over Part 3 which is part of a pedestrian path linking Armstrong St. to McMurray St. The site encompasses an area of 5.816-acres. The general frontage dimensions are as follows: 254.83' frontage on McMurray St. with 338.45' frontage on Quebec St. and 91.57' frontage on Armstrong St.

Reference Plan 35R-22861



155 Manitoba Street, Box 2260 Bracebridge, Ontario P1L 1W2

The following aerial representation from Geowarehouse shows the subject property with the existing building.



Topography and Drainage:

The subject site has dramatic slopes to the west. We have been provided with topographical map which is shown in the building section. Topographical constraints are a commonality in Muskoka which create development concerns which are compounded by underlying or exposed rock. In many cases the cost of blasting and site preparation can lead to overruns in development costs if not properly addressed. The existing buildings and drainage infrastructure negate that problem with redevelopment of the subject property in comparison to other development sites.

Soil Characteristics:

We have not been provided with soil tests but we have assumed the site is "clean" and is capable of supporting existing structures, additions and potential new structures.

Kitchen and Company Appraisal Services

Page 24 of 57

Services

The subject has access to full municipal services and natural gas.

Legal Description, Rights of Way, Easements Comments:

The property is subject to a right of way over Part 3 as described. The subject was recently severed from a larger 14-acre school site with the School Board retaining the "track" lands to the west. Documentation regarding the severance process was provided and included comments by various authorities. It is reasonable to assume that the present legal description has been designed with the intended use in mind. The present access from Armstrong St. leads up a steep hill and has been used for service vehicles only. While the site plan does not extrapolate on the potential Armstrong St. access this is considered an asset that may be explored in the future.

Light and Air:

The subject has no light or air adverse influences. The subject site has long views over the countryside to the west.

Site Specific Improvements:

The site is improved with the present building and significant on site lighting, retaining walls, paved surfaces, drains, and landscaping. The basis for these improvements will most likely be utilized in the redevelopment but much of the surface material will be replaced.

Summary and Conclusion:

The subject site has been prepared to meet the needs of the existing development. The proposed redevelopment will be able to utilize much of the present site configuration resulting in a lower cost compared to alternative undeveloped sites. The site is considered appropriate for the intended use.

Building Improvements

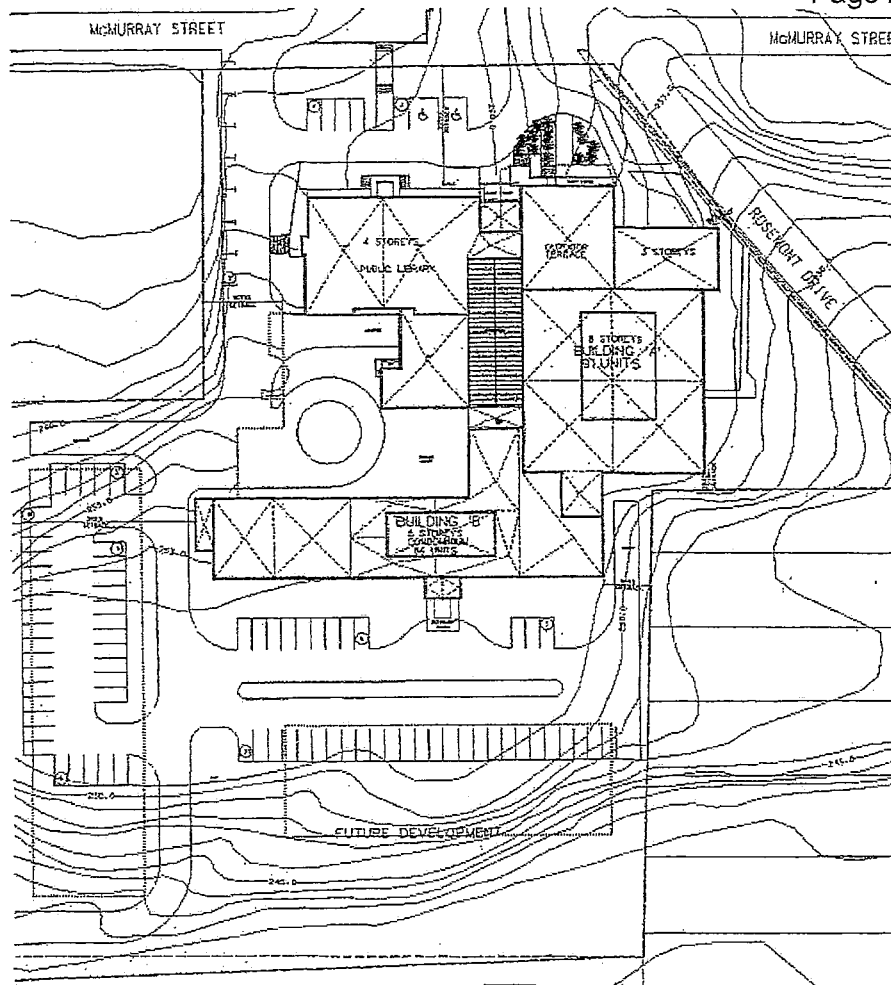
The inspection of the improvements is not necessarily the equivalent of an inspection by a qualified engineer, but is made to adequately describe the real estate and develop an opinion of the highest and best use and make meaningful comparisons in the valuation of the property. This report is not to be utilized as an interpretation of structural integrity or as a compilation of building defects.

Building General Comment

We personally inspected the **exterior** only of the subject property on June 1, 2010. It is recognized that through a thorough review process the School Board had deemed that the existing buildings, as a school, had reached the end of its economic life. However, alternate uses may be able to revitalize the existing building. This is the proposal of the client. We have considered redevelopment properties in the highest and best use section and final analysis section. We have been provided with redevelopment plans and recognize that for the most part the building will provide as a skeleton, some infrastructure, and primarily the foundation for redevelopment. We provide a brief synopsis of the existing building as this point.

The subject property reportedly encompasses some 128,000 square feet of floor area on three floors. The historical section encompasses approximately 50,000 square feet of the building and was built circa the 1920's. It appears much of the expansion of the building came circa 1960 to 1980. The school closed in 2007 following the development of a new school in the Town's north end.

The following plan shows the subject building on the site.



Location on Site

The existing building is located at the west side of the site on the higher ground. The building is tiered downward from McMurray Street. This location offers fairly gentle terrain leading to the downtown amenities and views over the countryside to the west and south.

Design and Layout

The building was designed as a school.

Structure and Mechanical

Comments made within the general construction plan provided indicate that much of the onsite electrical service will be suitable. Most other mechanical areas will need to be new. Structurally, it is assumed that the newer portion of the building has a suitable structure to accommodate remodeling. It has been reported that the

Kitchen and Company Appraisal Services

Page 27 of 57

older portion of the building may not be suitable for the residential use and an institutional use is favoured.

Function and Utility

As a school, its present configuration is functional but the cost of maintenance and an increasing student population made it prudent to build a new school at a different location.

Condition

We have assumed the building is at the end of its economic life and interior condition is not suitable for further use.

Conclusion

We have assumed the existing building is suitable for remodeling.

Development Summary

The following development summary has been provided by the client. Some changes have been made since the writing of this summary such as overall density. We are not evaluating the feasibility of the development proposal.

Bracebridge Retirement Suites and Condominium Residences

Project Summary:

The Bracebridge and Muskoka Lakes High School, built on 5.8 acres of land in the centre of Bracebridge was offered for sale in December, 2008 after the school and its grounds were deemed surplus by the school board following construction of a new high school to serve the community in 2007. The original school building constructed over 100 years ago and added to extensively since, comprises 128,000 sq ft over three levels. The school is situated on McMurray Street, in an established, upscale neighbourhood two blocks from the Town's main street.

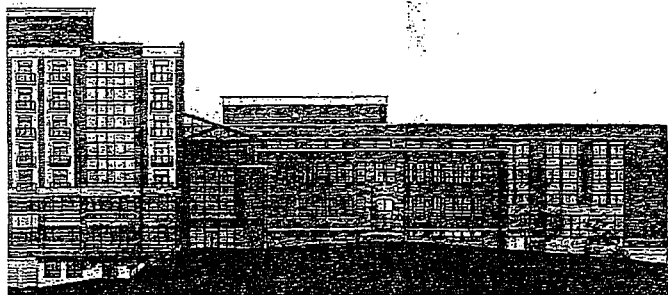
The site was conditionally acquired by the development team in January, 2009. Following conditional acquisition, background studies were commenced to determine the feasibility of renovating and re-using certain portions of the existing structure for seniors housing.

Planning studies (enclosed) prepared by Planscape Ltd. of Bracebridge, Ontario revealed the site was zoned Institutional and the Town of Bracebridge Official Plan permits seniors housing within that zoning designation. Furthermore, senior's uses are encouraged within the Provincial Policy Statement regarding green architecture which fosters reduce/reuse/recycle attitudes to growth within existing urban areas.

Altus Group was engaged to prepare a Market Overview (enclosed) to determine whether sufficient capacity existed within the market area to support over 150 seniors units of varying size and amenities and ownership structures. Altus determined the market area was sufficiently underserved to immediately warrant the absorption of 227 seniors units.

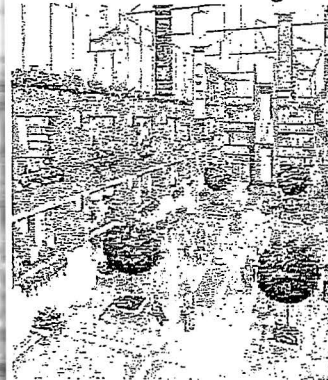
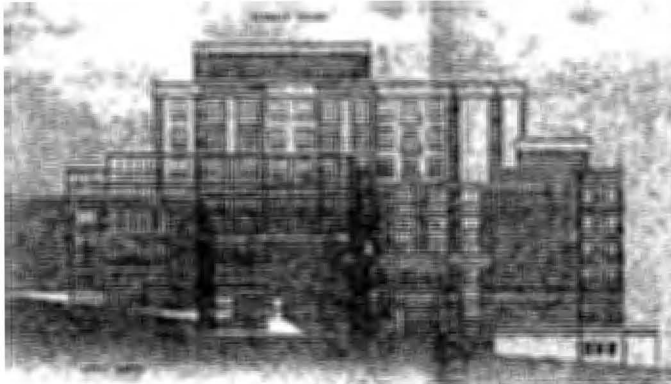
Kingsway Arms Management Services Inc. is a publicly traded national management company which provides third party management for retirement residences as well as owning and managing facilities for their own account. Kingsway has worked closely with the development team over the past six months to assist in developing the appropriate matrix of suite types, sizes and amenities which should be offered to the residents in Bracebridge.

To maximize the return on investment, Kingsway has recommended that the retirement building be comprised of 19 studio apartments, 52 - 1 bedroom suites, 12 - 1 bedroom plus den suites, 17 - 2 bedroom suites, and 2 - 2 bedroom plus den suites for a total of 102 dwelling units within the building; 22 of which will be for dementia patients, and residents requiring assisted care.



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Page 29 of 57.



In the condominium building attached, Kingsway recommended that the project be comprised of 24 - 1 bedroom suites, 18- 1 bedroom and den suites, 19 - 2 bedroom suites and 3 - 2 bedroom plus den suites for a total of 64 residential condominium units.

Today, senior's residences provide a range of amenities. Within this project, residents of both the condominium and the rental retirement building will have access to landscaped open space, roof decks, an atrium, billiards room, English pub, bowling lanes, library, cafeteria, full kitchen, horticultural greenhouse, exercise rooms, and a swimming pool / spa all housed within the building.

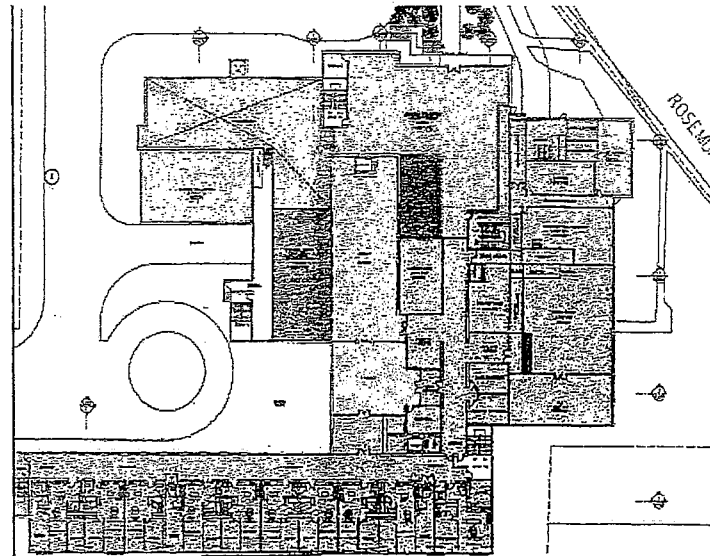
In addition, the project will house a staff lounge area, an administration area, a laundry facility, doctor's office, a hair salon, surface parking for 100 vehicles and 140 indoor storage lockers.

Arsenault Architects Inc. is an award winning firm of architects who were selected to design the building. Their practice has specialized over the past ten years in the design and construction of seniors facilities across the province, and the firm has worked closely over the past 6 months with the development team to achieve the appropriate balance between new and existing construction. The architects have taken advantage of the existing structures on site and propose the renovation of some useable portions of the existing school together with the addition of a seven story residential tower as part of the retirement building together with a four story condominium tower at the western portion of the project. Panoramic views over the surrounding countryside as well as lower views into the adjacent historic tree lined downtown neighbourhood are visible from all areas within the project.

Proposed Civic Library

A proposal has been prepared (enclosed) and presented to the Town of Bracebridge which looks to relocate the undersized, existing civic library on Manitoba Street into the historic BMLSS building on this property. Several studies were commenced over the years to determine the feasibility of expanding the library in its present location however these studies have determined the library cannot be expanded to a required useable total area. The existing 100 year old original historic school building will be retained and restored and will house the library's administration areas, CEO offices, conference rooms an art gallery and the children's and young adult collection, storage, and administrative staff lounge.

The former science wing will be renovated to house the adult book collection, entrance, Nipissing University and Georgian College book collections, a cafe and Town of Bracebridge archives. The proposed library will front McMurray Street and be renovated to a very high level of design and finish.



Key components of the project include a 80 x 150 foot, three story glass atrium at the centre of the building which can be used by the library patrons, seniors residents and will include a water feature, a patio, and a sitting area with tropical plants. Several suites will face into the atrium with operable French doors allowing full view into the interior garden.

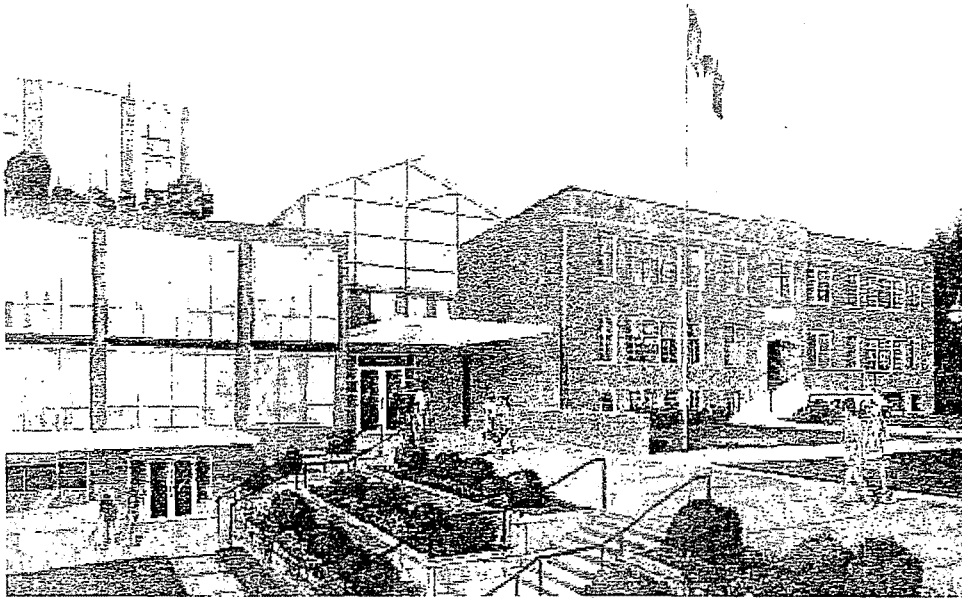
On the lowest level, the cafeteria will open onto the atrium allowing the residents the opportunity to enjoy their meals and snacks in a year round sun-filled garden environment.

The lowest level, (in the area of the former mechanical / auto shops) will be home to the swimming pool and spa / fitness facilities. This area of the building has higher than average ceilings and will accommodate a swimming pool and whirlpool spa with wheel chair access for aqua-robics and recreational swimming.

Four new elevators will provide full access to all areas of the building, either newly constructed or renovated. The existing wider than normal school corridors will permit residents use of electric scooters within the building.

The residential suites (other than those which open onto the atrium) are housed in a newly constructed seven story tower which will be constructed in the location of the former school gymnasium and cafeteria. The building will be fully sprinklered, have intercom voice communication throughout the common areas and to each suite, 24 hour security and services and amenities befitting a first class residential facility.

Ledcor Construction Limited has worked closely with the development team over the past several months to determine the appropriate construction cost allowances. The attached budget, prepared by Ledcor was estimated after numerous consultations with and receipt of detailed construction estimates from most of the meaningful sub-trades, and following numerous site visits over several months.

**Library Proposal:**

Details of the library proposal have been included in the addendum. This is a recent proposal that appears to meet the needs of the Town. If the Town is interested it will still be a long process. The client has stated that even if the Town is not interested they will seek negotiations with Georgian College and Nipissing University that have campuses within walking distance. Both have expressed an interest in expansion space.

Existing Use

Formerly as a high school.

Assessment Data

The subject is not assessed for the proposed use.

Land Use Controls – Zoning

According to the Town of Bracebridge, District Municipality of Muskoka the subject property is zoned Institutional. We have assumed a new zoning will be put in place that will be suitable for multi-residential development based on site plan approval. This process is ongoing.

PART IV – ANALYSIS AND CONCLUSIONS**HIGHEST AND BEST USE ESTIMATE**

Highest and Best Use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. P. 265 (The Appraisal of Real Estate, Canadian Edition, Appraisal Institute, 1999)

The analysis of Highest and Best Use is examined from two points of view. They are as follows:

Highest and Best Use of Land as Though Vacant
Highest and Best Use of the Property as Improved

The Highest and Best Use is that legal usage which is most likely to produce the greatest net return to the land over the longest period-of-time. Both viewpoints must meet four criteria. The Highest and Best Use must be legally permissible, physically possible, financially feasible, and maximally productive. There must also be a demand for such use.

The various factors and principles that must be considered in estimating the highest and best usage are as follows:

- 1) Legally Permissible – zoning, building codes, historic district and other non-zoning land use controls, and environmental regulations must be investigated.
- 2) Physically Possible – size, shape, area, terrain (topography), subsoil conditions, accessibility, proximity to adverse influences, location and conformity to the surrounding area, and access to services.
- 3) Financially Feasible – investigate the Site Potential – the uses meeting the first two criteria are examined to determine those uses that produces a positive return to the land – Supply and Demand Factors are examined.
- 4) Maximally Productive – the Existing Use is analyzed – of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is the highest and best use.

Highest and Best Use: General Comment

In general we follow through an arduous highest and best use analysis of the subject property as if vacant and as improved. It is recognized that the present building has, for the most part, reached the end of its economic life as a school. This decision has been made by a more expert authority in this regard. Still, the residual value of the structure requires reconciliation. Alternate uses have been explored by the client with cooperation with planners, both municipal and private, and engineers.

In addition the client engaged the services of Stephen Hiscox, AACI P.App. an expert from Altus Group Limited to conduct a feasibility study for a retirement residence on the subject property. We have read this report and consider it to have a reasonable conclusion.

In addition we have considered the following reports presented to us:

- Contractors quote for development from Ledcor Construction Limited
- Site plan application dated June 24, 2009
- Consent Comments from the Town of Bracebridge dated June 18, 2009
- Planning report from Planscape - a local private planning firm, dated May 29, 2009
- Letter of support from the Mayor of the Town of Bracebridge dated May 7, 2009
- Public Library Proposal from the client to the Mayor of the Town of Bracebridge dated March 29, 2010. This is a complete document contained as addendum B to this report.
- Engineers report prepared by Pinestone Engineering Ltd. dated June 1, 2009. This report shows a plan that includes 2 additional new buildings on the site; one being a 4 storey, 72,903 square foot building and the other being a 4 storey, 54,250 square foot building.

It has been recognized that typical supply and demand factors such as:

- (1) Legally Permissible
- (2) Physically Possible
- (3) Financially Feasible – Site Potential
- (4) Maximally Productive

as they relate to the subject property "as is" and "as proposed" are addressed within these reports. This report is best read in conjunction with reading these reports and we have included relatively portions in the addendum.

In addition to the information provided within these reports we have considered the market data specifically as it relates to supply and demand factors for properties such as the subject.

We have considered market sales of other publically owned buildings on urban core properties such as municipal schools, hospitals, and privately owned specific use buildings such as churches and meeting halls.

Redevelopment tends to be more successful in major urban centers or when the development is a collaborative effort between public and private bodies. The redevelopment of the City of Barrie's Royal Victoria Hospital to a senior's community was on such successful development but the presently dormant St. Joseph's hospital in Parry Sound is awaiting a point in time when a redevelopment scenario becomes financially feasible. Heritage concern are also a considering factor. The subject property has the benefit of having a report that indicates there is a demand for the end product. This appears reasonable based both on conclusions of the report written by Altus Group but also based on the fact that the most recent development in the areas has been for residential condominiums and institutional buildings. New commercial development in the core area is limited.

The cost of conversion has been provided by Ledcor Construction Limited who reportedly has experience in this regard. There are often unforeseen issues when redeveloping a building such as the one on the subject and few developers are prepared to take on the task. The potential "value added" by an existing building is questionable. In most cases where we have considered sales of properties with buildings that were remodeled to the degree that is proposed by the subject, the fair market consideration for the property with the old building has been more reflective of vacant land value. The value of the existing skeleton, infrastructure and foundation are often offset by additional costs associated with retrofitting and upgrading portions to present standards. Site features tend to add the most value.

It has also been suggested to the client (as provided in documentation from the Town) that since the subject property is a core BIA property the development would be exempt from development charges. This would result in a savings of approx. \$1,000 per unit compared to non-core multi-residential properties. We have assumed this is the case with the subject as an extraordinary assumption.

Highest and Best Use Conclusion:

During the analysis we have considered existing redevelopment projects and vacant land but ultimately consider the highest and best use of the subject property as is proposed.

Library Component:

The client has provided a detailed analysis of the cost of conversion of the old portion of the school to a library and the cash flow of a proposed lease to the Town. Compared to the cost of new construction and finding a suitable location this scenario may be the best option for the Town. The projection of the cost of a new building for the Town is beyond the scope of this appraisal.

METHOD OF VALUATION

Traditionally, there are three basic approaches to value that may be utilized to determine the market value of a property. These approaches may be defined as follows:

1) The Cost Approach to Value

The Cost Approach to Value takes into consideration the reproduction cost of the improvements as if new, less the accumulated and estimated depreciation from all sources with the estimated land value added on. This method of valuation is recognized as being a "double check" for the Direct Comparison Approach to Value and the Income Approach to Value as it is premised on the Principle of Substitution. This principle states that a purchaser would not be inclined to pay more for a property than it would cost to reproduce.

2) The Income Approach to Value

The Income Approach to Value takes into consideration the revenue produced by a property, along with the expenses involved. The balance is then capitalized and an indicated market value is found.

3) The Direct Comparison Approach to Value

The Direct Comparison Approach to Value takes into consideration sales of similar property in the same or similar areas, with adjustments being made for the differences that invariably exist amongst properties.

We have collected data from the general market place and we have relied on registry office information and multiple listing sales reports and we may also have relied on reports from third parties whom we consider to be normally reliable.

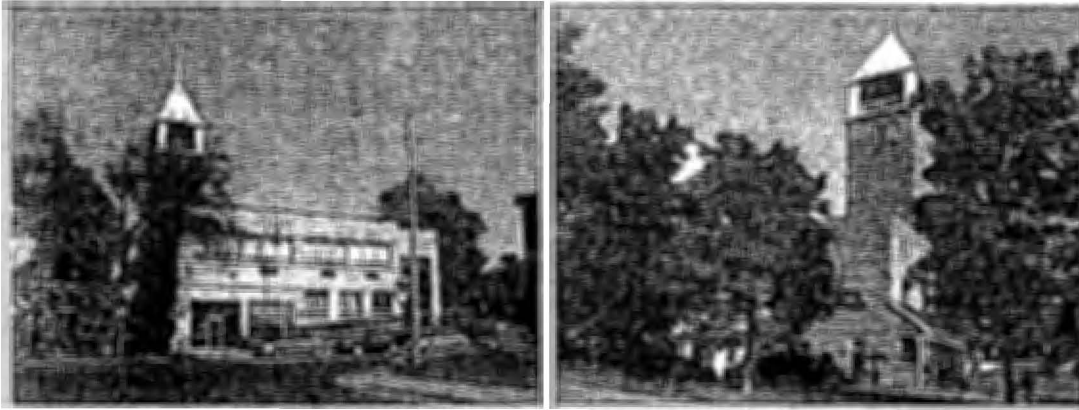
Method of Valuation Comments

The cost approach has not been considered since the existing building has depreciated to a point that is has questionable value. The income approach has been excluded since the existing building does not generate income. Only the direct comparison approach is included.

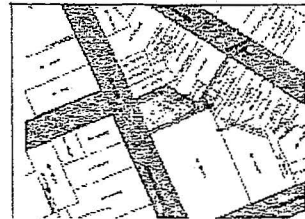
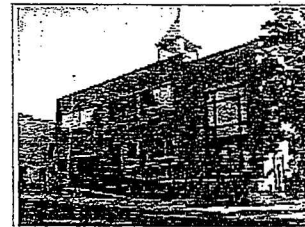
THE DIRECT COMPARISON APPROACH TO VALUE

I have analyzed the following comparable sales utilizing this approach to value.

COMPARABLE SALE #1



Address Number	23	
Street Name	Dominion St.	
CITY NAME	Bracebridge	
Sale Price	\$330,000	Approx. Sold Date 6/7/2005
PIN	481140357	Registration Date 6/30/2005
INSTRUMENT NO.	MT3481	
VENDOR	1600280 Ontario Limited	
PURCHASER	612780 Ontario Limited	
General Descrip.	Converted Institutional - now commercial office - with heritage landmark	



Land Size in Acres	0.18	FRONTAGE (FEET)	99.39
Sale Price Per Acre		SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)	11,000	Number of Units	
SP PER SF BLDG.	\$30.00	Sale Price Per Unit	

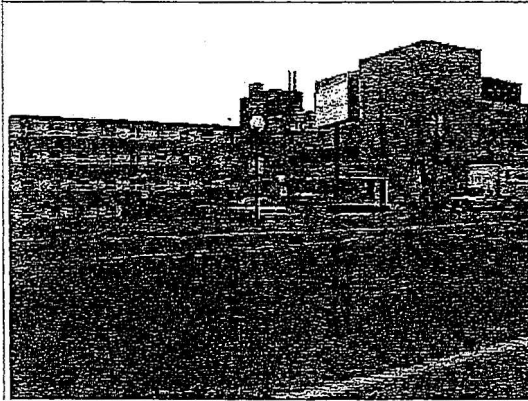
COMMENTS Zoning C3-45 Commercial

Great location for businesses or professional offices right in the middle of the 'old town' with 11,000sq ft the heritage landmark tower is included along with 9 parking spots. purchaser must be willing to accept the bell tower as a heritage structure and agree to maintain the exterior in its present architectural design. Building was for sale for \$429,000 and eventually sold after 1 year on the market.

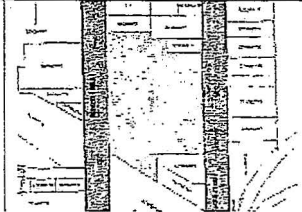
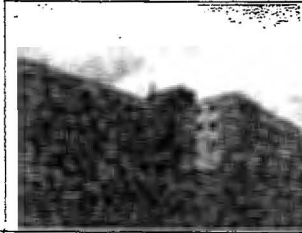
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**COMPARABLE SALE #2
ST. JOSEPH HOSPITAL**

Parry Sound



Address Number	10		
Street Name	James St.		
CITY NAME	Parry Sound		
Sale Price	\$550,000	Approx. Sold Date	12/28/2005
PIN	521090229	Registration Date	12/28/2005
INSTRUMENT NO.			
VENDOR	District of Parry Sound.		
PURCHASER	NORTHERN GATE INVESTMENTS INC.		
General Descrip.	Old Hospital purchased for conversion to residential uses.		



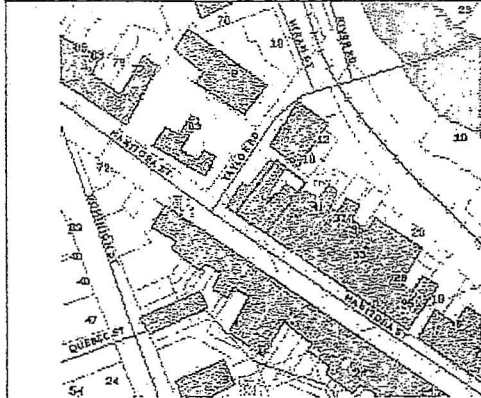
Land Size in Acres	2	FRONTAGE (FEET)	
Sale Price Per Acre	\$275,000	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)	83,540	Number of Units	61
SP PER SF BLDG.	\$6.58	Sale Price Per Unit	\$9,016

COMMENTS Zoning com

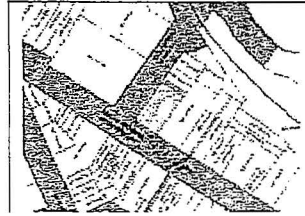
Hospital. Transfer may have been for \$550,000. Seven properties totaling 2.64-acres. Listed for \$1,100,000 then \$750,000 and sold for \$550,000. Municipal Non-profit housing corp. were seeking approval for 61 units (40 in existing building an 21 in addition). Council approved waiving planning application fees, building permit and development charges for this proposal April, 2009. Spoke to Iain Lang in May 2010 and funding was not provided. Project has stalled and building is rotting.

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COMPARABLE SALE #3



Address Number 49
 Street Name Manitoba St.
 CITY NAME Bracebridge
 Sale Price \$510,000 Approx. Sold Date 11/14/2006
 PIN 481160199 Registration Date 11/14/2006
 INSTRUMENT NO. MT25866
 VENDOR John Robert Burton
 PURCHASER Skinner Signature Properties Ltd.
 General Descrip. Historical Building – purchased for income and investment.



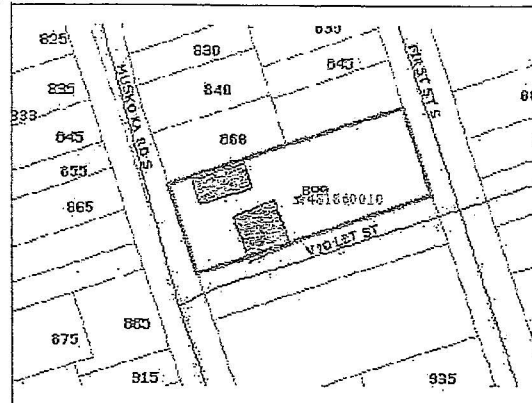
Land Size in Acres	<u>0.1829</u>	FRONTAGE (FEET)	<u> </u>
Sale Price Per Acre.	<u> </u>	SALE PRICE PER FRONT FOOT	<u> </u>
Building Area (Sq.ft.)	<u>9,226</u>	Number of Units	<u> </u>
SP PER SF BLDG.	<u>\$55.28</u>	Sale Price Per Unit	<u> </u>

COMMENTS Zoning C3 – General Commercial

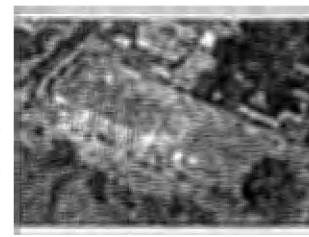
Historical building in downtown Bracebridge. Former Post Office with clock tower. 9,226 sq. ft. GFA and 6,250 sq. ft. NRA. Buyer felt Historical features could command more rent.

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COMPARABLE SALE #4



Address Number	890		
Street Name	Muskoka Rd. S.		
CITY NAME	Gravenhurst		
Sale Price	\$350,000	Approx. Sold Date	7/26/2005
PIN	481860010	Registration Date	9/23/2005
INSTRUMENT NO.	MT7579		
VENDOR	T.E. MIDDLEBROOKS & ASSOCIATES		
PURCHASER	GREAT GULF (MUSKOKA ROAD - VIOLET		
General Descrip.	Vacant commercial land - serviced - used for multi-residential development.		

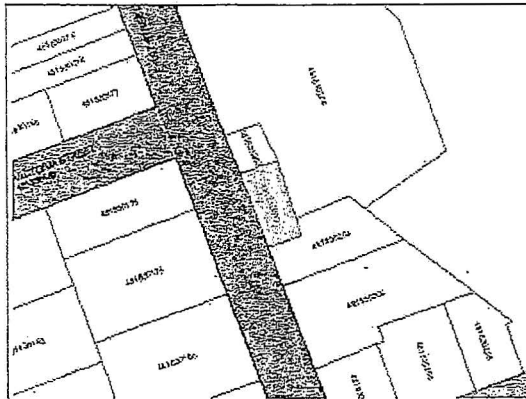


Land Size in Acres	0.931	FRONTAGE (FEET)	125
Sale Price Per Acre	\$375,940	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	
SP PER SF BLDG.		Sale Price Per Unit	

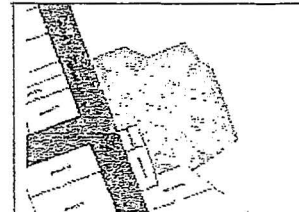
COMMENTS Zoning C3-S204

124.67 X 164.98. This property has been site plan approved for a building with it. Coverage of 9,228 sq. ft. of retail warehouse area. The property comprised of paved parking lot, Three (3) 200 amp underground hydro service, gas, water, & sewer & an existing pylon sign. C-3 zoning. Purchased and used as a Taboo Residence Building, slab on grade.

COMPARABLE SALE #5



Address Number 360 TO 390
 Street Name FIRST ST
 CITY NAME Gravenhurst
 Sale Price \$362,000 Approx. Sold Date 09/28/2005
 PIN 481830200 Registration Date 09/28/2005
 INSTRUMENT NO. MT7791/2/3
 VENDOR R. J. Betts Enterprises Ltd.
 PURCHASER E.D. DEVELOPMENTS INC.
 General Descrip. Residential land - multi-unit for condominiums/
 retirement home



Land Size in Acres	1.6	FRONTAGE (FEET)	325
Sale Price Per Acre	\$226,250	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)	1,640	Number of Units	72
SP PER SF BLDG.		Sale Price Per Unit	\$5,028

COMMENTS Zoning C2

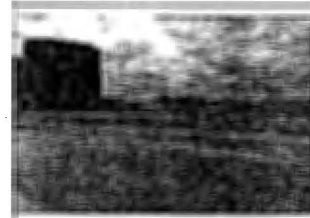
\$5,028 per unit for 72 units. 3 PIN's. Phase 1 Environmental complete, property clean. Can be built as one condo bldg or phased in with multiple buildings. Prime dev. site in core. Property presently rented commercial and residential on month to month basis. Concept dwgs for 1 bldg condominium and phased in condo development. Zoned for 72 units. For sale as of Sept. 2008 for \$695,000 (\$9,653/unit) Not sold as of May 12, 2010.

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COMPARABLE SALE #6



Address Number	
Street Name	Checkley St. (unopened) and Lakeshore Dr.
CITY NAME	Barrie.
Sale Price	\$4,310,011
Approx. Sold Date	05/05/2007
PIN	587950555
Registration Date	01/15/2008
INSTRUMENT NO:	SC617869
VENDOR	804485.ONTARIO INC.
PURCHASER	Blue Simcoe Developments Inc.
General Descrip.	Core commercial land suitable for condominium development



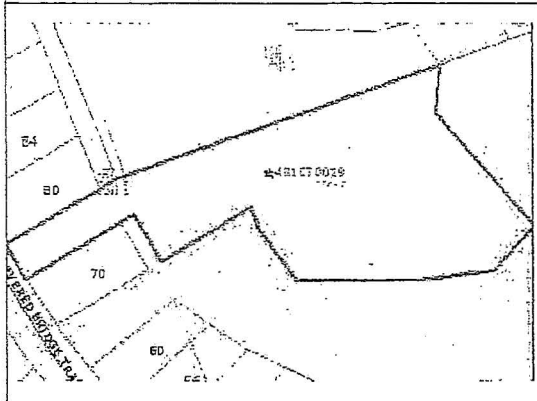
Land Size in Acres	4.525	FRONTAGE (FEET)	
Sale Price Per Acre	\$952,489	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	590
SP PER SF BLDG.		Sale Price Per Unit	\$7,305

COMMENTS Zoning C2-2 Commercial

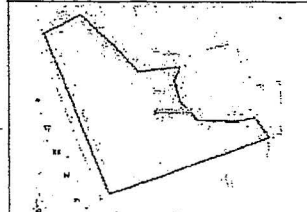
Portion will be wet lands. No development charges. Listed for \$6,500,000. Property looking for approval of 590-units in 2 buildings including 42 units over commercial on Bradford Street. Three PIN's 587950555, 587950276, 587950565. Sale price was reported to be \$5,000,000 - but most likely included 51 Bradford St which transferred for \$689,989.

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COMPARABLE SALE #7



Address Number	76
Street Name	Covered Bridge Trail
CITY NAME	Bracebridge
Sale Price	\$1,100,000
Approx. Sold Date	2/25/2008
PIN	481670019
Registration Date	06/24/2008
INSTRUMENT NO.	
VENDOR	2045907 ONTARIO INC.
PURCHASER	6891535 CANADA INC.;
General Descrip.	Residential development land



Land Size in Acres	6.571	FRONTAGE (FEET)	
Sale Price Per Acre	\$167,402	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	
SP PER SF BLDG.		Sale Price Per Unit	

COMMENTS Zoning R4 - multi-residential

Vacant land for development. Lots of possibilities for detached/semis or townhomes. Beautiful ravine views. Last sold for \$395,000 in May 2004.

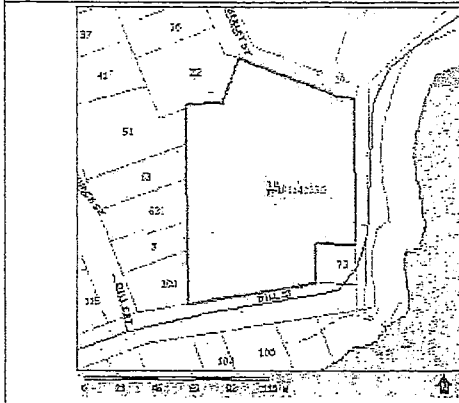
481660124 area: 14670 Peri 606

481670019 area 11923 Peri 616

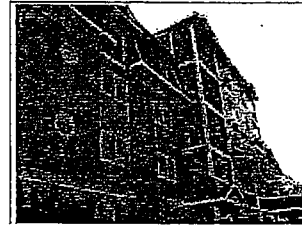
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**COMPARABLE SALE #8
LEGENDS OF THE FALLS**

Bracebridge



Address Number 10
 Street Name Kimberley Ave
 CITY NAME Bracebridge
 Sale Price \$500,000 Approx. Sold Date 4/20/2007
 PIN 481140520 Registration Date 4/20/2007
 INSTRUMENT NO. MT31637
 VENDOR WOOLIVER, RITA PATRICIA; WOOLIVER,
 PURCHASER 2126306 ONTARIO LIMITED
 General Descrip. Condominium land



Land Size in Acres	<u>3.045</u>	FRONTAGE (FEET)	<u> </u>
Sale Price Per Acre	<u>\$164,204</u>	SALE PRICE PER FRONT FOOT	<u> </u>
Building Area (Sq.ft.)	<u> </u>	Number of Units	<u>80</u>
SP PER SF BLDG.	<u> </u>	Sale Price Per Unit	<u>\$6,250</u>

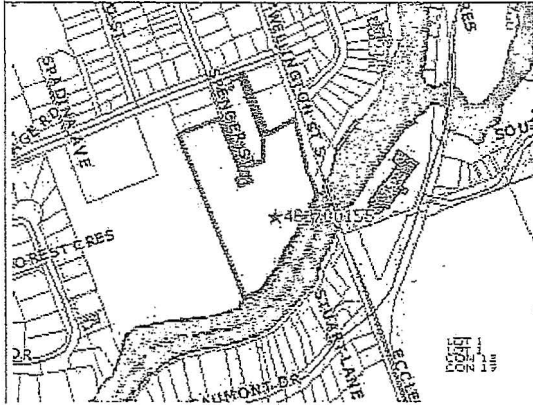
COMMENTS Zoning Residential condominium

\$6,250 per unit for 80 units. Difficult and costly site constraints. Purchased and developed with two medium rise 5 storey condominiums. 40 units per building Price range from \$250,000 (900 sq.ft) to \$375,000 for 1,800 - 2,000 sq. ft.) 20 sold as of Sept. 1, 2008. Building 1 complete. View of river. Indoor parking. 481140520 per 467 area 12321. Approx. 2/3 of the 3.045-acre site was used during the development. This adjusts the sale price per usable acre to some \$250,000 and an upward adjustment is required to this figure to account for the high site preparation costs.

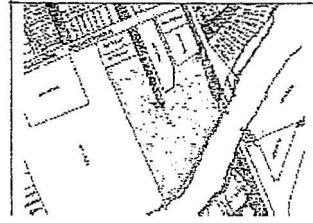
Kitchen and Company Appraisal Services

**COMPARABLE SALE #9
THE WATERWAYS**

Bracebridge



Address Number			
Street Name	Santa's Village Rd. & Spencer St.		
CITY NAME	Bracebridge		
Sale Price	\$3,761,000	Approx. Sold Date	12/21/2007
PIN	481700155	Registration Date	12/21/2007
INSTRUMENT NO.	DM373165		
VENDOR	2029306 ONTARIO LTD.		
PURCHASER	2150446 ONTARIO INC.		
General Descrip.	Multi-residential townhouse development land.		



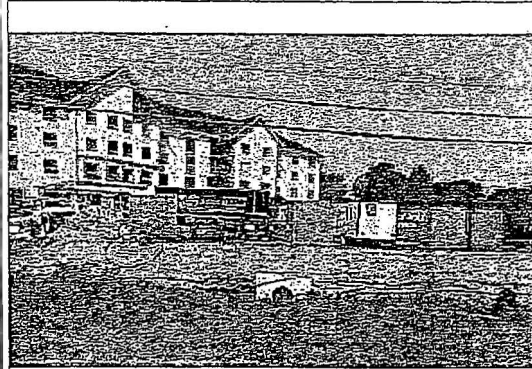
Land Size in Acres	9.245	FRONTAGE (FEET)	
Sale Price Per Acre	\$406,814	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	110
SP PER SF BLDG.		Sale Price Per Unit	\$34,191

COMMENTS Zoning Residential

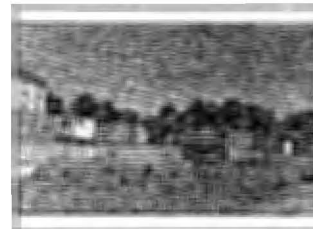
\$34,191 per unit for 110 townhouse units at the time of sale. Upscale development on Muskoka River. Sennera homes. www.waterwaysofmuskoka.com. Fronts on to the Muskoka River. Two PIN's, 481700155 peri 1470 area 35467. 481700382 peri 181 area 1947. Abutting lot being some 0.8515-acres sold for \$154,900 (\$181,914 per acre) PIN 481700154 August 2008. June 2009 fully serviced but market dictated a demand for double garages. In order to accommodate the unit count was reduced to 80 translating to a purchase price of \$47,013 per unit.

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COMPARABLE SALE #10



Address Number	1097	
Street Name	Bethune Dr.	
CITY NAME	Gravenhurst	
Sale Price	\$570,000	Approx. Sold Date 8/3/2007
PIN	481870002	Registration Date 8/3/2007
INSTRUMENT NO.		
VENDOR	919517 ONTARIO LTD.;	
PURCHASER	737566 ONTARIO INC.;	
General Descrip.	Development land used for retirement residence. Multi-res. or condo land	



Land Size in Acres	2.032	FRONTAGE (FEET)	
Sale Price Per Acre	\$280,512	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	99
SP PER SF BLDG.		Sale Price Per Unit	\$5,758

COMMENTS Zoning Multi-residential

Granite Ridge Retirement residence. 705-667-0007. Contains 99 rooms with some mini-suites, common dining room, full retirement residence status.
See also www.granitetrail.ca

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**COMPARABLE SALE #11
GRANITE SPRINGS MUSKOKA**

Bracebridge



Address Number	389 & 391	
Street Name	Manitoba St.	
CITY NAME	Bracebridge	
Sale Price	\$550,000	Approx. Sold Date 10/04/2007
PIN	481170182	Registration Date 10/4/2007
INSTRUMENT NO:		
VENDOR	FEBBO, SUSAN NADINE	
PURCHASER	GRAY, DOUGLAS;	
General Descrip.	Condominium Multi-residential building site	



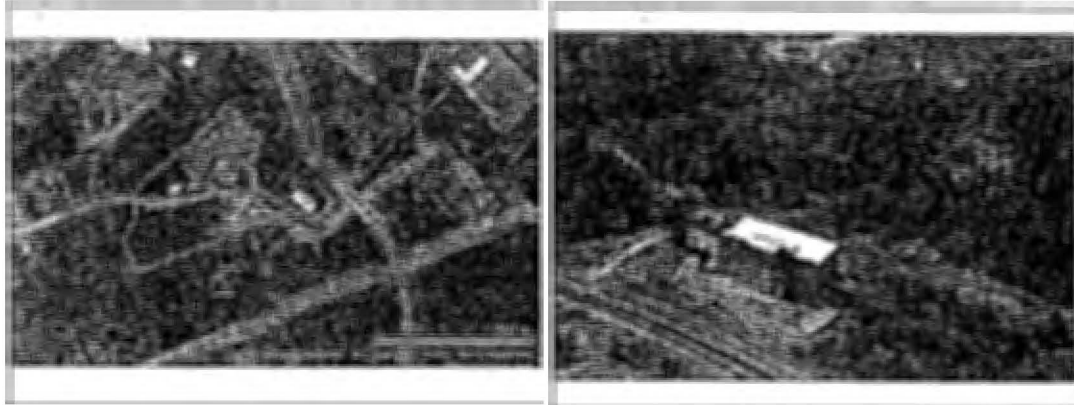
Land Size in Acres	4.62	FRONTAGE (FEET)	
Sale Price Per Acre	\$119,048	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	47
SP PER SF BLDG.		Sale Price Per Unit	\$11,702

COMMENTS Zoning R4-19H (Residential Type 4 Special - 19)

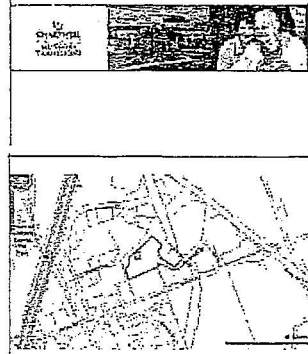
389 Manitoba Street was purchased for \$175,000 closing in February 2008 and 391 Manitoba Street was purchased for \$375,000 closing in October 2007. The combined purchase price was \$550,000. The house on 389 Manitoba Street has been demolished and the house on 391 Manitoba Street has been converted as a sales center. The properties were not for sale through MLS at the time of acquisition but were assembled by the owner/ developer. Since acquisition the owner / developer has spent considerable time and effort to bring the property to the site plan approval stage and has set up plans and a sales center with approx. 7 units of the first being sold prior to construction.

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COMPARABLE SALE #12



Address Number	16		
Street Name	Legacy lane		
CITY NAME	Huntsville		
Sale Price	\$1,800,000	Approx. Sold Date	
PIN	480790634	Registration Date	11/22/2006
INSTRUMENT NO.			
VENDOR			
PURCHASER	2097056 ONTARIO INC		
General Descrip.	Development Land for retirement residence		
Land Size in Acres	9.49	FRONTAGE (FEET)	
Sale Price Per Acre	\$189,673	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	101
SP PER SF BLDG.		Sale Price Per Unit	\$17,822

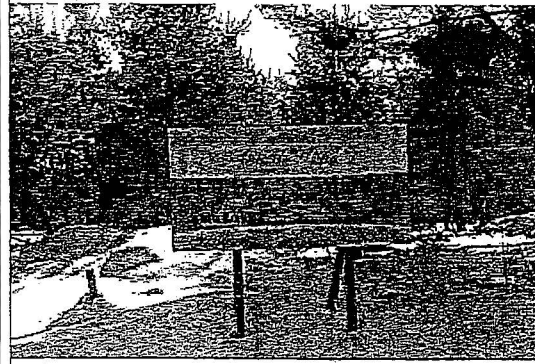
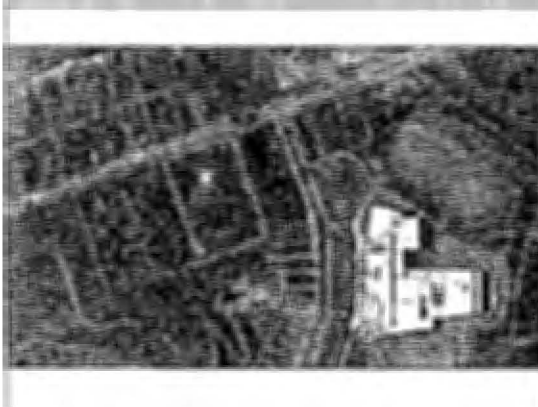


COMMENTS Zoning R4-1455,1812

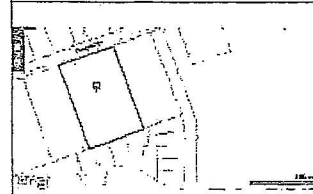
Developed by Chartwell with 101 units - one and two bedroom suites, and approx. 8 bungalows. Three storey residence. www.chartwellreit.ca. Located in central Huntsville, Chartwell Select Muskoka Traditions offers a truly independent lifestyle. Choose from a studio, one or two bedroom suite in the main residence, or one of our spacious town bungalows to customize the retirement experience that best suits your needs. With easy access to shopping, restaurants and medical facilities, as well as preserved forest lands and walking trails, residents are able to enjoy a relaxing and rewarding retirement.

Kitchen and Company Appraisal Services

COMPARABLE SALE #13



Address Number	56		
Street Name	Douglas Drive		
CITY-NAME	Bracebridge		
Sale Price	\$325,000	Approx. Sold Date	11/02/2009
PIN	481170209	Registration Date	11/02/2009
INSTRUMENT NO.			
VENDOR	Willford, four family members.		
PURCHASER	CASTLE PEAK RETIREMENT RESIDENCE		
General Descrip.	Residential land - rezoned for future retirement home.		



Land Size in Acres	3.176	FRONTAGE (FEET)	294
Sale Price Per Acre	\$102,330	SALE PRICE PER FRONT FOOT	
Building Area (Sq.ft.)		Number of Units	56
SP PER SF BLDG.		Sale Price Per Unit	\$5,804

COMMENTS Zoning I - Institutional rezoned for retirement home

481170209-56 Douglas Last sold for \$278,000 07/08/2008. Seller accepted a 45% interest as a participant of the development of a retirement home.
 Rezoned for a 56-unit retirement home 34,434 square feet.

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Page 50 of 57

Reconciliation of Comparable Improved Sales Data

Summary table of comparable sales.

	Address	Sale Price	Sale Date	Site size (ac.)	Sale Price per acre	# of units proposed or completed	Sale Price per unit
1	Dominion St.	\$330,000	6/7/2005	0.18			
2	James St. Parry Sound	\$550,000	12/28/2005	2.0	\$275,000	61	\$9,016
3	Manitoba St.	\$510,000	11/14/2006	0.18			
4	Muskoka Rd. S.	\$350,000	7/26/2005	0.93	\$375,940		
5	First St. Gravenhurst	\$362,000	09/28/2005	1.6	\$226,250	72	\$5,028
6	Checkley St. Barrie	\$4,310,011	05/05/2007	4.525	\$952,489	590	\$7,305
7	Covered Bridge Trail	\$1,100,000	2/25/2008	6.571	\$167,402		
8	Kimberley Ave	\$500,000	4/20/2007	3.045	\$164,204	80	\$6,250
9	Santa's Village Rd.	\$3,761,000	12/21/2007	9.245	\$406,814	110	\$34,191
10	Bethune Dr. Gravenhurst	\$570,000	8/3/2007	2.032	\$280,512	99	\$5,758
11	Manitoba St.	\$550,000	10/04/2007	4.62	\$119,048	47	\$11,702
12	Legacy lane. Huntsville	\$1,800,000	11/22/2006	9.49	\$189,673	101	\$17,822
13	Douglas Drive	\$325,000	11/02/2009	3.176	\$102,330	56	\$5,804

Ideally, the comparables should be adjusted mathematically factor by factor to account for items such as the passage of time in the real estate market, location, building condition, excess or surplus land, and utility. Where we are aware of extraordinary mortgage financing or a sale taking place under "power of sale", or other financial "pressure", further adjustments are required.

Kitchen and Company Appraisal Services

Page 51 of 57

Where there is a multitude of adjustments, some of which fully or partially nullify each other, we have exercised a degree of judgment to equate them to the subject property. We have attempted to limit the number of adjustments to major factors only when analyzing each comparable sale.

The subject property includes 5.816-acres with an assumed allocation of 108 seniors units and 60 seniors' condominium units. There is surplus land for at least 40 units and based on an overall density allocation including the land and parking allocated for the conversion of the old portion of the building (proposed library) we have estimated approx. 1.5-acres of the site is considered surplus land. This recognizes that the density of this land could be 40 units or more (Pinestone Engineering report suggests up to 127,153 sq. ft. in two buildings or relative density circa 98 condominium units). This estimate of 1.5-acres of developable surplus land is considered reasonable.

Comparable sale 1 was the former Bracebridge City Hall. This was purchased for \$30 per square foot by a local developer who redeveloped the property for commercial office use. It is a dated sale but considers the lower value paid per square foot in comparison with buildings that did not require work which was circa \$60-\$100 per square foot.

Comparable sale 2 was the former St. Joseph's Hospital in Parry Sound. This property sold for \$6.58 per square foot not unlike the original purchase price of the subject at \$6.64 per square foot (\$850,000/128,000 sq. ft.). The sale price also translates to \$9,016 per unit considering it was approved for approximately 40 units in the existing building and 21 units in a new building to be developed. Units were proposed as condominium units. This property is yet to be developed.

Comparable sale 3 was the old post office in Bracebridge that had been converted to offices and leased for some time. The building was in deteriorating condition and despite the historical designations sold for \$55.28 per square foot. This sale illustrates that there is demand for historical buildings for the purpose of redevelopment. This building, like comparable sale one, were in a better location than the subject when it comes to redevelopment options and prestigious exposure.

Comparable sale 4 was a dated sale of a small parcel in the core of Gravenhurst. The property sold for some \$376,000 per acre but requires a downward adjustment for diminishing returns.

Comparable sale 5 is also a dated sale in the core of Gravenhurst near a community centre and other senior centers. The property is a dated sale at \$226,250 per acre or some \$5,028 per proposed unit. The property has not been developed but was for sale in 2008 for \$9,653 per unit. The interim use of the existing buildings provides revenue.

Kitchen and Company Appraisal Services

Page 52 of 57

Comparable sale 6 was a recent sale of a large scale seniors/ condominiums development in the City of Barrie. This development was exempt from development charges. The site plan calls for 590 units translating to a sale price of \$7,305 per unit. A downward adjustment is required for location and an upward adjustment is required for diminishing returns since this development could take up to 20 years complete. The consideration paid for units over the 300 unit count would tend to be reflective of surplus land value.

Comparable sale 7 was close to the subject property in an urban subdivision in the valley which the subject overlooks. The density has yet to be determined but the sale price per acre of \$167,402 is reflective of surplus land value since this property has not yet been developed. The property last sold for \$60,112 per acre in 2004 which illustrates increasing demand, at least from a speculative point of view. Other properties in Bracebridge illustrated this trend until the financial crisis of late 2008.

Comparable sale 8 was close to the subject property and subject to similar influences and advantages of the downtown Bracebridge core. The 3.045-acre site sold for \$164,204 per acre in 2007 and has been developed with the Legends of the Falls condominium with a density of 80 units (26.27 units per acre). The site was subject to considerable preparation costs that almost doubled the original cost of \$6,250 per acre. Despite the economic slow down of late 2008 this development has been successful. An upward adjustment is required to the sale price of \$6,250 per unit for site preparation costs but the sale price per acre of \$164,204 is considered reflective of surplus land value on the subject.

Comparable sale 9 was a development in Bracebridge that was well underway at the time of sale. The additional consideration at \$34,191 per unit was reflective of the site preparation and planning work that had been underway but also reflects a superior river front location and the more profitable configuration and low cost of a townhouse development. A net downward adjustment is warranted. This site has been actively selling and developing over the past two years since acquisition.

Comparable sale 10 was developed with a 99-senior suite building in Gravenhurst which would be considered to be similar to the potential development of the subject. The sale price of \$5,758 per unit requires an upward adjustment for location and the unit density of almost 50-units per acre is indicative of the higher density that may be afforded to senior suite development over condominium suite development. This sale and subsequent development indicates demand for the subject site and the end proposed product.

Comparable sale 11 is located in Bracebridge on the outskirts of the core area. This development did not capitalize on maximum density but rather considered surplus land as "value added" common land for the development. The net density was some 10.2-units per acre and the end unit sizes were larger than proposed for the subject property condominium portion. This property was developed over the

Kitchen and Company Appraisal Services

Page 53 of 57

past two years and has almost sold out. The net sale price of \$11,702 per unit requires a downward adjustment to reflect the smaller unit sizes on the subject but an upward adjustment for development charges. A new downward adjustment is warranted.

Comparable sale 12 was located in Huntsville and was developed by Chartwell Reit with a senior's residence. The present density is 101 units but there is surplus land for expansion. The net sale price of \$189,673 per acre is considered a more appropriate unit of comparison but the existing development supports the demand. An upward adjustment is warranted for location and the development charges.

Comparable sale 13 was a recent sale located at the north end of Bracebridge in a less convenient area than the subject. The sale price of \$5,804 per unit requires an upward adjustment for location and development charges. Like the subject this property was rezoned from an Institutional use.

Retirement suites have a higher density but tend to have larger common areas and higher costs associated with setting up the common amenities. Based on the above reconciliation it is our opinion that allocations for retirement suite and suites for assisted care have a lower value per unit than condominium suites. Thus it is our opinion that the value estimate for this component of the subject property is as follows:

108 units at \$6,250 = \$675,000

Condominium unit buildings have been considered and it is our opinion that a value estimate for this component of \$9,000 per unit is appropriate. This translates to a value estimate for this portion as follows:

60 units at \$9,000 = \$540,000

As mentioned above it is our opinion that approximately 1.5-acres on the site could be considered as surplus land. Based on the above comparable sales it is our opinion that the value added by this component of the subject property is some \$165,000 per acre. This translates to a value estimate of this portion as follows:

40 units on say 1.5-acres at \$165,000/acre = \$247,500

Thus the total market value of the subject property based on the extraordinary assumptions as of the effective date of June 1, 2010 is some \$1,462,500 rounded to say \$1,465,000. This does not include any allocation for the old portion of the building or surplus land used for parking for the proposed library.

Kitchen and Company Appraisal Services

Page 54 of 57

Potential Value Added by Library Component:

It is our opinion that if the Town was to agree to the library proposal (contained in full as addendum "B") the value estimate of the 50,000 sq. ft. old school portion and the allocation of 54 parking spaces from the site, that the suggested value estimate of the land and building component at \$500,000 is considered reasonable.

Based on our analysis of the data collected, it is our opinion, subject to the attached assumptions and limiting conditions, the estimated market value of the various components of the subject property as of the effective date, of June 1, 2010, is some:

Firstly, the portion of the subject property that will be used to accommodate 168 units with a portion of surplus land suitable for at least an additional 40 units:

\$1,465,000

(ONE MILLION FOUR HUNDRED AND SIXTY FIVE THOUSAND DOLLAR)

- and -

Secondly, the estimated market value of the 50,000 sq. ft. historical portion of the building and an allocation of 52 parking spaces on the site based on the hypothetical condition that it be developed as a library (based on the projections provided) would reasonably be

\$500,000

(FIVE HUNDRED THOUSAND DOLLARS)

The value expressed herein is based on an exposure period of 6 months to 1 year. Comparable sales have been examined and it is determined that the value expressed herein is based on an exposure period of some 6 months.

CERTIFICATION

We certify to the best of our knowledge and belief:

- that the statements of fact contained in this report are true and correct;
- that the **exterior** of the property was personally inspected on June 1, 2010 by Robin Jones, AACI and Wayne Kitchen, AACI and we have not withheld any comments or observations which might affect the opinion of value stated in this report;
- that the Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. as of the date of this report Robin Jones and Wayne Kitchen have fulfilled the requirements of this program and that the analysis, opinions and conclusions reported herein are our personal and unbiased views and are limited only by the Contingent and Limiting Conditions herein;
- that we have no past, present or contemplated future interest in the real estate which is the object of this report and that we have no personal interest or bias with respect to the parties involved;
- that our compensation is not contingent upon any action or event resulting from the analysis, opinions or conclusions in, or the use of this report; and
- that this appraisal has been made in conformity with and is subject to the Codes of Professional Ethics and the Standards of Professional Appraisal practice of the Institute and Societies of which we are members and the use of this report is subject to review by duly authorized representatives of these Institutes and Societies.

In our opinion, the Market Value of the subject property being 28 McMurray St., Town of Bracebridge, District Municipality of Muskoka as of the effective date of June 1, 2010 is some \$1,465,000 based on an exposure period of 6 months to 1 year.



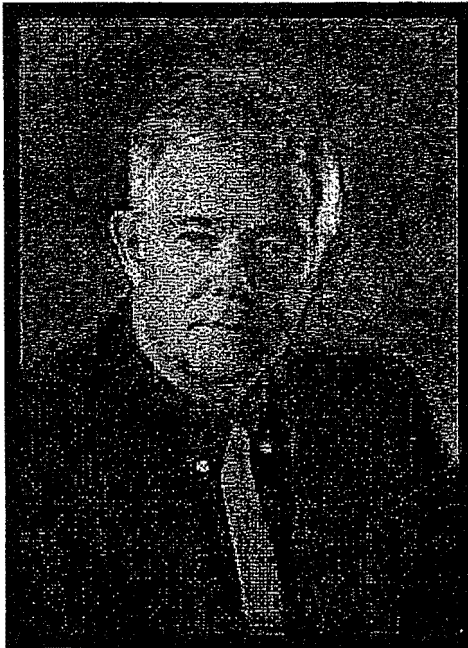
Robin Jones, B.Sc., AACI. P.App.
Staff Appraiser



Wayne E. S. Kitchen, AACI. P.App.
President

Dated: June 7, 2010

Resume's

KITCHEN & COMPANY APPRAISAL SERVICES

WAYNE E.S. KITCHEN
AACI P.App.

PROFILE:**President – Kitchen and Company Appraisal Services**

Current AACI member in good standing by the Appraisal Institute of Canada for 30 years

Staff of three qualified appraisers

9,200 appraisals in last 10 years

Offices in Bracebridge, Huntsville and Parry Sound

Fee appraisers in all types of appraisal assignments throughout Muskoka, Parry Sound and Haliburton regions

Fully insured through AIC.

PRACTICAL BACKGROUND:

Local cottage owner since 1968

Bracebridge residence owner since 1971

Cottage owner on Lake Muskoka since 1983

Member of AIC, CREA, IFB

Income property owner on several locations throughout Muskoka

Kitchen and Company Appraisal Services

Page 57 of 57

Robin Jones, B.Sc., AACI, P.App.

Education

AACI – Accredited Appraiser Canadian Institute

P.App. – Professional Appraiser

Appraisal Institute of Canada, Ottawa, ON

- I began articling in June of 1990 under the auspices of John Ayliffe AACI and became accredited in August 2001. The AACI designates fully-accredited membership in the Institute and may be used by the holder in connection with the appraisal of a wide range of real property.

Real Estate Broker – Licensed under the Real Estate and Business Brokers Act. Real Estate Council of Ontario – RECO, Toronto, ON

- Sales Representative since November 1986 and a Real Estate Broker since March 1989

B.Sc. - Bachelor of Science - McMaster University, Hamilton, ON, Degree granted in April 1985

Work Experience

08/01- present

Real Estate Appraiser – Sole Proprietor

Robin Jones B.Sc., AACI – Real Estate Appraisals

06/90-08/01

Real Estate Appraiser – Independent Contractor

John F. Ayliffe Consultants Ltd., Barrie, ON

- Specialty appraisals include: mass lake front property analysis, subdivision DCF analysis, vacant land highest and best use analysis, "court ready" litigation appraisals, easement analysis, encroachment analysis, and right-of-way analysis
- Major clients include: Ministry of Natural Resources, Ministry of Transportation, LPIC – Lawyers Professional Indemnity Company, Ontario Realty Corporation, Nature Conservancy of Canada, and the Ontario Heritage Foundation
- Court appearance as an expert witness
- Consulting assignments and assessment appeals

11/93-present

Real Estate Broker – Independent Contractor

Re/Max Chay Realty Inc., Barrie, ON

- Commercial & residential property sales

11/90-11/93

Real Estate Broker

Royal LePage, Barrie, ON

02/89-11/90

Real Estate Broker/ Sales Manager

Selective Realty Inc., Barrie, ON

- Managed 30 sales representatives
- Sold commercial real estate and new homes

Affiliations (current)

AIC – Appraisal Institute of Canada

RECO – Real Estate Council of Ontario

Canadian Real Estate Association

Ontario Real Estate Association

Barrie and District Real Estate Board

National Commercial Council of The Canadian Real Estate Association

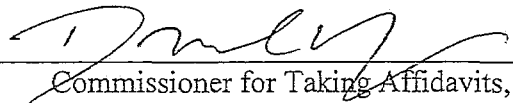
Kitchen and Company Appraisal Services

PART V – ADDENDUM

Title Documents	A
Library Proposal	B

TAB U

THIS IS EXHIBIT "U"
REFERRED TO IN THE AFFIDAVIT OF
JOHN DAVIES
SWORN BEFORE ME
THIS 27th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Beckner

From: Raj Singh [<mailto:rajsingh100@gmail.com>]

Sent: October 20, 2016 2:21 PM

To: John Davies <john@textbooksuites.com>

Cc: Andre Antanaitis <andre@textbooksuites.com>; Walter Thompson, Co-president <walter@textbooksuites.com>;

Gregory Harris <GregHarris@harrisandharris.com>

Subject: Re: Michael Cane Appraisal for 256 Rideau Street, Ottawa.

Please have Sarah work with Dinesh to prepare the brochures. We will get started as soon as we received documents.

John please have Andre populate the drop box with all of the due diligence information, zoning & site plan approvals, geotech & environmental studies etc. Also please send the tax bills, PSA and other documents that Jude will need to prepare the disclosure schedule.

Andre, please send me directly the pro forma in Excel.

We can get started on our work.

Raj

Raj Singh
CEO

[Tier1 Advisory](#)

My LinkedIn Profile:

<http://ca.linkedin.com/in/rajsingh100>

On Thu, Oct 20, 2016 at 2:14 PM, John Davies <john@textbooksuites.com> wrote:

Andre:

Following up from our conversation, could you please forward Raj and Greg the final Michael Cane - Rideau appraisal.

Raj, as discussed this morning, there is \$11 million raise room (between existing 1st mortgage debt) and the Cane appraised value. That will net us around \$8 million. Will need to be in 2nd position. Can you attract a couple million more investment in cash so as to increase the raise amount outside of the OT guidelines?

We will be in receipt of a building permit by mid-November. Doing value engineering now to reduce costs which are high given seismic and foundation issues. We have a funding commitment with Kingsett in place that Walter needs to tweak, but we're ready to go. Take a look and see what you think,

Thanks,

John.

KSV KOFMAN INC. in its capacity as Receiver and Manager of - and -
Certain Property of Scollard Development Corporation, et al.
Plaintiffs

JOHN DAVIES et al.
Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

AFFIDAVIT OF JOHN DAVIES

(Sworn July 27, 2017)

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Kenneth Kraft
LSUC #: 31919P
Tel.: (416) 863-4374
Fax: (416) 863-4592
kenneth.kraft@dentons.com

Michael Beeforth
LSUC #: 58824P
Tel.: (416) 367-6779
Fax: (416) 863-4592
michael.beeforth@dentons.com

Lawyers for the Defendants

TAB 12

Court File No.: CV-17-11822-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

**KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER
OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT
CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER)
LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858
ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK
(525 PRINCESS STREET) INC. and TEXTBOOK (555 PRINCESS
STREET) INC.**

Plaintiffs

- and -

JOHN DAVIES and AEOLIAN INVESTMENTS LTD.

Defendants

AFFIDAVIT OF JUDITH DAVIES

(Sworn July 24, 2017)

I, Judith Davies, of King City in the Province of Ontario, MAKE OATH AND SAY:

1. I am the spouse of John Davies, one of the defendants in the above noted action. I am also a trustee of the Davies Family Trust. As such, I have personal knowledge of the information set out in this affidavit. For convenience, terms which are not otherwise defined in this affidavit have the same meaning as the defined terms in the Affidavit of John Davies sworn on July 14, 2017.
2. I swear this affidavit in opposition to the Receiver's motion seeking certain interim and interlocutory Mareva relief against me, my husband, his holding company Aeolian, the Davies Family Trust and the Davies Arizona Trust.

3. I was not and have never been involved in my husband's development business, and played no active role in any of the development companies that are the subject of this action and of the Receiver's various reports. As such, I have no evidence to provide in respect of the allegations made by the Receiver regarding those companies.

4. I attach as **Exhibit "A"** to my affidavit a statement of my assets and liabilities as at today's date. My only assets are my personal and household effects, and my interest as a discretionary beneficiary of the Davies Arizona Trust. My liabilities include the first mortgage on our home at 24 Country Club Drive, and income tax arrears owing to the CRA in an approximate amount of \$400,000.00. These arrears stem from fees earned by my husband, which were paid to me from Aeolian from time to time in order to reduce my husband's personal income tax burden. All such payments that I received have long since been spent on our living expenses. I have not received any payments from Aeolian or any of my husband's development companies since June 2015.

5. I do not currently have a bank account. I previously had two accounts at TD Canada Trust (a Canadian dollar account and a linked US dollar account), both of which were frozen by the CRA in or about June 2015. The Canadian dollar account was closed in August 2015 by TD with a balance owing of \$319.58. I believe the US dollar account was closed at or around the same time. I also had a bank account at Chase in Maricopa, Arizona which was opened in March 2011. To the best of my knowledge, there has been no activity in that account since January 2014.

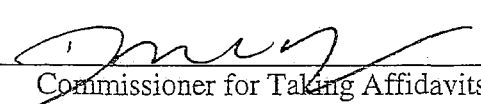
6. These proceedings have created stress and frustration for me, my husband and my family. My husband has been unable to continue with his business and his reputation has been severely

impacted. As a result, we have lost our assets and have been forced to take steps to sell our home. We have had to sell artwork held in the name of our children and I have had to pawn personal belongings in order to fund our day-to-day living expenses. While I recognize that this Court has provided me with a temporary \$25,000 exemption for living expenses, the fact is that we do not have \$25,000 to spend and have no ability to raise this amount in our current circumstances.

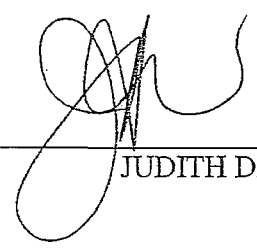
7. In an effort to support my family, I recently began working part-time in a clerical position at a real estate office. I am earning approximately \$22 an hour and have earned one paycheck to date, which I gave to my stepdaughter to cash through her bank account. We used the proceeds of my paycheck to pay our utility bills.

8. In the event that this Court grants the order sought by the Receiver, the Receiver should be required to provide an undertaking as to the damages that we have incurred and continue to incur as a result of these proceedings.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on July 24, 2017



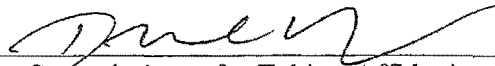
Commissioner for Taking Affidavits
(or as may be)
Michael Beebe

} 

JUDITH DAVIES

TAB A

THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT OF
JUDITH DAVIES
SWORN BEFORE ME
THIS 24th DAY OF JULY, 2017



Commissioner for Taking Affidavits, etc.

Michael Burt

Judy Davies
Assets and Liabilities
as of July 24, 2017

Assets		Value	Location
1)	Household and personal effects	20,000 (est.)	Ontario
2)	Davies Arizona Trust - Discretionary Beneficiary	unknown	Arizona
	Total Assets	<u>20,000 (est.)</u>	

Liabilities			
1)	First Mortgage 24 Country Club	1,050,000 (est.)	Ontario
2)	CRA	400,000 (est.)	Ontario
	Total Liabilities	<u>1,450,000 (est.)</u>	

KSV KOFMAN INC. in its capacity as Receiver and Manager of - and -
Certain Property of Scollard Development Corporation, et al.
Plaintiffs

JOHN DAVIES et al.
Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**AFFIDAVIT OF JUDITH DAVIES
(Sworn July 24, 2017)**

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Lawyers for the Defendants

TAB 13

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

KSV KOFMAN INC., IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

JOHN DAVIES AND AEOLIAN INVESTMENTS LTD.

Defendants

ANSWERS TO WRITTEN INTERROGATORIES

KSV Kofman Inc. ("KSV" or the "Receiver"), solely in its capacity as the court-appointed receiver and manager of certain property of Scollard Development Corporation ("Scollard"), Memory Care Investments (Kitchener) Ltd. ("Kitchener"), Memory Care Investments (Oakville) Ltd. ("Oakville"), 1703858 Ontario Inc. ("Burlington"), Legacy Lane Investments Ltd. ("Legacy Lane"), Textbook (525 Princess Street) Inc. ("525 Princess") and Textbook (555 Princess Street) Inc. ("555 Princess") (collectively, the "Receivership Companies"), and not in any other capacity, provides the following answers to the written interrogatories dated August 14, 2017 submitted by the defendants (using the same numbering from the written interrogatories). Unless otherwise defined, all defined terms used below have the meanings ascribed to them in the various reports of the Receiver in this matter.

1. *With respect to the various statements in the Receiver's Reports that the Davies Developers raised funds from Investors (e.g. Fourth Report, sections 1.0, para. 2 and 2.3, para. 2; Supplemental Sixth Report, section 3.0, para. 3), confirm that these statements are incorrect and that the Davies Developers in fact borrowed funds from the Trustee Corporations (as stated by the Receiver in its Sixth Report, section 1.0, para. 2). If the Receiver denies that its statements are incorrect, provide all facts, evidence, information and belief upon which the Receiver relies in support of the statements that the Davies Developers raised funds from Investors: The Receiver confirms that the referenced statements in its Reports are correct. Specifically:*

- (a) The Receiver does not state that the Davies Developers raised funds from Investors in the Fourth Report, section 1, paragraph 2. Rather, the Receiver states that the Trustee Corporations raised monies from Investors. Specifically, the Receiver states: "Pursuant to an order of the Ontario Superior Court of Justice ("Court") dated October 27, 2016, Grant Thornton Limited was appointed Trustee ("Trustee") of eleven entities¹ which raised monies from investors ("Investors") through syndicated mortgage investments (collectively, the "Trustee Corporations"). Eight of the Trustee Corporations then advanced these monies on a secured basis pursuant to loan agreements ("Loan Agreements") between the Trustee Corporation and one or more "Davies Developer"." This is factually correct. The Receiver relies on, among other things, the Fourth Report and the appendices thereto, including the Loan Agreements between the Trustee Corporations and the Davies Developers attached as Appendix "A" to the Fourth Report.
- (b) The Receiver does not state that the Davies Developers raised funds from Investors in the Fourth Report, section 2.3, paragraph 2. Rather, the Receiver states: "Scollard borrowed \$13.596 million from Investors." This is factually correct. Scollard borrowed funds from Scollard Trustee Corporation, which funds were raised from investors through a syndicated mortgage for a particular real estate development project specific to Scollard. The Receiver relies on, among other things, the Fourth Report and the appendices thereto, including the Loan Agreement between Scollard and the Scollard Trustee Corporation attached as Appendix "A" to the Fourth Report.
- (c) Although the Receiver states in the Supplement to the Sixth Report, section 3, paragraph 3, that "the applicable Davies Developer raised monies from Investors through SMIs", the Receiver has also specified that these SMIs "were sourced by Tier 1 Transaction Advisory Inc. or entities related to Tier 1 (collectively, "Tier 1")." This is factually correct. The funds used by the Davies Developers to finance their respective Projects were obtained from Investors through SMIs and, as noted, Tier 1 or entities related to Tier 1 sourced these investments. The Receiver relies on, among other things, the Fourth Report and the appendices thereto, including the Loan Agreements between the Trustee Corporations and the Davies Developers attached as Appendix "A" to the Fourth Report.

2. *Provide all facts, evidence, information and belief upon which the Receiver relies in support of the various statements in the Receiver's Reports that the management fees paid to Aeolian from Oakville, Kitchener, Burlington, Scollard, McMurray and Legacy Lane were prohibited under the terms of the relevant Loan Agreements (e.g. Fourth Report, sections 3.2, para. 3(d) and 3.2.2, para. 2(a)): Section 7.02(c) of each of the Loan Agreement for Oakville, Kitchener, Burlington, Scollard, McMurray and Legacy Lane provides:*

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

“The Borrower hereby covenants and agrees with the Lender that it will not without the prior written consent of the Lender (which consent may withheld in the sole and absolutely discretion of the Lender):

...

(c) make any Distributions”

The term “Distribution” is defined in section 2.01 of each Loan Agreement as:

““Distribution” means any amount paid to or on behalf of the employees, directors, officers, shareholders, partners or unitholders of the Borrower, by way of salary, bonus, commission, management fees, directors’ fees, dividends, redemption of shares, distribution of profits or otherwise, and whether payments are made to such Persons in their capacity as shareholders, partners, unitholders, directors, officers, employees, owners or creditors of the Borrower or otherwise, or any other direct or indirect payment in respect of the earnings or capital of the Borrower”

The management fees are “Distributions” under the Loan Agreements, and based on the currently available evidence reviewed by the Receiver, it does not appear that the Lender (as defined in each of the applicable Loan Agreements) provided its prior written consent to the applicable Borrower (as defined in each of the applicable Loan Agreements) with respect to such Distributions. Even if the Lender did agree in writing to some of these Distributions, or if it implicitly agreed to some of these Distributions, it is not clear that it agreed to all of them. Among other things, it is also unclear that it would allow Distributions in respect of one Davies Developer to be paid by another Davies Developer. Even if the Lender did provide written consent, which does not appear to be supported by the evidence, such consent would only increase the Receiver’s serious concerns regarding the Lenders’ and their principal’s conduct and their participation in the scheme.

3. *With respect to section 3.2, para. 3(h) of the Fourth Report, confirm the Receiver’s position regarding whether the management fees paid to Aeolian and 132 from Bronson, 445 Princess, 525 Princess, 555 Princess and Ross Park were reasonable in relation to the services rendered. If the Receiver’s position is that the fees paid were unreasonable, provide all facts, evidence, information and belief upon which the Receiver relies in support of this position:* The Receiver’s position is that the management fees paid to Aeolian and 132 from 525 Princess and 555 Princess were unreasonable in relation to the services rendered. In support of its position, the Receiver relies on, among other things, the facts and findings set out in its Fourth Report, Sixth Report and its Supplement to the Sixth Report and all the appendices thereto. The Receiver also relies on the Davies Affidavit and, in particular, paragraphs 10-19 and the exhibits referenced therein. The Receiver does not at this time have a view as to the reasonability of management fees spent on the Projects for 445 Princess, Ross Park and Bronson; these are not Receivership Companies.

4. *With respect to sections 3.2, para. 3(1) and 3.2.2, para. 2(c) of the Fourth Report, confirm the Receiver’s position regarding whether the payments made to Sarah Davies, Y2 Media Group Ltd. and Jessica Davies were reasonable and permitted under the terms of the relevant Loan Agreements. If the Receiver’s position is that the payments were unreasonable and/or prohibited*

under the terms of the relevant Loan Agreements, provide all facts, evidence, information and belief upon which the Receiver relies in support of this position: The Receiver's position is that the payments made to Sarah Davies, Y2 Media Group Ltd. and Jessica Davies were permitted under the relevant Loan Agreements, but only if the services were in fact rendered and the amounts paid were reasonable in relation to the services rendered. As the Receiver states in its Fourth Report at section 3.2, paragraph 3(1): "The permissibility of these payments depends on the services provided, if any, by these individuals. The Receiver has no knowledge of the services provided." Although Mr. Davies has provided limited information regarding the services allegedly provided by Sarah Davies, Y2 Media Group Ltd. and Jessica Davies since the Receiver submitted its Fourth Report to Court, the Receiver is not currently in a position to determine whether these services were in fact provided and, if so, whether the amounts paid to Sarah Davies, Y2 Media Group Ltd. and Jessica Davies were reasonable in relation to the services rendered.

5. *Provide all facts, evidence and information in support of the Receiver's belief stated at section 3.0, para. 8 of the Supplemental Sixth Report that "the development projects undertaken by the Davies Developers had no prospect of success":* Full particulars have already been provided. The facts, evidence and information in support of the Receiver's belief stated at section 3.0, paragraph 8 of the Supplement to the Sixth Report that "the development projects undertaken by the Davies Developers had no prospect of success" are described in detail in the Supplement to the Sixth Report, and are also set out in the Fourth Report and the Sixth Report, as well as in the Davies Affidavit. Among other things:

- (a) There were no equity injections in any of the Projects;
- (b) The value of each of the SMIs significantly exceeded the purchase price of each of the real properties;
- (c) Of the SMI monies raised, approximately 30% was immediately used to pay fees to Tier 1, amounts due to agents who sold the SMI products to Investors, professional costs and to fund a one-year interest reserve, leaving insufficient available cash to fund the operations and development of the respective projects, particularly given the "risks and complexities of the development process"; and
- (d) A significant portion of the remaining funds were used to improperly fund expenses on other projects, pay excessive management and development fees, and, in some cases, pay substantial dividends to Mr. Davies and others.

The Receiver also relies on the outcome of the projects in support of its position in this regard. Specifically, after having been advanced tens of millions of dollars during a booming real estate market, none of the Receivership Companies' Projects are past the pre-construction phase (with the exception of footings and foundations at one of the seven Projects), and, at the time of Grant Thornton's appointment on October 27, 2016, the Receivership Companies collectively had less than \$20,000 in cash to advance their respective projects. They also had no access to capital to advance their projects as, among other things, the quantum of an SMI raise could not exceed the appraised value of the property (nor is it feasible to raise further financing in such a situation), Cane had expressed concerns about the existing appraisals being "out of

date” and “irrelevant to the current day’s situation”, and the Davies Developers could not afford to obtain new appraisals from Cane given, among other things, their lack of available cash.

6. *With respect to section 4.0, para. 1 of the Supplemental Sixth Report, provide full particulars of the portions of the Initial Costs that the Receiver alleges the pro formas for 525 Princess, 555 Princess and Burlington failed to account for:* The table below compares the actual Initial Costs² to projected Initial Costs for 525 Princess, 555 Princess and Burlington:

		(unaudited; \$000s)									
		525 Princess			555 Princess			Burlington			Total
Initial Costs	Projected	Actual	Variance	Projected	Actual	Variance	Projected	Actual	Variance	Variance	
		407	1,596	(1,189)	318	1,982	(1,664)	1,098	1,356	(258)	(3,111)

In respect of the table above:

- The Burlington pro forma does not include a monthly cash flow forecast, which is required to see the timing and amount of the interest reserve. The interest reserve is not separately reflected in that pro forma. All project interest is grouped together. To the extent that the interest reserve has not been included in the pro forma, which cannot be determined, the variance would increase. The projected total Tier 1 fees and broker commissions on this project are \$1.098 million compared to the actual amount of \$1.356 million; and
- A portion of the projected legal fees on each project is an Initial Cost. Initial legal fees are excluded from the variance analysis above because they cannot be separated from certain other costs which have been grouped with legal costs in the pro formas for these projects. For example, the 555 Princess pro forma contains a disbursement line item called “Legal & Dev. Management”. For each of the first eight months of the 555 Princess pro forma, \$113,717 is projected to be paid in Legal & Dev. Management expenses. The Receiver is unable to determine how much, if any, of the Legal & Dev. Management fees relate to legal fees that are Initial Costs. According to the 555 Princess Loan Agreement, the projected Initial Costs relating to legal fees were to total \$55,000, plus HST and disbursements. To the extent that these legal fees were not included in the pro forma, which cannot be determined, the variance would increase.

As discussed in more detail in the Supplement to the Sixth Report, these pro formas are also materially misleading in other respects, including but not limited to the fact that the pro formas for 525 Princess and 555 Princess failed to reflect the payment of dividends, which were paid from the initial SMI advances for each of these projects in the amount of \$1 million from each entity.

7. *Produce the appraisals and proformas provided to the Receiver by Michael Cane on August 4, 2017, as well as any additional information provided by Mr. Cane:* All of the documents and information provided by Michael Cane on August 4, 2017 and otherwise are contained on the enclosed password-protected USB.

8. *Confirm whether Mr. Kofman denies making a statement to the effect that intercompany loans were permissible if they stayed within the enterprise and were made with the consent of the*

² The initial Costs include the interest reserve and other financing costs, including broker commissions and fees payable to Tier 1.

trustee during a call with John Davies, Walter Thompson and Edmond Lamek on Sunday, November 27, 2016 at approximately 1 pm: Mr. Kofman acknowledges that his calendar reflects a call with Messrs. Davies, Thompson and Lamek on Sunday, November 27, 2016 at 1:00 p.m.; however, Mr. Kofman denies making a statement that the Davies Developers' past practice of making intercompany loans was permissible if the loans stayed within the enterprise and were made with the consent of the trustee. As more fully discussed in the Supplement to the Sixth Report (at section 7), at the time of these purported comments attributed to Mr. Kofman, Mr. Kofman had no knowledge of the prior movement of monies among the Davies Developers, all of which occurred before KSV had any involvement with the Davies Developers. In any event, all of the transaction at issue occurred before KSV was retained.

9. *Provide full particulars of the alleged "fraudulent scheme" perpetrated by Mr. Davies and Aeolian, including particulars of the participants in the alleged scheme, the intent of the participants in carrying out the alleged scheme, the steps taken in furtherance of the alleged scheme and the dates on which they were taken, the amounts allegedly taken, from whom they were taken and by whom they were received, and the dates and times upon which those amounts were taken:* This question is improper due to, among other things, its overbreadth. Further, full particulars of the alleged fraudulent scheme are currently only known to the participants in the scheme. However, the Receiver's information regarding the scheme is set out in detail in its various Reports to Court, including its Fourth Report, Sixth Report and Supplement to the Sixth Report. Additional particulars of the fraudulent scheme are also set out in detail in the Davies Affidavit and the appendices attached thereto. The participants in the fraudulent scheme include but are not limited to Mr. Davies, Ms. Davies, Aeolian, the Davies Family Trust and the Davies Arizona Trust. The intentions of the participants in carrying out the fraudulent scheme are presently only known to the participants, but the Receiver assumes that obtaining profits was likely a primary intention, as is typically the case with fraudulent schemes. The full amounts taken are also not yet fully known, but what is known is that Mr. Davies, Ms. Davies and entities related to them collectively received approximately \$5 million from the Receivership Companies, and the Investors, who were supposed to have fully secured investments in real property with a first ranking charge (which would only be subordinated to construction financing intended to create additional value), will lose the majority of their investment.

KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.
Plaintiff

v.

JOHN DAVIES et al.

Defendants

Court File No: CV-17-11822-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ANSWERS TO WRITTEN INTERROGATORIES

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Lawyers for the Plaintiff

Divisional Court File No.: 533/77
(Court File No. CV-17-11822-00CL)

KSV KOFMAN INC.
Plaintiff

and

JOHN DAVIES et al.
Defendant

**ONTARIO
DIVISIONAL COURT
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

**MOTION RECORD
(Volume 2 of 5)**

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