



July 26, 2019

Important Update on Proposed Transaction

Pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated March 21, 2019 (the "**Order**") Miller Thomson LLP ("**Representative Counsel**") was appointed to represent all individuals and/or entities ("**Investors**") that hold an interest in a syndicated mortgage, administered by Hi-Rise Capital Ltd. ("**Hi-Rise**"), in respect of the property municipally known as 263 Adelaide Street West, Toronto, Ontario (the "**Property**") owned by Adelaide Street Lofts Inc. ("**Adelaide**") and the proposed development known as the "Adelaide Street Lofts" (the "**Project**"), in connection with the negotiation and implementation of a settlement with respect to such investments. A copy of the Order can be found on the 'Documents' section of Representative Counsel's website (the "**Website**"), available at <https://www.millerthomson.com/en/hirise/>.

Pursuant to the Order, Representative Counsel represents the interest of all Investors, except Investors who do not wish to be represented by Representative Counsel and have completed and delivered an Opt-Out Notice.

In accordance with the Order, Representative Counsel established an Official Committee of Investors (the "**Official Committee**"), with which Representative Counsel consults regularly and from which it takes instruction in respect of this matter.

Representative Counsel writes this update further to our communication dated July 4, 2019 entitled "Update on Proposed Transaction" (the "**Last Update**"), a copy of which is posted on the 'Communications' section of the Website, and to provide Investors with the following status update on this proceeding.

As you may know, Hi-Rise has received an offer in respect of a proposed transaction related to the Property (the "**Transaction**"). The details related to the Transaction are set out in the Last Update.

Representative Counsel, in consultation with the Official Committee, is currently in the process of negotiating terms of a settlement agreement with Hi-Rise and Adelaide (the "**Settlement Agreement**") that will set out, among other things, the amounts to be paid to Investors. Representative Counsel and the Official Committee are also in the process of considering other potential options in respect of the Property. These negotiations are ongoing and a form of Settlement Agreement has not yet been finalized. Accordingly, the Settlement Agreement is not ready to be circulated to Investors.

Please note that once the Settlement Agreement is finalized between the parties, Representative Counsel will send out an update to all Investors and a copy of the Settlement Agreement will be posted on the Website. At such time, Representative Counsel expects to host a meeting with Investors to discuss the Settlement Agreement and this proceeding (the "**Town Hall Meeting**"). The Town Hall Meeting will be held in person at the offices of Miller Thomson LLP in Toronto, and will be available via telephone and/or webcast for those Investors that cannot attend in person. Representative Counsel will provide a notice to Investors on the details of the Town Hall Meeting in advance.

Please continue to check the 'Communications' section of the Website regularly for further updates as they become available.

Yours Truly,

Miller Thomson LLP,
solely in its capacity as
Representative Counsel