

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

**TWENTY-FOURTH REPORT OF THE TRUSTEE
(COMPREHENSIVE UPDATE)**

November 16, 2020



FAAN Mortgage Administrators Inc.
Court-Appointed Trustee of the Respondent

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TWENTY-FOURTH REPORT OF THE TRUSTEE
(COMPREHENSIVE UPDATE)

November 16, 2020

INTRODUCTION

1. On April 20, 2018, pursuant to an order (“**Appointment Order**”) of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (“**Court**”), FAAN Mortgage Administrators Inc. (“**FAAN Mortgage**”) was appointed as trustee (“**Trustee**”) over all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (“**BDMC**”) including, without limitation, all of the assets in the possession or under the control of BDMC, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under syndicated mortgage loans (“**Investors**”), brokers, or borrowers, in each case whether or not such property was or is held in trust or was or is required to be held in trust (collectively, the “**Property**”). The Appointment Order was issued following an application made by the Superintendent of Financial Services pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), as amended (“**MBLAA**”), and section 101 of the *Courts of Justice Act* (Ontario), as amended. A copy of the Appointment Order is attached as

Appendix “1”.

2. On October 30, 2018, this Court issued an Order (“**Realized Property Order**”) that, among other things,
 - (a) required the Trustee to distribute (when aggregated with previous distributions) 70% of (I) all funds held or received by the Trustee as a result of a repayment (in whole or in part) of principal on any loan or other indebtedness administered by BDMC on behalf of Investors (including funds originally obtained with respect to the Victoria Medical SML Loans), whether or not (i) secured by any Real Property Charges in the name of BDMC or an RRSP Trustee, (ii) received before or after the date of the Appointment Order, or (iii) paid or payable in trust, plus (II) all interest paid or payable to BDMC or the Trustee at the time such repayment (in whole or in part) of principal is made (collectively, “**Realized Property**”);
 - (b) required the Trustee to retain 30% of all Realized Property; and
 - (c) authorized the Trustee to use the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, as the Trustee, in its sole discretion, considered necessary or desirable for the administration of the estate, including in respect of those matters set out in paragraph 17 of the Order made by the Court in these proceedings on June 26, 2018 (“**Interim Stabilization Order**”).

The Realized Property Order was amended by the Braestone Settlement Approval Order dated November 28, 2018 and the Harlowe Settlement Approval Order dated December 20, 2018. The Realized Property Order, as amended, requires the Trustee to distribute (when aggregated with previous distributions) 85% of all Realized Property to Investors.

3. The Trustee has, in total, delivered twenty-three reports to Court (collectively, the “**Reports**”) detailing the Trustee’s activities during these proceedings, providing updates to stakeholders on various projects and providing information in support of Orders sought by the Trustee. Notably, on November 22, 2019, the Trustee submitted its thirteenth report in these proceedings (“**Thirteenth Report**”), which provided, among other things, a comprehensive update on the Trustee’s activities, a status update for each project, and support for the Trustee’s request for the December 2019 Omnibus Order. A copy of the

December 2019 Omnibus Order granted by the Court dated December 2, 2019 is attached as **Appendix “2”**.

4. This report (“**Report**” or “**Twenty-Fourth Report**”) is the latest comprehensive update on the Trustee’s activities undertaken since the Thirteenth Report. Capitalized terms not otherwise defined in this Twenty-Fourth Report have the meanings ascribed to them in the Thirteenth Report or other previous Reports of the Trustee, as applicable.
5. Materials filed with the Court with respect to these proceedings, including the Reports and the various Court orders issued in these proceedings, are accessible on the Trustee’s website at: www.faanmortgageadmin.com (“**Trustee’s Website**”). The Trustee intends to maintain the Trustee’s Website for the duration of these proceedings.

PURPOSE OF THE TWENTY-FOURTH REPORT

6. In the Thirteenth Report, the Trustee advised of its intention to report back to the Court in approximately six months with a further comprehensive update regarding these proceedings. As a result of the restrictions in 2020 due to the COVID-19 pandemic, the Trustee determined that it would be appropriate and in the best interests of the Investors to delay the comprehensive update and to focus on realization and distribution efforts relating to the BDMC loans under its mandate. At the same time, the Trustee continued to send out numerous project-specific Investor notices and updates when material events occurred in relation to a specific project, in addition to providing project-specific reports when the Trustee determined it was necessary to seek Court approval regarding various realization and distribution efforts or other specified relief regarding the administration of these proceedings. Since the filing of the Thirteenth Report, the Trustee has filed 10 Court reports and distributed 47 project-specific Investor notices (179 investor notices have been distributed since the Trustee’s appointment). The Trustee is now filing this Twenty-Fourth Report to provide the Court, Investors, borrowers, brokers and other stakeholders with a comprehensive update regarding BDMC, its business and affairs and information regarding the Trustee’s activities since the date of the Thirteenth Report.
7. In addition to the project updates and other information provided to the Court and other stakeholders, this Twenty-Fourth Report is being delivered in support of the Trustee’s request for an Order (“**November 2020 Omnibus Order**”) approving: (i) the Fourteenth Report, Fifteenth Report, Sixteenth Report, Eighteenth Report, Twenty-Second Report

and this Twenty-Fourth Report (“**Approval Reports**”), (ii) the Trustee’s activities described therein, and (iii) the Trustee’s fees and disbursements, including the fees and disbursements of its counsel, for the period from October 1, 2019 to September 30, 2020, as more fully described herein and in the fee affidavits attached hereto.

8. Barring any issues and/or restrictions caused by the recent resurgence in the COVID-19 pandemic, the Trustee intends to report to the Court approximately every six months with a further comprehensive update regarding these proceedings. However, the Trustee also anticipates that it will likely be necessary to attend before the Court during the next six month period to seek relief or advice and directions from the Court regarding project-specific developments, which may include, among other things, the approval of further settlement, assignment or distribution arrangements for certain BDMC loans, or other general file administration matters.

SCOPE AND TERMS OF REFERENCE

9. In preparing this Twenty-Fourth Report, the Trustee has relied upon unaudited financial and other information provided by, *inter alia*, BDMC, Fortress Real Developments Inc. (“**Fortress**”), Canadian Development Capital & Mortgage Services Inc. (“**CDCM**”), the mortgage brokerage who assumed the mortgage brokerage duties of BDMC, and certain other individual borrowers who have borrowed funds from BDMC under various syndicated mortgage loans administered by BDMC. However, the Trustee notes that it cannot be certain that it is in receipt of all applicable and relevant information with respect to the projects and the administration business of BDMC. While the Trustee reviewed various documents provided by BDMC, CDCM, Fortress and applicable borrowers (including, among other things, unaudited internal information, appraisals and financial projections), the Trustee’s review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Assurance Standards (“**GAAS**”), Generally Accepted Accounting Principles (“**GAAP**”), or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Trustee expresses no opinion or other form of assurance pursuant to GAAS, GAAP or IFRS, or any other guidelines, with respect to such information.
10. Some of the information used and relied upon in preparing this Twenty-Fourth Report consists of financial projections and other information received from various third parties,

including appraisals and project cost information. The Trustee cautions that the projections and other information used and relied upon are generally based upon assumptions and estimates about future events and/or market conditions that are not ascertainable or that could change. As such, the information presented in this Twenty-Fourth Report may vary from the projections and information used to prepare this Twenty-Fourth Report and the actual results may differ both from the results projected therein and herein. Even if the assumptions relied upon therein or herein materialize, the variations from the projections could be significant. The Trustee's review of the future-oriented information used to prepare this Twenty-Fourth Report did not constitute an audit or review of such information under GAAS, GAAP or IFRS or any other guidelines.

11. This Twenty-Fourth Report has been prepared for the use of this Court and BDMC's stakeholders as general information relating to BDMC and to assist the Court with respect to the Trustee's request for the proposed November 2020 Omnibus Order. Accordingly, the reader is cautioned that this Twenty-Fourth Report may not be appropriate for any other purpose.
12. All references to dollars are in Canadian currency unless otherwise noted.

GENERAL UPDATE

13. The Trustee has continued to actively engage with borrowers, priority mortgagees, potential purchasers, potential assignees of indebtedness held by BDMC and other stakeholders with respect to the Fortress-affiliated projects, in order to protect the Investors' loan and security positions and to maximize potential recoveries wherever possible. The Trustee continues to monitor the development status of each remaining project, to proactively take steps, where appropriate, to negotiate potential transactions involving borrowers or other stakeholders in an effort to generate or improve recoveries for Investors, to respond to potential or actual enforcement actions, and to participate in sale processes with respect to certain projects. The Trustee also negotiates postponements to new or replacement financing arrangements and provides partial discharges of BDMC's security where such actions are considered necessary and in the best interests of the Investors to allow for the continued development of certain projects.
14. The Trustee continues to encounter complex, difficult, and changing circumstances on many of the BDMC loans and the Fortress-affiliated real estate development projects. As

described in previous Reports, these projects are often distressed and underfunded, and certain projects continue to be subject to enforcement actions from senior lenders. The BDMC loans were often fourth or fifth ranking loans that ranked below tens of millions of dollars of priority financing. The majority of the remaining BDMC loans have now matured or are otherwise in default, but they are often subject to standstill agreements with senior lenders that prevent the Trustee, on behalf of BDMC, from taking independent enforcement actions. On each and every project, there have been competing claims to entitlements and other challenges that could reduce the amounts available to repay the BDMC loans.

15. The BDMC loan documentation generally contains highly restrictive terms that arguably dictate the Investors' priority of recoveries and set out requirements to postpone to new financing or provide discharges without repayment. Such documentation is often missing relevant schedules, contains internally inconsistent provisions, and uses defined terms that are not appropriately defined therein. The Trustee also notes that BDMC had often signed additional documentation on behalf of Investors that materially impacted their rights without their knowledge or consent, based on certain deemed consent provisions or other signing authority granted by Investors when they first made their investments.
16. Many BDMC loans reference development consulting agreements or similar documentation that purport to govern certain terms of the loans, despite BDMC not being a party to such agreements and no evidence being provided to the Trustee that such documentation was given to Investors at the time of their investments. These documents often provided that approximately 35% of the BDMC loan advances would be paid to Fortress and its affiliates, including the Fortress-related brokers, as payment of their fees prior to any amounts being advanced to the project borrower for use in developing the project. In some cases, another portion of the funds advanced by Investors was retained by BDMC to pay interest owing to those same Investors as an "interest reserve", further reducing amounts available to the project.
17. The Trustee notes that senior lenders typically require borrowers to fund similar interest reserves for their priority loans to ensure that the loans are kept in good standing throughout the term of the loan. Borrowers have, in certain cases, asked the Trustee to postpone to additional financing to replace a maturing priority loan, which replacement financing is often in a larger amount than the original loan to provide for an interest reserve

on the new loan. Although these arrangements allow the project to continue without a loan default for a further period, in many cases such arrangements do not provide meaningful or any additional funds to advance the development of the project. Accordingly, the Trustee reviews and discusses the specific circumstances with the respective borrowers to determine whether it is appropriate and beneficial to Investors to agree to postpone to such financing. In some circumstances, the Trustee may further postpone and standstill to such financing to prevent immediate enforcement actions from being taken by priority lenders, in an effort to allow for the project to continue and/or to be sold and to increase the likelihood of improved future recoveries. The Trustee notes, however, that these requests have decreased over the course of these proceedings as, in many cases, senior lenders are no longer willing to provide replacement financing while the BDMC charges remain registered on title, and many of the projects are no longer in an active state of development.

18. Throughout this proceeding, the Trustee has also encountered significant difficulty obtaining copies of all relevant documents relating to certain projects. In many cases, the Trustee has had to make numerous specific requests for disclosure of documentation from Fortress or its representatives due to the disordered and incomplete state of BDMC's books and records. The additional documentation often has a material effect on the relevant BDMC loans. In addition, in certain cases, the Trustee has encountered difficulty obtaining information from other parties, including project borrowers, despite the requirement to provide such information pursuant to the terms of the loan documentation and the Appointment Order. In certain circumstances, the Trustee has had to request and obtain production orders from the Court compelling the production of relevant documents.
19. The Trustee has, and continues to, consider the unique circumstances of each project to attempt to develop and implement creative and project-specific solutions to monetize assets and realize recoveries for Investors, despite the restrictive and often incomplete loan documentation and the challenges and impediments consistently raised by Fortress and other stakeholders on each project. Similarly, while the Trustee actively encourages and continues to remain available to discuss potential mutually beneficial transactions with BDMC's borrowers and priority lenders, it has also been required to remain vigilant in aggressively defending the interests of the Investors from positions being taken by other parties that could further crystallize catastrophic Investor losses. In certain of these

instances, the Trustee has been forced to engage in time consuming contested litigation to protect the Investors' rights.

20. The Trustee actively engages with borrowers and other parties that may have an interest in the relevant properties with respect to settlement, assignment or other monetization opportunities that would provide recoveries and certainty for Investors. As a result of the Trustee's continued efforts, to date the Trustee has completed transactions resulting in Realized Property on behalf of the Investors in the cumulative amount of approximately \$123.2 million (including \$59.8 million since the date of the Thirteenth Report). Although several of the transactions have provided recoveries in excess of 100% of the principal amount (after taking into account previously paid interest) owing to Investors, the Trustee has also been presented with and implemented transactions that resulted in recoveries well below 100%. In these instances, the Trustee has often been advised that such transactions are the only viable option to allow for any recovery at all to the Investors, and, following its review, negotiates for the best possible recoveries for the Investors in the circumstances.
21. Despite facing challenges testing these assertions given the Trustee does not control the sale or refinancing processes conducted by the borrowers, the Trustee has developed creative strategies to work with the relevant stakeholders to obtain as much information as possible and participate directly in such sale or refinancing processes. The Trustee also seeks to improve Investor recoveries whenever possible by way of professional fee reimbursements from borrowers or other parties and to date has recovered approximately \$775,000 on account of such fee reimbursements.
22. The Trustee has filed nine project-specific reports with the Court since the Thirteenth Report mainly relating to arrangements entered into by the Trustee in an effort to maximize and fairly distribute recoveries to Investors. The Trustee has also filed a tenth report seeking approval of an Order ("**Tax Opinions Order**") authorizing it to disseminate copies of tax opinions in the Trustee's possession subject to certain specific restrictions, in order to address requests from Investors received over the past year. The Tax Opinions Order is described in greater detail later in this Report.
23. The Trustee has now made distributions in respect of 17 projects and has identified 10 projects where no recoveries were possible due to the failure of the relevant real estate

development projects and a lack of funds to make any payment toward the BDMC secured debt on those projects. Despite full or partial losses on certain projects due to such failures by project borrowers, the Trustee has attempted to maximize recoveries for Investors whenever possible and to provide certainty and closure to such Investors with respect to their investments, which were often outstanding for much longer than originally anticipated. There are BDMC loans outstanding in respect of 17¹ remaining Fortress-affiliated projects, for which the Trustee continues to proactively seek to take action, as appropriate, to protect Investors' interests and potential recoveries.

24. It remains the Trustee's view that it will likely take several years to complete the administration of the remaining loans due to the early development stages, complex capital structures, significant inventory units remaining for sale and material estate issues that often arise on such projects. As well, certain of the transactions entered into by the Trustee may result in additional Realized Property that is contingent on future events. Further recommendations and long-term strategies for projects are continuing to be developed by the Trustee and deployed on a case-by-case basis, including strategies to enhance opportunities for repayment or improve recoveries in circumstances where the long-term viability of the project or the Investors' economic recovery is uncertain.
25. Approximately \$560 million was invested through BDMC in 45 separate Fortress-affiliated projects by over 11,000 individual Investors. The Trustee recognizes the hardship experienced by the Investors in connection with their investments in Fortress-affiliated projects and understands that many of the Investors have suffered and will continue to suffer a devastating financial impact from such investments, collectively reaching hundreds of millions of dollars. This hardship continues to inform the Trustee's evaluation of potential monetization transactions for the benefit of Investors.
26. The Trustee continues to prioritize the dissemination of information to Investors and dedicates significant resources to respond to Investor inquiries, to meet with individual Investors and groups of Investors (prior to the commencement of the COVID-19 pandemic) and to request Investor feedback in the discharge of its mandate, wherever possible and appropriate. In addition, the Trustee meets and corresponds regularly with

¹ The QEWN Project discussed later in this Report is no longer administered by BDMC and is therefore not included in these figures.

Representative Counsel to discuss its activities and refine its strategies. The Trustee believes that such correspondence with, and feedback from, Investors and Representative Counsel has been beneficial to the conduct of these proceedings.

27. To assist Investors in understanding the status of their particular syndicated mortgage loan, the Trustee has also created a chart on its website which provides, to the best of the Trustee's knowledge, the capital structure, the development status of each project and other project-specific information ("**Project Analysis Summary**"). The updated Project Analysis Summary as of November 12, 2020 is attached as **Appendix "3"** and will also be posted on the Trustee's Website. While the Project Analysis Summary contains particularized information with respect to each project, the Trustee cautions that it is only intended to summarize certain aspects of the Trustee's analysis and understanding with respect to each project as of a specific date. The Trustee continues to refine its analysis as required based on new developments and information, which can at times have a significant impact on the Trustee's review and related recommendations. The Trustee notes that certain confidential information has been excluded from the Project Analysis Summary.
28. The Trustee continues to believe that this Court-supervised process provides Investors with enhanced protections and better opportunities to obtain recoveries in light of the challenging circumstances surrounding Fortress and BDMC.
29. Brief updates and information specific to certain projects that have been the subject of significant developments since the delivery of the Thirteenth Report are detailed in the following sections of this Report. In particular:
 - (a) paragraphs 31 to 61 describe projects where the Trustee has or may have generated Realized Property over the course of the past year;
 - (b) paragraphs 62 to 77 describe certain sale processes conducted through enforcement proceedings that are ongoing or have been completed with no recoveries available for Investors;
 - (c) paragraphs 78 to 85 describe certain ongoing sale processes being conducted by project borrowers outside of enforcement proceedings;
 - (d) paragraphs 86 to 109 describe certain other material project developments; and

(e) paragraphs 110 to 126 provide certain other general updates related to these proceedings.

30. The funding of these proceedings and cash flow projections are described in paragraphs 127 to 137, and the Trustee's fees and activities are described in paragraphs 138 to 152. Where applicable, the Trustee has attached copies of the relevant Investor notices (without appendices) to provide additional information for Investors and this Court in a streamlined and concise manner.

REALIZED PROPERTY GENERATED BY THE TRUSTEE

31. As described above, the majority of the BDMC loans are in some form of distress due to, among other things, significant fees taken directly from initial loan advances, difficulties obtaining financing to advance projects (at times due to not having achieved development milestones or approvals and/or due to BDMC's affiliation with Fortress), project delays and issues relating to the use of funds advanced to the projects. Further, Fortress and other stakeholders continue to take aggressive positions against the Trustee and the interests of the Investors. Despite these challenging and difficult circumstances, the Trustee has recovered approximately \$123.2 million in Realized Property for the benefit of the Investors by way of settlement and/or assignment transactions, sales through enforcement proceedings and sales by project borrowers. The following table summarizes these transactions:

Project	Type of Transaction	Status of Realization²	Payout Amount to Date (\$)
Braestone	Settlement	Complete	10,000,000
Harlowe	Settlement	Complete	15,562,896
Speers	Settlement	Complete	1,950,000
James	Settlement	Complete	4,842,541
Crestview	Settlement	Complete	4,475,000
Kemp³	Power of Sale	Complete	2,176,162
Nobleton North	Settlement	Complete	14,450,000
Humberstone	Settlement	In Progress	1,750,000
CHAT	Sale	In Progress	5,692,031
Dunsire	Receivership	In Progress	450,000
Solterra⁴	Phase 3 Completion	Complete	2,383,758
Bauhaus	Settlement	Complete	6,734,798
Danforth	Settlement	Complete	7,000,000
Solterra	Phase 4 Settlement	Complete	16,171,969
Peter Richmond	Assignment	Complete	26,250,000
Old Market Lane	Power of Sale	Complete	1,570,967
Orchard	Sale by Borrower	Complete	1,754,122
Total			\$123,214,244

Realized Property from Settlement and Assignment Transactions

32. As outlined in the chart above, since the commencement of these proceedings, one assignment agreement and ten settlement agreements have been negotiated by the Trustee and approved by the Court. The Trustee presented these assignment and settlement transactions to Investors and has received overwhelmingly positive responses to the transactions completed to date. Each of the assignment and settlement transactions has been described in detail in previous Reports of the Trustee.
33. The Trustee continues to engage in discussions with stakeholders regarding potential opportunities for the marketing, conveyance, transfer, assignment, sale and/or settlement of BDMC's interests in projects where the Trustee determines that a transaction may be

² For the projects noted to be "In Progress", Investors may receive further recoveries; however, the Trustee cautions that the availability and timing of any such further recoveries remains uncertain.

³ The Realized Property for the Kemp Project includes \$700,000 that is being held by the Trustee pending resolution of the Fortress claim, which is discussed further at paragraph 109.

⁴ The Solterra Realized Property reported in the Thirteenth Report was approximately \$300,000 lower than the figure stated in the chart above, as it did not include the proceeds of sale from the final Phase 3 property closing, which took place in January 2020.

in the best interests of the Investors. The Trustee has, in many circumstances, been able to create competitive tension among stakeholders that has increased the returns for the Investors. The Trustee evaluates each opportunity based on the specific factors applicable to each project, including the appraised values, the likelihood of successful completion, anticipated or existing delays in development and saleability of units, and the ability of the borrower to repay its debts.

34. The following paragraphs briefly summarize the assignment and settlement transactions completed since the date of the Thirteenth Report.

Bauhaus

35. As described in greater detail in the Trustee's fifteenth report to Court dated February 24, 2020 ("**Fifteenth Report**"), BDMC provided a syndicated mortgage loan ("**Bauhaus Loan**") to Lamb Bauhaus Inc. ("**Bauhaus Borrower**") which was secured by a charge on real property located at 284 King St. E., Toronto, Ontario ("**Bauhaus Project**").
36. In December 2019, without consulting the Trustee or Representative Counsel, the Bauhaus Borrower sent a vote, solicitation and feedback request directly to the Bauhaus Investors, which solicited the feedback of the Bauhaus Investors with respect to a \$2.2 million settlement offer. This settlement offer would have represented a recovery to the Bauhaus Investors of approximately 39% of principal ("**Original Offer**"). In response to the Original Offer, the Trustee sent a notice to the Bauhaus Investors outlining the Trustee's view that the Original Offer was neither fair nor reasonable in the circumstances and advised both the Bauhaus Investors and the Bauhaus Borrower that it would not be acting upon any votes from the Bauhaus Investors in response to the Original Offer.
37. In January 2020, the Local Planning Appeal Tribunal released its decision with respect to the Bauhaus Borrower's application for a zoning by-law amendment and site plan approval and ruled in favour of the Bauhaus Borrower, thereby crystallizing the saleable gross floor area for the project, eliminating the existing development uncertainty and reducing the timeline to completion of the Bauhaus Project by at least 12 months. As a result, the Trustee reengaged in negotiations with the Bauhaus Borrower regarding the payment of the amounts due to BDMC. The Bauhaus Borrower ultimately presented a revised offer to the Trustee in the amount of \$6,734,798 (approximately \$4.5 million, or 205%, more than the Original Offer) in full satisfaction of the amounts due under the Bauhaus Loan, which

represented 100% of the outstanding principal and accrued interest through to the effective date of the transaction (“**Bauhaus Final Offer**”). After soliciting feedback from the Bauhaus Investors, the Trustee entered into a settlement agreement with the Bauhaus Borrower, and the transaction was approved by the Court on February 28, 2020. A copy of the notices sent to the Bauhaus Investors seeking feedback on the Bauhaus Final Offer and detailing the outcome of the Investor solicitation process are attached as **Appendix “4”**.

Danforth

38. As described in greater detail in the Trustee’s sixteenth report to Court dated March 10, 2020 (“**Sixteenth Report**”), BDMC provided a syndicated mortgage loan (“**Danforth Loan**”) to 1177 Danforth Avenue Ltd. (“**Danforth Borrower**”), which was secured by a charge on real property located at 1177 Danforth Avenue, Toronto, Ontario.
39. After extensive negotiations between the Danforth Borrower and the Trustee, the Danforth Borrower presented the Trustee with an offer in amount of \$7 million (“**Danforth Offer**”) in full satisfaction of amounts due to BDMC under the Danforth Loan. The total principal outstanding on the Danforth Loan was approximately \$7.2 million. The Danforth Offer reflected a return of approximately 97% of the outstanding principal balance or a return of 106% of the outstanding principal, when previously paid interest was taken into account. After soliciting feedback from the Danforth Investors, the Trustee entered into a settlement agreement with the Danforth Borrower, and the transaction was approved by the Court on March 16, 2020. A copy of the notices sent to the Danforth Investors seeking feedback on the Danforth Offer and detailing the outcome of the Investor solicitation process are attached as **Appendix “5”**.

Solterra

40. As described in greater detail in the Trustee’s eighteenth report to Court dated August 19, 2020 (“**Eighteenth Report**”), BDMC provided a syndicated mortgage loan (“**Solterra Loan**”) to 2382317 Ontario Inc. (“**Solterra Borrower**”), which was secured by a charge on real property located at MacAlister Blvd., Guelph, Ontario (“**Solterra Project**”).
41. The Solterra Loan was advanced for the development of Phase 3 and Phase 4 of the Solterra Project. Phase 3 was completed in late 2019 and construction of Phase 4 remains ongoing. Proceeds from the sale of the Phase 3 homes were sufficient to repay in full the

first priority mortgagee registered on title to the Phase 3 lands, and the Trustee was able to negotiate an early partial repayment of the Solterra Loan in the amount of \$2,383,758 from the Phase 3 proceeds (“**Phase 3 Repayment**”).

42. Subsequent to the Phase 3 Repayment and following additional negotiations with the Solterra Borrower, the Solterra Borrower provided the Trustee with an offer to settle the remaining portion of the Solterra Loan for an aggregate amount of \$16,171,969 (“**Solterra Offer**”) in full satisfaction of amounts due to BDMC. The Solterra Offer, when combined with the Phase 3 Repayment, reflected a return of approximately 114% of the total principal balance owing under the Solterra Loan. After soliciting feedback from the Solterra Investors, the Trustee entered into a settlement agreement with the Solterra Borrower, and the transaction was approved by the Court on August 27, 2020. Copies of the notices sent to the Solterra Investors seeking feedback on the Solterra Offer and detailing the outcome of the Investor solicitation process are attached as **Appendix “6”**.

Peter Richmond

43. The Peter Richmond Project is a real estate development project located in downtown Toronto, Ontario comprised of multiple parcels of land (“**Land Assembly**”) that had syndicated mortgage loans in the principal amounts of approximately \$27.4 million (“**PRLA SML Loan**”) and \$4.5 million (“**LH2 Loan**”), in third and fourth ranking positions, respectively (the PRLA SML Loan and the LH2 Loan, jointly, the “**Peter Richmond Loans**”). The mortgage in respect of the LH2 Loan was only registered on title to 122-124 Peter Street, one of the parcels comprising the Land Assembly, while the mortgage in respect of the PRLA SML Loan was registered on all parcels comprising the Land Assembly.
44. As described in greater detail in the Trustee’s fourteenth report to Court dated January 23, 2020 (“**Fourteenth Report**”), and in the notice sent by the Trustee to the Peter Richmond Investors, which is attached as **Appendix “7”**, the Trustee undertook a focused solicitation process regarding a potential transaction involving the Peter Richmond Loans. As a result of this solicitation process, the Trustee determined that it was in the best interests of the Peter Richmond Investors to seek Court approval for the assignment of the indebtedness owed by the Peter Richmond borrower to BDMC in respect of the Peter Richmond Loans and related security in exchange for a cash payment of \$26.25 million

(“**Peter Richmond Realized Property**”). On January 30, 2020, the Court granted an Order approving the transaction.

45. Given the complexities surrounding the priority issues with respect to the Peter Richmond Loans, on October 15, 2020, the Trustee returned to Court and obtained Court approval to distribute the Peter Richmond Realized Property: (i) on a *pari passu* basis to all Peter Richmond Investors with respect to the portion of the Peter Richmond Realized Property allocable to 122-124 Peter Street; and (ii) solely to the PRLA SML Loan Investors with respect to the portion of the Peter Richmond Realized Property allocable to the remaining parcels of land in the Land Assembly. Details regarding the Trustee’s analysis and conclusions regarding the priority issues are described in detail in the Trustee’s Twenty-First Report dated October 2, 2020. The notices sent by the Trustee to the Peter Richmond Investors regarding the assignment transaction and the proposed distribution are attached as **Appendix “7”**.

Realized Property from Sale Transactions

46. As a result of the Trustee’s efforts in monitoring the development of each project and participating in sale and enforcement processes initiated by borrowers or senior lenders, since the date of the Thirteenth Report the Trustee has also obtained Realized Property from the sale of the following real estate development projects (both inside and outside of enforcement proceedings). In these cases, the Trustee negotiates to provide for the highest recovery possible for Investors in the circumstances. As discussed below, in certain circumstances, the Trustee continues to face competing claims to such recoveries, thereby making the outcome in those cases uncertain until such claims are resolved.

Old Market Lane

47. The Old Market Lane Project (“**OML Project**”) is a real estate development project in Woodbridge, Ontario that had three separate syndicated mortgage loans administered by BDMC in the principal amounts of approximately \$3.8 million, \$3.1 million and \$6.4 million (“**OML Loans**”).
48. On September 25, 2019, 5019203 Ontario Ltd. (“**5019 Ontario**”), the first priority mortgagee, commenced a notice of sale under mortgage proceeding (“**Notice of Sale**”) that would have allowed it to sell the property after November 15, 2019 if its mortgage was not repaid by the OML borrower prior to that date.

49. As described in greater detail in the Trustee's Twentieth Report to Court dated October 2, 2020 ("**Twentieth Report**"), the Trustee was independently presented with a proposed sale transaction for the OML Project prior to the commencement of the first mortgagee's sale process. The Trustee advised 5019 Ontario's counsel of the proposed offer, which was in excess of the appraisal previously commissioned by the Trustee and two appraisals commissioned by 5019 Ontario. 5019 Ontario ultimately entered into a transaction with this purchaser instead of pursuing its sale process, which resulted in residual proceeds of approximately \$1.57 million being distributed to BDMC in respect of the OML Loans ("**OML Residual Proceeds**") after payment of the 5019 Ontario mortgage and other closing costs. The Trustee's involvement in the sale process resulted in a transaction in excess of the appraised value and significant savings to the OML Investors due to the lack of real estate commissions and additional interest that would have accrued on the first priority mortgage over the duration of a sales process.
50. Given the complexities surrounding the priority issues with respect to the OML Loans, on October 15, 2020, the Trustee sought and obtained Court approval to distribute the OML Residual Proceeds on a *pari passu* basis to all OML Investors. The priority issues are described in detail in the Twentieth Report. The Twentieth Report also described the Trustee's recommendation to exclude Fortress from any distributions of the OML Residual Proceeds on the basis of certain minutes of settlement entered into by the Fortress-related borrower in respect of one of the OML Loans. At the October 15, 2020 hearing for approval of the Trustee's proposed distribution methodology, Fortress asserted a right to receive distributions in respect of the amounts contemplated by the minutes of settlement despite not serving any materials providing its basis for such claim. The Court denied Fortress' entitlement to any distributions from the OML Residual Proceeds to the direct benefit of the OML Investors.
51. Copies of the notices sent by the Trustee to the OML Investors regarding the outcome of the sale transaction and proposed distribution methodology for the OML Residual Proceeds are attached as **Appendix "8"**.

North, Jasper House and Orchard

52. The North, Jasper House and Orchard Projects are three separate proposed high-rise real estate development projects located in Alberta that were controlled by entities related to

the same principal owner. In each case, the owner of each project (i.e., the borrower under each of the respective BDMC loans) determined that it was unable to continue with the development of the project and listed the relevant property for sale with commercial real estate brokers (“**Listing Agents**”). All three projects were sold and each of the sale transactions has now closed⁵.

53. The North and Jasper House Projects, located in Edmonton, Alberta, with over \$8.2 million and \$8.3 million of principal outstanding, respectively, of second ranking syndicated mortgage loan debt administered by BDMC were listed for sale at \$8.25 million and \$7.8 million, respectively (jointly, the “**Edmonton Properties**”). The Edmonton Properties were listed for sale in or around November 2019 with no offer deadlines.
54. The Orchard Project is located in Calgary, Alberta and had over \$14.2 million and \$1.55 million of principal outstanding of third and fourth ranking syndicated mortgage loan debt administered by BDMC. The Orchard Project was listed for sale in or around January 2020, with no list price and an offer deadline of March 18, 2020.
55. The Trustee engaged in discussions with each of the respective Listing Agents and understood that each of the properties received continuous exposure during their marketing periods but only received limited interest. Specifically, each of the Listing Agents advised that there was significant market uncertainty in Alberta as a result of, among other things, the COVID-19 pandemic and the continued suppression of oil prices.
56. The Edmonton Properties both sold below their respective list prices and all three properties sold below the Trustee’s “as-is” appraisal for the properties. However, given that the sales were conducted outside of enforcement proceedings, the Trustee considered whether to grant a discharge of BDMC’s mortgages in connection with the sales (which was a condition precedent to the completion of each sale so that the purchaser could obtain clean title). In light of the modest recoveries potentially available for the BDMC Investors from each of the three sale transactions, the Trustee considered whether there were any alternatives to the sale transactions that could have resulted in a more favourable outcome. After consideration of available alternatives, the Trustee was of the view that the only viable alternative was a long-term hold of the Edmonton Properties and the Orchard property by the project borrowers until such time that the Alberta market

⁵ The Trustee’s counsel is holding the residual proceeds from the North and Jasper House sale transactions in its trust account pending resolution of the Related Party Claims discussed herein, and has not included such proceeds in the chart summarizing the Realized Property generated by the Trustee in paragraph 31 above.

could either support a higher price for a land transaction or until there was sufficient demand to support the development of the proposed condominium projects (or some other design and use of the properties). However, the Trustee understood that the borrowers were unable to raise the additional financing necessary to continue supporting the projects during the interim period, including the servicing of the priority debt. Given that a long-term hold was not a viable option for any of these projects, and the alternative was likely a distressed sale in a power of sale proceeding where there was no certainty of any recovery for Investors, the Trustee concluded that it was appropriate to discharge the BDMC mortgages registered on title to the Edmonton Properties and Orchard property.

North and Jasper House

57. The agreement of purchase and sale for the North Project included a sale price of \$4.7 million. After payment of the priority mortgage, property taxes, real estate commission and other closing costs, residual proceeds of approximately \$1.6 million were distributed to the Trustee to be held in trust by the Trustee's counsel pending resolution of the related party claims described below. On September 8, 2020, a notice was sent to the North Project Investors regarding the sale transaction, which is attached as **Appendix "9"**.
58. The agreement of purchase and sale for the Jasper House Project included a sale price of approximately \$4.3 million. After payment of the priority mortgage, property taxes, commission and other closing costs, residual proceeds of approximately \$1.8 million were distributed to the Trustee to be held in trust by the Trustee's counsel pending resolution of the related party claims described below. On September 22, 2020, the Trustee sent a notice to the Jasper House Project Investors regarding the sale transaction, a copy of which is attached as **Appendix "10"**.
59. The North and Jasper House borrowers have each provided the Trustee with a summary of amounts that each borrower claims it is owed from the respective sale proceeds, in each case in priority to second ranking syndicated mortgage loan debt administered by BDMC. These claims are comprised of, among other things, amounts advanced by certain companies related to the respective borrower to pay, among other things, certain carrying costs associated with the properties, including costs to service the priority mortgages (together, the "**Related Party Claims**"). The Trustee continues to engage in discussions with the Jasper House and North borrowers regarding the Related Party Claims in an effort to resolve the claims consensually and to avoid the costs that would be incurred and

delays that would ensue should the matter be litigated. In the event that an agreement cannot be reached with the borrowers, the Trustee will consider all of its options, including potentially seeking Court approval of a distribution to the BDMC Investors of the residual proceeds from each of the sale transactions. The North and Jasper House Investors were advised of the Related Party Claims in the notices they were sent regarding the sale transactions involving their respective projects.

60. In addition to the Related Party Claims, there was a further mortgage registered on title to the Jasper House property in third position, behind the BDMC mortgage, in favour of the North Project borrower, in the amount of \$768,650. It appears that the North borrower advanced these funds from the North Project to the Jasper House Project as a loan and such loan was not repaid. The Trustee is in the process of reviewing this transaction and will report back to the North and Jasper House Investors and to the Court upon completion of its review, as it may affect entitlement to the residual proceeds from the Jasper House sale transaction and accordingly the quantum that may be available for distribution to both the North and Jasper House Investors.

Orchard

61. As described in greater detail in the Trustee's Nineteenth Report to Court dated September 15, 2020 ("**Nineteenth Report**"), the Orchard borrower entered into an agreement of purchase and sale in June 2020 for a purchase price of \$7 million. After payment of the priority mortgages, including a loan from a party related to the Orchard borrower, property taxes, commission and other closing costs, approximately \$1.8 million remained for distribution to the Orchard Investors ("**Orchard Residual Proceeds**"). Given the complexities surrounding the priority issues with respect to the two Orchard BDMC loans, the Trustee sought and obtained Court approval on September 22, 2020 to distribute the Orchard Residual Proceeds on a *pari passu* basis to the Orchard Investors. Details regarding the Trustee's analysis and conclusions regarding the priority issues are described in detail in the Nineteenth Report. A copy of the notice sent by the Trustee to the Orchard Investors regarding the outcome of the sale transaction and proposed distribution methodology for the Orchard Residual Proceeds is attached as **Appendix "11"**.

SALE PROCESSES CONDUCTED THROUGH ENFORCEMENT PROCEEDINGS

62. There continue to be several projects subject to enforcement proceedings commenced by senior lenders whose mortgages have gone into default. The Trustee notes that it is possible that the number of properties subject to enforcement proceedings will continue to increase, as project borrowers continue to face challenges (i) achieving development milestones, (ii) selling remaining units in completed projects and (iii) in obtaining replacement financing while the projects remain affiliated with BDMC and Fortress, thereby causing the borrowers to fail to adequately service priority loans.
63. These enforcement proceedings often lead to a sale of the property by way of a formal sale process, which may or may not involve Court proceedings. To the extent possible, the Trustee takes an active role in these proceedings in order to ascertain, and potentially improve, the likelihood of recoveries to the Investors. Despite having limited control over the negotiations and terms of any potential transaction as a subsequent mortgagee, the Trustee requests information with respect to the sale process conducted in order to ensure, to the extent possible, that any process conducted has been commercially reasonable and has considered the duties of the relevant parties and the debt owing to BDMC.
64. Where the Trustee determines that it is likely that senior lenders will suffer a shortfall (often based on the appraisals commissioned by the Trustee and discussions with the Trustee's appraiser and planning consultant) and, as a result, the Investors will not recover any amounts on a project, the Trustee seeks to limit its continued involvement in the proceedings. However, in circumstances where the Trustee is of the view that it may be able to generate or increase returns to Investors, it attempts to facilitate transactions that may not otherwise be available or known to the enforcing party.

Ongoing sale processes in enforcement proceedings

65. Below is a summary of sale processes in enforcement proceedings that have been commenced and/or continued since the date of the Thirteenth Report. Additional Realized Property may be generated from these projects, but the timing and quantum thereof remains unknown.
66. Nobleton South Project: a real estate development project in Nobleton, Ontario ("**Nobleton South Project**") that has over \$7.7 million in principal of second ranking

syndicated mortgage loan debt administered by BDMC. The Nobleton South Project was subject to a Notice of Sale issued by the priority mortgagees in respect of acquisition financing in excess of \$3.4 million that had matured. The Trustee has been actively involved in the Notice of Sale process and has been dealing directly with the priority mortgagees. The Trustee has been advised that the priority mortgagees have entered into an agreement of purchase and sale with respect to the property and the transaction is scheduled to close in December 2020. The purchase price for the property has not been publicly disclosed to protect the value of the property in the event that the transaction with the purchaser is not completed. Once the transaction closes, the Trustee will provide the Nobleton South Investors with information regarding the purchase price and any Investor recovery.

67. King Square Project: a three-storey condominium shopping mall development in Markham, Ontario ("**King Square Project**") with approximately \$8.6 million in principal of third ranking syndicated mortgage loan debt administered by BDMC. The King Square Project was subject to a Notice of Sale dated March 6, 2020 issued by Firm Capital Mortgage Fund Inc. ("**Firm Capital**"). As of November 11, 2020, the amount owing to Firm Capital was approximately \$60.6⁶ million inclusive of interest and fees accrued to that date. Firm Capital is working together with the King Square borrower to sell the remaining inventory comprising the King Square Project. In aggregate, approximately 45% of the net saleable area has been sold. The timing and quantum of recoveries, if any, for the King Square Investors remains uncertain and is dependent upon the timing and selling price of the remaining inventory and the status of the amounts owing to Firm Capital, which continue to accrue interest. A notice was sent by the Trustee to the King Square Project Investors on March 25, 2020 advising that Firm Capital had issued a Notice of Sale, a copy of which is attached as **Appendix "12"**. The Trustee continues to engage with Firm Capital to monitor its progress with respect to the sale of the remaining inventory.
68. Bowmanville Project: a real estate development project in Bowmanville, Ontario ("**Bowmanville Project**") with approximately \$5.3 million in principal of third ranking syndicated mortgage loan debt administered by BDMC. On May 5, 2020, Ernst & Young Inc. ("**EY**") was appointed as receiver for the Bowmanville Project and retained CBRE

⁶ The Firm Capital indebtedness is inclusive of approximately \$14 million of vendor take back mortgages between Firm Capital and the purchasers of certain units.

Land Services Group to market the property for sale. EY sought and obtained Court approval on November 5, 2020 of an agreement of purchase and sale between the receiver and Brookhill Durham Holdings Inc., a company related to the Bowmanville borrower and the party that submitted the highest and best offer.

69. The purchase price for the property has not been publicly disclosed to protect the value of the property in the event that the transaction with the purchaser fails to close. The Trustee understands that given the quantum of debt in priority to the BDMC debt, the Bowmanville Investors will experience a significant shortfall on their loan. The sale transaction is scheduled to close on November 23, 2020, after which the Trustee will provide the Bowmanville Investors with information regarding the purchase price and any Investor recovery. On October 21, 2020, a notice was sent to the Bowmanville Investors with respect to the EY sale approval motion, a copy of which is attached as **Appendix "13"**.

70. South Shore Project: a real estate development project in Keswick, Ontario ("**South Shore Project**") with over \$20.6 million in principal of second ranking syndicated mortgage loan debt and approximately \$8.6 million in principal of third ranking syndicated mortgage loan debt administered by BDMC. As described in the Thirteenth Report, on January 24, 2019, Diversified Capital Inc. ("**Diversified**") issued a Notice of Sale in respect of its priority debt in excess of \$6.9 million that had matured. The Trustee has engaged in correspondence with Diversified since the commencement of the enforcement proceedings and has sought certain information from Diversified. In October 2019, Diversified advised the Trustee that it was in the process of commencing a formal marketing process, which included retaining a commercial broker to list the property for sale. Thereafter, the Trustee continued to follow up with Diversified requesting updates regarding its efforts to sell the property as it continued not to be listed for sale on the open market. Despite the Trustee's repeated requests, which included a letter to Diversified from the Trustee's counsel on June 5, 2020 ("**Diversified Letter**"), the information requested was not provided. With the exception of limited responses to the Trustee's correspondence after the issuance of the Diversified Letter, Diversified continued to ignore the Trustee's requests for information. Through its own research, the Trustee understands that, on or about October 21, 2020, the property was formally listed for sale with Colliers International on an unpriced basis and with a deadline for offers of November 26, 2020. The Trustee is continuing to attempt to engage in discussions with Diversified to obtain more information regarding the sale process so

that it can evaluate the appropriateness of the sale process and assess BDMC's rights in respect of the South Shore Project.

71. Port Place 2 Project: a real estate development project involving four land parcels (collectively, "**Port Place 2 Lands**") in St. Catharines, Ontario. As described in greater detail in the Trustee's Twenty-Third Report to Court dated October 8, 2020 ("**Twenty-Third Report**"), the first-ranking mortgagees issued a Notice of Sale requiring the full amount of the then outstanding debt under the first mortgage to be paid on or before May 30, 2019. As the May 30, 2019 deadline was not met, a sales and marketing process for the Port Place 2 Lands was commenced. In June 2020, a sale transaction for one of the four parcels was completed. The Trustee understands that the remaining three parcels ("**Remaining Port Place 2 Lands**") are currently subject to sale transactions that have not yet been completed.
72. As described in the Thirteenth Report, there was a priority issue regarding title to the Port Place 2 Lands with respect to financing in the amount of \$1.47 million that was advanced by certain first-ranking mortgagees and registered in third position (i.e., subordinate to the BDMC debt) on title to the Port Place 2 Lands ("**Additional Financing**"). The title insurer claimed that the Additional Financing was always intended to rank in priority to the BDMC debt and contended that the doctrine of equitable subrogation applied in the circumstances. The Trustee reviewed the documentation and legal arguments and considered the likelihood of success at, and anticipated costs of, a contested priority dispute before the Court. The Trustee determined that it would be in the best interests of the Port Place 2 Investors to negotiate a settlement with respect to the Additional Financing, and ultimately agreed that the Additional Financing would rank in priority to the BDMC debt on the Port Place 2 Lands, but only to the extent of certain maximum priority amounts applicable to each parcel of land. The Trustee agreed upon proposed subordination and priority agreements with respect to the BDMC mortgage on the Remaining Port Place 2 Lands and obtained an Order from the Court on October 15, 2020 authorizing the Trustee to enter into such subordination and priority agreements. The priority dispute and resulting postponement are described in detail in the Twenty-Third Report. A copy of the notice sent to the Port Place 2 Investors regarding the completion of the sale transaction and the proposed resolution of the priorities issue is attached as **Appendix "14"**.

Sales completed in enforcement proceedings that generated no Realized Property

73. The following sale transactions were completed through enforcement proceedings since the Thirteenth Report and resulted in no recoveries for the BDMC Investors.
74. Lake and East Project: a real estate development project in Oakville, Ontario ("**Lake and East Project**") with approximately \$9.1 million in principal of second ranking syndicated mortgage loan debt administered by BDMC. The Lake and East Project was subject to a Notice of Sale commenced by Toronto Capital Corporation ("**TCC**"), the first priority mortgagee. On December 18, 2019, TCC accepted an offer for the sale of the property from a third party, 2726102 Ontario Inc., at a sale price of \$7 million. As at the closing of the sale transaction, the total owing to TCC was in excess of \$7.5 million. As TCC suffered a shortfall on its priority loan and mortgage, there were no recoveries available for the Lake and East Investors. On July 21, 2020, a notice was sent to the Lake and East Investors with respect to the sale transaction, a copy of which is attached as **Appendix "15"**.
75. Triple Creek Project: a real estate development project in Rocky View County, Alberta ("**Triple Creek Project**") with over \$15.4 million of syndicated mortgage loan debt administered by BDMC. There were two BDMC mortgages registered on title to the Triple Creek Project (jointly, the "**Triple Creek Debt**"), as follows: (i) a fourth ranking mortgage registered in the amount of \$12.9 million representing the original principal advanced by the Triple Creek Investors; and (ii) a fifth ranking mortgage registered in the amount of approximately \$2.5 million which represents the accrued interest on the fourth ranking mortgage through to July 2017, when the Triple Creek Project was acquired by the Triple Creek borrower from the original borrower. The Triple Creek Project is a large block of land near Calgary that is outside of the existing built boundary. The Triple Creek Project was subject to a Notice of Sale initiated by the first priority mortgagee, Romspen Investment Corporation ("**Romspen**"), in May 2018. As at September 3, 2020, the total amount owing to Romspen was approximately \$4.2 million, inclusive of interest. In addition to the Romspen debt, there were two other loans totaling approximately \$4 million registered on title to the property that is the subject of the Triple Creek Project that rank in priority to the Triple Creek Debt.
76. On December 14, 2018, the Court of Queen's Bench of Alberta granted an order permitting the property to be listed for sale for six months, with no offer deadline, at a list price of \$3

million. A report prepared by the listing agent noted that over the course of the six months, with the exception of one verbal offer for \$1.9 million, no offers were received. After the completion of the initial six-month listing, the listing agent continued to market the property on its website until July 2020, during which time it received three verbal offers ranging from \$700,000 to \$1.6 million.

77. Given the lack of interest in the property, Romspen sought and obtained an Order for Foreclosure on October 29, 2020, which resulted in Romspen being granted a new Certificate of Title to the property solely in its name and all subsequent encumbrances, including the BDMC mortgages, being discharged from title to the property, with no recovery for the Triple Creek Project Investors or the second or third ranking loans that are in priority to the Triple Creek Project Investors. The Trustee actively monitored the sale process and engaged with the stakeholders; however, given the amount of priority debt and the lack of interest from potential purchasers, no recoveries were generated from this project. A notice was sent by the Trustee to the Triple Creek Investors on October 21, 2020 advising that Romspen was seeking the Foreclosure Order, a copy of which is attached as **Appendix "16"**.

ONGOING SALE PROCESSES OUTSIDE OF ENFORCEMENT PROCEEDINGS

78. Since the date of the Thirteenth Report, the Trustee has continued to be approached by project borrowers seeking to sell their projects prior to completion of the development. When properties are sold outside of an enforcement proceeding, the properties are transferred subject to the existing encumbrances, including the BDMC mortgages to the extent they remain unpaid from the proceeds of the transaction. Given that purchasers generally seek to acquire title free and clear of existing encumbrances, the potential purchasers frequently require that the borrowers obtain a discharge of all mortgages on title as a condition precedent to the sale transaction, despite the BDMC Investors suffering a shortfall on their investments as a result of such transaction. Often, the Trustee is informed that without the proposed sale transaction, the property would be sold pursuant to a distressed sale process as the borrower is no longer able to service the priority mortgages. Accordingly, to complete the transaction, the borrower and the purchasers require the prior consent of the Trustee to discharge any BDMC mortgages registered on title.

79. The Trustee evaluates proposed sale transactions, including the proposed distribution of the sale proceeds, to determine if, in the circumstances, it appears to be appropriate and in the best interests of the BDMC Investors to agree to discharge the BDMC mortgage despite a resulting shortfall to the Investors. The Trustee considers, among other things, information regarding the status of the project financing, the sale process conducted, the number of offers received, the stage of the project development, the reason for the proposed sale and the viability of any alternative solutions. Wherever possible, the Trustee seeks to negotiate the terms of the transaction to generate or increase recoveries for Investors, including seeking reduced fees or new security in favour of the BDMC Investors following the sale.
80. Below is a summary of the ongoing sale processes that were commenced by project borrowers outside of formal enforcement proceedings since the date of the Thirteenth Report.
81. Sky City Project: a real estate development project in Winnipeg, Manitoba ("**Sky City Project**") with five syndicated mortgage loans administered by BDMC registered on title in fourth through eighth position whose principal balances in aggregate total approximately \$32 million (collectively, the "**BDMC Sky City Debt**"). There are three mortgages registered on title to the Sky City Project in priority to the BDMC Sky City Debt that in aggregate total approximately \$9.5 million. In addition, Fortress has claimed that it is entitled to a mortgage in priority to the BDMC Sky City Debt in respect of approximately \$2 million that it claims it advanced to the Sky City borrower, an entity related to Fortress, for certain carrying costs of the property. The Trustee has not agreed to Fortress' claim to a priority mortgage, and no such mortgage has been registered on title to date.
82. The Trustee was advised that the Sky City borrower was seeking to sell the property and retained CW Stevenson Inc. to list the property for sale on September 15, 2020. The property was listed with no list price and an offer deadline of October 15, 2020. The Trustee has been unable to obtain information directly from the real estate broker regarding the sale process, as the broker has advised the Trustee that the Sky City borrower had instructed the broker that information requests by the Trustee regarding the outcome of the sales process should be directed to it. The Sky City borrower advised that discussions are ongoing with prospective purchasers regarding offers that have been submitted, but despite repeated requests, has provided no information to the Trustee with

respect to the quantum of the offers. Accordingly, it is unknown at this time if a sale transaction will be completed, or whether any such transaction would provide sufficient proceeds to repay any portion of the BDMC Sky City Debt. Should there be funds available beyond the amount required to satisfy the priority mortgages on the Sky City Project, the Trustee will review the claim advanced by Fortress and determine next steps. A notice was sent by the Trustee to the Sky City Investors advising of the sale process on September 23, 2020, a copy of which is attached as **Appendix "17"**.

83. On October 13, 2020, 11615467 Canada Ltd, the third priority mortgagee on title to the Sky City properties, issued a Notice of Sale requiring the payment of the full amount of its outstanding debt of approximately \$1.8 million. The Trustee has been advised by counsel to the third priority mortgagee that, should its debt not be repaid within 30 days of the issuance of the Notice of Sale, the third priority mortgagee intends to seek court approval to list the Sky City properties for sale regardless of the existing sale process being conducted by the borrower.
84. Whitby Project: a real estate development project in Whitby, Ontario ("**Whitby Project**") with over \$14.7 million in principal of second ranking syndicated mortgage loan debt administered by BDMC. There is one priority mortgage registered on title in the amount of approximately \$12.7 million. The Whitby borrower had exhausted the funds advanced by the priority mortgagee in early 2020 and sought additional financing required to continue the development of the Whitby Project. However, the Whitby borrower was not able to obtain such additional financing and was unable to fund the May interest payment owing to the priority mortgagee. In order to remedy this default with the priority mortgagee, the Whitby borrower negotiated additional financing from such mortgagee in the amount of \$650,000, which amount would cover its expenses to October 31, 2020 while the Whitby borrower attempted to complete a sale of the Whitby Project. The Trustee, on behalf of BDMC, agreed to subordinate and postpone to the additional funds in May 2020.
85. The Whitby borrower has retained Jones Lang LaSalle Real Estate Services Inc. ("**JLL**") to sell the property. The property is listed for sale with no list price and no bid deadline. The Trustee understands from discussions with JLL that there are a number of parties interested in the property. The Whitby borrower has also informed the Trustee that it has entered into a conditional agreement of purchase and sale for the Whitby Project, which

would require the discharge of the BDMC mortgage as a prerequisite to closing. The Trustee understands that the prospective purchaser is continuing its due diligence, and such due diligence period has been extended to December 2020. However, as noted above, the additional priority financing only provided sufficient funding through to October 31, 2020. Accordingly, the Trustee understands that the Whitby borrower is in discussions with the first priority mortgagee for additional financing to bridge to the closing of a sale transaction. The Trustee continues to monitor the sale process through discussions with the Whitby borrower and with JLL directly. Notices were sent by the Trustee to the Whitby Investors advising of the financing, the sale process and the conditional agreement of purchase and sale on February 4, 2020 and June 18, 2020, copies of which are attached as **Appendix “18”**.

OTHER MATERIAL PROJECT DEVELOPMENTS

86. As set out above, in order to provide the BDMC Investors with information on the status of their investments, the Trustee has updated the Project Analysis Summary attached as **Appendix “3”** to this Report and will be posting the updated Project Analysis Summary on the Trustee’s Website. In addition to these updates and the updates with respect to the projects described above, the following projects have been the subject of material developments since the date of the Thirteenth Report.

Brookdale

87. The Brookdale Project is a real estate development project in midtown Toronto that had approximately \$4.6 million in principal of mezzanine syndicated mortgage loan debt and over \$20 million in principal of subordinated syndicated mortgage loan debt administered by BDMC and owed by Fortress Brookdale Inc. (“**Brookdale Borrower**”). These loans had fourth and fifth ranking mortgages, respectively, registered on title to the Brookdale Project.
88. The Brookdale Project was subject to a Notice of Sale proceeding brought by Firm Capital in respect of first priority construction financing that had matured. Firm Capital appointed RSM Canada Limited (“**RSM**”) as its private receiver over the assets comprising the Brookdale Project. RSM ran a sales process for the Brookdale Project and, on October 18, 2018, the Court approved the sale of the property. The transaction closed on October 24, 2018. Based on RSM’s Court materials, the selling price for the property was

approximately \$50 million and the net proceeds, after costs and repayment of the Firm Capital mortgage, were \$26,945,205, which amount was paid into Court pending resolution of various competing claims regarding the priority of distribution of the proceeds.

89. The Trustee has played an active role in contested litigation dealing with entitlement to the net proceeds in order to protect the interests of the Investors in the Brookdale Project. The Trustee has participated in contested Court proceedings, numerous case conferences and a Court-ordered mediation and has provided hundreds of thousands of documents and other information in the context of this litigation. These proceedings have been complex and time-consuming.
90. On February 13, 2019, a case conference was held to review next steps in the process of resolving 14 construction liens registered against the Brookdale property, pursuant to which approximately \$8.7 million was being claimed, and related priority issues in respect of the distribution of the net proceeds. Following a second case conference, an order was granted by the Court on March 21, 2019 approving the payment of \$5,872,436 to the second ranking mortgagee and \$580,062 to the third ranking mortgagee from the net proceeds, which prevented further interest from accruing on these loans, to the benefit of the Investors. After the repayment of these amounts, approximately \$20.4 million remained with the Court.
91. Following multiple further case conferences, onerous documentary production requests and a mediation between the Trustee and the lien claimants that, while productive, did not immediately result in a resolution of the lien claims, the Trustee and its counsel continued extensive negotiations and ultimately reached a settlement with carriage counsel to the lien claimants. This lien claim settlement was the result of significant efforts by the Trustee and its counsel and represents a significant step toward resolution of the remaining issues preventing distribution of the net proceeds.
92. The lien claim settlement was approved by the Honourable Mr. Justice McEwen pursuant to a consent Order dated August 28, 2020, which provided for, among other things, the payment to the construction lien claimants of \$4,551,903 from the net proceeds held by the Court in full and final satisfaction of all lien claims and costs. Following this payment, there remains approximately \$17 million of proceeds held by the Court.

93. The Trustee is now addressing the remaining claims to the net proceeds that are seeking priority to or otherwise affecting the priority of the BDMC mortgages, being the following:
- (a) a claim by Computershare Trust Company of Canada ("**Computershare**"), in its capacity as the trustee pursuant to a Bond Trust Indenture dated November 26, 2013, under which the Trustee understands approximately \$9 million plus interest and costs is claimed;
 - (b) a claim by the Brookdale Borrower, an entity related to Fortress, for funds which it claims it had injected to support the carrying costs of the Brookdale Project in the amount of approximately \$1.5 million; and
 - (c) a claim by Fernbrook Homes (Brookdale) Limited, who has informed the Trustee that it is currently preserving certain rights with respect to the net proceeds.
94. The Trustee is continuing its efforts to maximize Investor recoveries under both the mezzanine and subordinated syndicated BDMC mortgages and to resolve all remaining matters concerning entitlement to the remaining net proceeds from the Brookdale Project. While the Trustee is hopeful that at least some of the remaining claims can be resolved without further litigation, the Trustee is prepared to take additional steps as necessary. As such, the quantum and timing of any distribution in respect of these loans remains unknown given the outstanding unresolved priority issues. A notice summarizing the current status of the ongoing litigation efforts was sent to Brookdale Investors on October 21, 2020, a copy of which is attached as **Appendix "19"**.

Castlemore

95. As described in greater detail in the Trustee's twelfth report to Court dated October 31, 2019 ("**Twelfth Report**"), BDMC provided a syndicated mortgage loan in a principal amount of approximately \$21.25 million ("**Castlemore Loan**") to Emerald Castle Developments Inc. pursuant to a loan agreement dated August 25, 2014 ("**Castlemore Loan Agreement**"), which is secured by a charge on real property located at 10431 Gore Road, Brampton, Ontario ("**Castlemore Project**").
96. In late 2019, the Castlemore borrower presented the Trustee with an offer to accept a payment of \$9.5 million in full satisfaction of the amounts due under the Castlemore Loan Agreement ("**Castlemore Offer**"). The Trustee presented the Castlemore Offer to the

Castlemore Investors by sending a notice describing the Castlemore Offer and requesting feedback. Although the feedback was generally supportive of the Castlemore Offer, the Trustee also received feedback expressing concerns with respect to the consideration contemplated by the Castlemore Offer. As a result of the Investor feedback, the Trustee reengaged with the Castlemore borrower and negotiated an increase to the consideration contemplated by the Castlemore Offer from \$9.5 million to \$10.45 million (“**Revised Castlemore Offer**”).

97. The Trustee executed the Revised Castlemore Offer and, on October 31, 2019, with the support of Representative Counsel, served its Twelfth Report and motion materials seeking approval of the Revised Castlemore Offer. However, during the period between the service of materials and the proposed hearing, the Trustee and Representative Counsel were contacted by numerous Investors expressing concerns with respect to the Revised Castlemore Offer. In addition, a number of Investors that originally favoured acceptance of the Castlemore Offer reversed their position and advised the Trustee that they were no longer supportive of the Trustee accepting the Castlemore Offer and seeking Court approval of same.
98. The additional Investor feedback received after the filing of the Twelfth Report resulted in a materially lower level of support for the Revised Castlemore Offer and a materially lower level of support when compared to other settlement transactions completed by the Trustee. As such, the Trustee determined that it would not be moving forward with its motion seeking approval of the Revised Castlemore Offer and the Revised Castlemore Offer expired in accordance with its terms.
99. The Castlemore Loan matured in late November 2019. On December 6, 2019, the Castlemore borrower purported to trigger a clause contained in the Castlemore Loan Agreement (“**End of Term Event Clause**”).
100. On March 2, 2020, contrary to the stay of proceedings, the Castlemore borrower issued a notice of application naming the Trustee as a Respondent seeking to enforce the End of Term Event Clause. To efficiently address this procedural irregularity, the Trustee consented in writing to the Castlemore borrower commencing its application, subject to a full reservation of rights, but did not consent to the Castlemore borrower’s purported invocation of the End of Term Event Clause.

101. The Trustee and Representative Counsel have opposed the Castlemore borrower's application to enforce the End of Term Event Clause. The Castlemore borrower advanced the position that, under the End of Term Event Clause, it could pay to BDMC a sum of only approximately \$9.1 million in exchange for a full discharge of BDMC's security on the Castlemore property and of its obligations under the Castlemore Loan Agreement, extinguishment of the debt and a full release from the Castlemore Investors. The application also sought to determine the calculation of amounts owing to the parties pursuant to a waterfall clause in the Castlemore Loan Agreement. The Trustee disagrees with the Castlemore borrower's position and filed the Seventeenth Report and multiple factums in connection with the application. The Trustee and Representative Counsel also cross-examined the principal of the Castlemore borrower.
102. At a case conference on September 3, 2020, the Honourable Mr. Justice Hailey ordered that the issue of the calculation of the amounts owing under the waterfall clause be bifurcated from the issue regarding the enforceability of the End of Term Event Clause. Justice Hailey ordered that the calculation issue be heard at a later date to the extent it is still relevant following the determination of the enforceability of the End of Term Event Clause.
103. On November 3, 2020, the Honourable Madam Justice Dietrich heard the application regarding the enforceability of the End of Term Event Clause and the waterfall clause. The Castlemore borrower made submissions in favour of its position. In response, the Trustee made two main arguments in opposition to the application. First, the Trustee argued that the End of Term Event Clause and waterfall clause are unenforceable under the principle that inadequate notice of an unfair term in an agreement renders that term unenforceable. Second, the Trustee argued that, should the Court find the End of Term Event Clause to be enforceable, the appropriate interpretation of the clause only allows the Castlemore borrower to make a partial payment to the Investors in exchange for a partial release of their security in an amount corresponding to the payment. Representative Counsel explained the lack of disclosure to the Investors regarding the Castlemore borrower's interpretation of the End of Term Event Clause and stressed the significant losses that Investors would suffer if the Castlemore borrower's interpretation of the clause is enforced. Justice Dietrich has reserved her decision on the application. The Trustee will provide a further update to the Castlemore Investors and this Court following her decision.

Eden

104. The Trustee previously provided updates regarding the syndicated mortgage loan made to 2309918 Ontario Inc. in connection with a real estate development project in King City, Ontario consisting of 28 residential homes ("**Eden Project**") in the Second Report, the Seventh Report, and the Thirteenth Report. The Thirteenth Report discusses the following: (i) a third party claim issued by David Chong ("**Chong**"), the Eden borrower's counsel, naming, among others, the Trustee as a third party in a lawsuit commenced by certain purchasers of houses in the Eden Project against Chong, the Eden borrower, and certain related individuals (collectively, the "**Eden Project Litigation**"), and (ii) an application brought by the Trustee for a Bankruptcy Order against the Eden borrower pursuant to section 43(2) of the *Bankruptcy and Insolvency Act (Canada)* ("**BIA**").
105. As previously reported, the Court directed the Trustee, its counsel and counsel to the parties to the Eden Project Litigation to meet on a without prejudice basis to discuss the Eden Project Litigation and a possible global resolution thereof. Representatives of the parties have met on multiple occasions and, as at the date of this Twenty-Fourth Report, negotiations are continuing. The Court also required Chong to discontinue the third party claim against the Trustee. While the Trustee is hopeful a resolution will be achieved, the Trustee will continue to explore all options with respect to this matter.
106. Also as previously reported, the Eden borrower was adjudged bankrupt in June 2019 and Grant Thornton Limited was appointed as bankruptcy trustee ("**GT**") to, among other things, review the affairs of the Eden borrower and determine the nature and scope of any potential recovery efforts. GT has continued the initial phase of the investigation into the affairs of the bankrupt during the pendency of the Eden Project Litigation and related settlement discussions, including through a review of certain financial and other information obtained from the Eden borrower. The Trustee understands that, should the parties fail to reach a global settlement in the Eden Project Litigation, GT may, among other things, further avail itself of the broad statutory investigatory powers given to trustees in bankruptcy under the BIA with a view to commencing legal proceedings under the BIA and any other applicable provincial statutes against the Eden borrower and/or other persons of interest.

Charlotte Adelaide

107. The Charlotte Adelaide Project ("**CHAT Project**") is a real estate development project in downtown Toronto that had two different syndicated mortgage loans administered by BDMC: approximately \$12.3 million in principal owed to one group of Investors and approximately \$3.91 million in principal owed to another group of Investors. As described in the Thirteenth Report, the CHAT borrower presented an executed agreement of purchase and sale to the Trustee in March 2019 in respect of the sale of the CHAT Project ("**CHAT Transaction**") to Adelaide Square Developments ("**CHAT Purchaser**"). Despite being presented with an executed agreement, the Trustee negotiated with the CHAT borrower and the CHAT Purchaser for an amended agreement of purchase and sale with a higher sale price.
108. In addition, the Trustee, the CHAT Purchaser, Go-To Stoney Creek Elfrida LP, its general partner and its principals also entered into a memorandum of understanding in respect of the CHAT Transaction. Pursuant to this memorandum of understanding, BDMC was given the opportunity to receive a further payment from the CHAT Transaction of up to \$5.2 million based on the achievement by the CHAT Purchaser of certain development milestones ("**Density Bonus**"). The CHAT Purchaser has advised that it is of the view that the Density Bonus is not payable. The Trustee is currently in discussions with the CHAT Purchaser and Go-To Stoney Creek Elfrida LP to understand their position.

Kemp

109. The Kemp Project is a real estate development project in Barrie, Ontario which had over \$17.2 million of fourth ranking syndicated mortgage loan debt administered by BDMC and approximately \$784,000 of accrued interest for which the Investors had been given a separate fifth ranking mortgage administered by BDMC. As was advised in the Thirteenth Report, the Kemp Project was the subject of a Notice of Sale issued by Romspen in respect of its first priority mortgage, which had matured. The net remaining proceeds available to the Kemp Investors from the sale transaction completed by Romspen was approximately \$2.2 million ("**Kemp Residual Proceeds**"). Shortly before the distribution of the proceeds by Romspen, Fortress, on behalf of itself and the Kemp borrower, submitted a claim to the Kemp Residual Proceeds in the amount of approximately \$572,000. Fortress claimed that it should be paid this amount in priority to the amounts to be paid to the Trustee on behalf of the Kemp Investors. The Trustee reviewed Fortress' claim and disagreed with the analysis provided by Fortress. In order to distribute as much

of the Kemp Residual Proceeds to the Kemp Investors as soon as possible, the Trustee held back \$700,000 in order to deal with the Fortress claim and distributed the remaining proceeds to the Kemp Investors. The Trustee continues to be in discussions with Fortress and others in respect of this claim and will provide further updates to the Kemp Investors and the Court in due course.

GENERAL DEVELOPMENTS RELATED TO THE BDMC PROCEEDINGS

FSRA Administrative Penalty

110. On September 9, 2020, the Financial Services Regulatory Authority of Ontario (“**FSRA**”) issued an enforcement order for administrative penalties against Fortress in the total amount of \$250,000.
111. According to a press release by FSRA dated September 10, 2020, Fortress and its predecessor, Fortress Real Capital Inc., assisted borrowers in connecting to mortgage brokers and administrators between 2009 and 2018, which allowed these brokers to raise over \$900 million in syndicated mortgage loans. The Trustee understands that Fortress has never been licensed under the MBLAA.
112. Under a settlement agreement reached between Fortress and FSRA, Fortress agreed to pay the administrative penalties for contraventions of section 2(2) of the MBLAA, which prohibits the business of dealing in mortgages in Ontario without a brokerage license or exemption from such licensing requirements. FSRA determined that there were twelve contraventions of section 2(2) relating to Fortress providing services to borrowers for the purpose of financing property developments while Fortress was not licensed to do so.
113. Although four mortgage brokerages (including BDMC) that were involved with syndicated mortgage investments for projects developed by Fortress were ordered to pay a combined monetary penalty of \$1.1 million by regulators in 2018, this administrative penalty was the first direct penalty against Fortress. The Trustee also understands that this was the largest administrative penalty FSRA has imposed since it assumed the regulatory duties of the Financial Services Commission of Ontario (the Applicant in this proceeding) in June 2019.

Statement of Claim

114. Prior to the commencement of these proceedings, BDMC and FAAN Mortgage entered

into a management and administration services agreement (“**Services Agreement**”) dated February 7, 2018. Under the Services Agreement, BDMC appointed FAAN Mortgage to, among other things, manage, or cause to be managed, the business of BDMC. In exchange for its services, BDMC agreed to pay FAAN Mortgage a monthly amount, plus additional costs and expenses, including third party legal fees. Under the Services Agreement, BDMC was also required to maintain a reserve fund to pay unpaid invoices of FAAN Mortgage and accumulated interest thereon. BDMC failed to pay any amounts toward such reserve fund as required.

115. As a condition of entering into the Services Agreement, FAAN Mortgage, BDMC, Fortress and certain Fortress owned and/or controlled entities that owned, directly or indirectly, a real estate development project related to these proceedings (collectively, the “**Fortress Indemnitors**”) entered into a contribution and indemnity agreement dated February 7, 2018 (“**Contribution and Indemnity Agreement**”). Under the Contribution and Indemnity Agreement, if BDMC failed to pay any invoice when due under the Services Agreement, the Fortress Indemnitors were required to pay such invoices.
116. From February 7, 2018 to April 20, 2018, FAAN Mortgage performed its obligations under the Services Agreement and submitted invoices for services rendered in accordance therewith.
117. On April 20, 2018, FAAN Mortgage was appointed as the Court-appointed Trustee in these proceedings and the Services Agreement was terminated. In June 2018, FAAN Mortgage delivered a demand letter to BDMC and the Fortress Indemnitors seeking payment of all amounts due and payable under the Services Agreement, which amounts totaled \$495,763.61 (“**Unpaid Debts**”), plus interest. At such time, the amounts were past due and payable immediately.
118. Notwithstanding multiple demand letters sent to the Fortress Indemnitors, the Fortress Indemnitors have failed to make payments towards the Unpaid Debts to FAAN Mortgage, in breach of the terms of the Contribution and Indemnity Agreement.
119. Accordingly, on February 28, 2020, FAAN Mortgage commenced a legal proceeding against the Fortress Indemnitors for damages in the amount of the Unpaid Debts (plus interest and costs) as a result of the breaches of the Contribution and Indemnity Agreement, by the issuance of a statement of claim (“**Statement of Claim**”). The

Statement of Claim was served on the Fortress Indemnitors by mail on October 19, 2020.

Tax Opinions Order

120. On October 15, 2020, the Court heard a joint motion brought by the Trustee and Representative Counsel, and granted the Tax Opinions Order, which allowed for the orderly dissemination of certain Tax Opinions (defined below) in the possession of the Trustee or that otherwise come into the Trustee's possession. A copy of the Tax Opinions Order is attached as **Appendix "20"**.
121. As a result of taking possession of the books and records of BDMC, the Trustee currently has possession of certain opinion letters ("**Tax Opinions**") prepared by professional services firms ("**Tax Opinion Providers**"). The Tax Opinions generally address whether certain syndicated mortgage loans and related charges to be registered on title in connection with the development of various real estate development projects were qualified investments for certain trusts ("**Plans**") under the *Income Tax Act*. The relevant background for and a detailed description of the Tax Opinions Order is set out in the Trustee's Twenty-Second Report dated October 7, 2020.
122. As of October 7, 2020, the Trustee and Representative Counsel had received over 130 requests from Investors, counsel representing Investors ("**Counsel**"), or other advisors for copies of Tax Opinions. The Trustee understands that Investors were generally requesting copies of the Tax Opinions because they were seeking information about their investments in the various real estate development projects and, in light of realized or forecasted losses on certain of the projects, to assess their legal options for recovery of same.
123. The Tax Opinions are addressed to one or more of BDMC, Olympia Trust Company ("**Olympia**"), and Computershare. The Tax Opinions state that they are private and confidential, and certain Tax Opinions state that they are intended for the addressed recipients only and should not be shared with any third parties without the prior written consent of the applicable Tax Opinion Provider. As a result, in June 2020, the Trustee wrote to the Tax Opinion Providers to advise of the quantum of requests received to date and to seek their consent for releasing copies of the Tax Opinions. Subsequently, the Trustee had discussions with the Tax Opinion Providers. It became apparent to the Trustee and Representative Counsel that, in light of the manner that the Tax Opinions came into the Trustee's possession and the number of stakeholders that have a bona fide

interest in the Tax Opinions, the Trustee and Representative Counsel should seek the Tax Opinions Order to deal with this issue on notice to all parties.

124. The Tax Opinions Order sets out clear criteria that any requestor must satisfy to obtain a copy of a Tax Opinion, prohibits the inappropriate use of or dissemination of the Tax Opinions, and provides certain protections for the Trustee, Representative Counsel, and the Tax Opinion Providers. In addition, the Tax Opinions Order provides that the Trustee must notify Olympia and Computershare if it provides a notice naming them and the Tax Opinion Providers if it produces a Tax Opinion prepared by them. The Trustee and Representative Counsel are of the view that the Tax Opinions Order fairly balanced the ability of the Investors to obtain information about their investments in their Plans with the issues raised by the Tax Opinion Providers. Accordingly, the Trustee recommended in the Twenty-Second Report that the proposed Tax Opinions Order be granted by the Court, and the Court granted the order on October 15, 2020.
125. The Tax Opinions Order by its terms also applies in the related proceeding bearing the title of proceedings *Law Society of Ontario v. Derek Sorrenti and Sorrenti Law Corporation* (Court File No.: CV-19-628258-00CL).
126. Since the Court granted the Tax Opinions Order, the Trustee has received requests for Tax Opinions from counsel representing two Investors. The Trustee has provided copies of the requested Tax Opinions and provided the required notices under the Tax Opinions Order. The Trustee understands that Representative Counsel has not received any further requests for Tax Opinions.

FUNDING OF THESE PROCEEDINGS AND CASH FLOW PROJECTION

127. The activities carried out by the Trustee in these proceedings continue to be complicated and time consuming.
128. As previously reported, BDMC is functionally insolvent and has no sources of revenue. Pursuant to the Realized Property Order, as amended by the Braestone Settlement Approval Order and the Harlowe Settlement Approval Order, 15% of all Realized Property continues to be withheld to fund Required Trustee Activities (“**Administrative Holdback**”). The Trustee’s continued use of Estate Property, including the Administrative Holdback, is essential to fund these proceedings and to continue to carry out the Trustee’s mandate in

accordance with the Orders of the Court. As set out above, to date, the Trustee has generated approximately \$123 million in Realized Property during these proceedings.

129. As discussed below, portions of the Estate Property, which includes the Administrative Holdback, have been disbursed to pay BDMC’s operating expenses and professional fees. Investors may receive a portion of the remaining Administrative Holdback in the future once a final reconciliation is completed; however, the timing and amount of a future distribution, if any, is unknown at this time.

Cash receipts and disbursements from November 16, 2019 to September 30, 2020

130. In the Thirteenth Report, the Trustee provided a forecast for the projected receipts and disbursements related to the administration of the BDMC estate for the period November 16, 2019 to May 31, 2020 (“**Projection Period**”).
131. As noted earlier in this Report, the Trustee delayed its semi-annual comprehensive reporting to the Court due to the COVID-19 pandemic so that it could focus on urgent and time-sensitive matters on behalf of the Investors. As a result, the Projection Period does not cover the full period of time since the Trustee last reported its receipts and disbursements. Accordingly, the following chart reflects the variance analysis for the relevant Projection Period only:

	Amount (\$000s)		
	Projected	Actual	Variance
Receipts			
Collections and other receipts	-	164	164
Administrative Holdback	209	6,443	6,234
Total receipts	209	6,607	6,398
Disbursements			
Operating costs	239	202	37
Appraisals	100	31	69
Professional fees	4,080	3,037	1,043
Total disbursements	4,419	3,270	1,149
Net cash flow	(4,210)	3,337	7,547

The detailed variance analysis for the Projection Period is attached as **Appendix “21”**.

132. The significant variances during the Projection Period are explained as follows:

Administrative Holdback: The positive variances relate to amounts withheld in respect

of (i) completed settlement transactions (Danforth and Bauhaus); (ii) the Peter Richmond Realized Property and (iii) the OML Residual Proceeds, which were all unknown at the time of the Thirteenth Report.

Professional Fees: The positive variance is a timing difference.

133. In addition, the actual receipts and disbursements for the period following the Projection Period (being from June 1, 2020 to September 30, 2020) are summarized below:

	(\$000s)
Receipts	
Collections and other receipts	194
Administrative Holdback	2,670
Total receipts	<u>2,864</u>
Disbursements	
Operating costs	110
Appraisals	-
Professional fees	3,954
Total disbursements	<u>4,064</u>
Net cash flow	<u>(1,200)</u>

134. The Trustee notes the following with respect to the above chart:

Administrative Holdback: relates to amounts withheld with respect to the Orchard Residual Proceeds and the Solterra settlement transaction.

Professional Fees: relates to fees accrued prior to July 2020 that were paid between June 2020 and September 2020; and includes the unpaid portion of the fees that were projected to be paid during the Projection Period. In addition to fees related to the typical activities carried out by the Trustee, its counsel and Representative Counsel, a portion of the fees paid during this period related to the significant contested litigation associated with the Brookdale and the Castlemore Projects.

Funds in the Trustee's Possession

135. A summary of the Estate and Realized Property, as well as funds held in trust pending the resolution of the Related Party Claims, is provided in the table below.

Type	Primary Purpose	Amount (\$000s)	
		As at Nov 15, 2019	As at Sept 30, 2020
Estate ⁷	BDMC operating funds	4,568	6,702
Realized	Held pending Investor distributions	20,780	39,729
Trust funds	Held pending resolution of claims	-	1,612
		<u>25,348</u>	<u>48,043</u>

Estate Property: As noted previously, since the issuance of the Interim Stabilization Order, the funds maintained in these accounts have been used to fund BDMC’s operating costs and the Required Trustee Activities. Funds withheld in respect of the Administrative Holdback are maintained in these accounts.

Realized Property: The funds held as at September 30, 2020 relate primarily to the proceeds received from the Peter Richmond, Solterra, Orchard and OML transactions. Since September 30, 2020, and in accordance with Orders issued by the Court, the Trustee has distributed, or is in the process of distributing, the following amounts:

Project	Realized Property Distributed Since September 30, 2020 (\$000s)
Solterra Phase 4 Settlement	13,746
Old Market Lane	1,335
Orchard	1,491
Peter Richmond (in progress)	22,313
	<u>\$38,885</u>

The balances reflected in the chart above are net of the Administrative Holdback that have been transferred to Estate Property.

There is also \$700,000 remaining in the account related to the Kemp Project. As set out above, the Kemp Project remains subject to a dispute with the Fortress-related borrower regarding its claim against the residual proceeds from the power of sale transaction and, accordingly, these funds continue to be held pending resolution of the claim.

Trust Funds: The Trustee’s counsel continues to hold the residual proceeds from the North sale transaction in its trust account pending resolution of the Related Party Claims

⁷ BDMC is required under the MBLAA to have a certain financial guarantee of \$25,000 available, which may include unimpaired working capital. Included in Estate Property in a separate bank account is \$26,556 in satisfaction of this obligation.

discussed in paragraphs 52 to 60 above. The Jasper House sale transaction closed after the reporting period ended September 30, 2020. Accordingly, those proceeds (approximately \$1.8 million) are not reflected in this balance, although they also continue to be held by the Trustee's counsel in its trust account.

Projected receipts and disbursements for the period ending May 31, 2021

136. The Trustee has prepared a monthly cash flow projection ("**Cash Flow Projection**") related to the administration of the BDMC estate for the period October 1, 2020 to May 31, 2021 ("**Cash Flow Period**"), attached hereto as **Appendix "22"**. A summary of the Cash Flow Projection is as follows:

	\$000s
Projected Receipts	47
Projected Disbursements	
Staffing costs	162
Office expenses and IT	24
Insurance	62
Bank charges	4
Other expenses	18
Total Operating Disbursements	270
Appraisals and related consultants	36
Professional fees	3,873
Total disbursements	4,179
Projected cash flow	(4,132)
Opening cash***	6,676
Net cash flow	(4,132)
Projected closing cash	2,544

*** Opening cash, as at September 30, 2020, is comprised of Estate Property, excluding the term deposit required under the MBLAA.

137. The primary assumptions underlying the Cash Flow Projection are as follows:

Projected Receipts: comprised of interest earned on the funds held in the various bank accounts maintained by the Trustee.

The Trustee notes that, similar to previous cash flow projections filed with the Court, the receipts during the Cash Flow Period are projected to be significantly lower than projected expenses, as there remains uncertainty regarding the timing and outcome of potential transactions related to the remaining projects administered by BDMC. Progress has been

made with respect to potential transactions related to certain projects and the Trustee expects to receive additional Realized Property during the Cash Flow Period, a portion of which will be used to offset the projected disbursements. Due to the confidential nature of the ongoing negotiations and similar to previous cash flow projections filed with the Court, the Trustee has not included a forecast for these receipts during the Cash Flow Period.

Projected Operating Disbursements: relate primarily to dedicated BDMC contractors and insurance costs. The Trustee notes that the administration of the BDMC estate continues to be run out of FAAN Mortgage's office on a rent-free basis.

Professional Fees: reflects the payment of outstanding professional fees through to September 30, 2020, which remain unpaid as at the date of the Twenty-Fourth Report, and estimated professional fees to be paid during the Cash Flow Period.

APPROVAL OF THE TRUSTEE'S REPORTS, ACTIVITIES AND FEES

138. The Trustee is seeking the approval of the Approval Reports, its activities as set out in the Approval Reports, and its fees and its counsel's fees from October 1, 2019 to September 30, 2020.
139. The Trustee's activities are described at length in the Approval Reports as they relate to the relief being sought in those reports. A summary of the Trustee's activities related to the Approval Reports and other activities carried out by the Trustee since November 15, 2019 are set out herein and below, and included, among other things:
 - (a) communicating with borrowers, Investors, Fortress, lenders and other stakeholders regarding various matters including with respect to the status of these proceedings, the projects and relevant timelines;
 - (b) engaging with Representative Counsel on behalf of the Investors with respect to all aspects of the administration of the BDMC estate, including attending meetings and conference calls on a regular basis;
 - (c) drafting and sending 47 notices to Investors since the issuance of the Thirteenth Report and corresponding with the Trustee's counsel and Representative Counsel regarding same;

- (d) holding in-person meetings with certain Investors prior to the commencement of the COVID-19 pandemic and responding to a significant number of Investor inquiries;
- (e) posting Court materials on the Trustee's Website;
- (f) continuing its review and monitoring of the projects;
- (g) continuing to engage with stakeholders to obtain information related to the projects;
- (h) corresponding with certain borrowers regarding funds advanced to certain projects and related priority matters;
- (i) requesting information and reviewing reporting provided by certain project borrowers;
- (j) reviewing updated appraisals commissioned by the Trustee;
- (k) engaging with appraisers to obtain updated market information, as necessary;
- (l) continuing to engage with a planning consultant in order to obtain information relating to the development status of various projects;
- (m) continuing to engage and negotiate with borrowers and other stakeholders regarding certain requests for postponements in relation to refinancing transactions;
- (n) attending to partial discharges of BDMC's security interests to facilitate sales of individual units or the development of properties in the ordinary course;
- (o) continuing to engage and negotiate with borrowers and prospective purchasers and other parties, as applicable, regarding various transactions for certain properties, including settlement and/or assignment transactions;
- (p) preparing internal analyses regarding allocation alternatives in respect of sale and assignment transaction proceeds in circumstances when there are multiple BDMC loans;
- (q) continuing to engage and negotiate with borrowers, senior lenders, receivers and other relevant stakeholders regarding enforcement actions commenced by priority lenders;

- (r) corresponding with senior lenders regarding sales processes and the timing and results thereof;
 - (s) corresponding with commercial real estate agents engaged by senior lenders pursuant to enforcement proceedings commenced by those lenders, in order to obtain information relating to the sale processes carried out, including obtaining information related to marketing materials and level of interest in the relevant properties;
 - (t) preparing and serving materials as required in connection with the matters before the Court;
 - (u) preparing ten reports to the Court and attending related hearings before the Court;
 - (v) making distributions in accordance with the various Court orders issued in these proceedings to the Investors entitled to those distributions;
 - (w) reviewing and responding to Court materials relating to BDMC and the various projects;
 - (x) preparing for and participating in multiple contested litigation matters;
 - (y) engaging with Tax Opinion Providers and interested parties regarding the distribution of the Tax Opinions; and
 - (z) attending to other business activities of BDMC and related administrative matters.
140. Investor communications remain an ongoing component of the Trustee's mandate. On average, since the date of the Thirteenth Report, the Trustee receives 8-10 calls a day and 10-15 emails a day, with increased call and email volumes following the issuance of notices, distribution of Realized Property and renewed media attention on the projects, Fortress or the proceedings generally. Investors contact the Trustee to seek general information about the proceedings, the role of the Trustee and Representative Counsel, as well as specific information regarding the projects that are the subject of their investments or payments that they receive from the Trustee. The Trustee endeavours to respond to all inquiries in a timely manner.
141. The Trustee also informs affected Investors by way of notices, sent by email to the majority of Investors, when enforcement action is taken against a project they have invested in or when other material developments occur with respect to their project. Where appropriate,

the Trustee seeks the consent of Investors with respect to actions proposed to be taken by the Trustee, such as settlement proposals.

Trustee Fees

142. Pursuant to the terms of the Appointment Order, the Trustee and its legal counsel shall be paid their reasonable fees and disbursements and shall pass their accounts from time to time.
143. The Trustee and its legal counsel are tracking their time by project. For certain tasks that affect all Investors, including general notices and the preparation of general reports to Court and the related Court materials, the time will be charged to a general account that will, at a later date once the totality of realizations are determined, be allocated to the projects based on appropriate considerations and in accordance with further Court orders.
144. The fees of the Trustee for the period between October 1, 2019 to September 30, 2020, total \$ 1,497,591.65 before HST; and HST applicable to such amount totals \$ 194,686.91, for an aggregate amount of \$1,692,278.56. Invoices for the fees of the Trustee, including summaries of the activities of the Trustee for the applicable period, are provided in the affidavit of Naveed Manzoor ("**Manzoor Affidavit**"), attached as **Appendix "23"**.
145. Detailed docket information in respect of the fees and disbursements of the Trustee for this period will be included in the confidential exhibit to the Manzoor Affidavit that is being filed separately with the Court ("**Confidential Manzoor Exhibit**"). The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee's detailed invoices includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. The Court has granted similar relief in these proceedings in the Orders dated November 28, 2018, May 23, 2019 and December 2, 2019.
146. The average hourly rate for the Trustee over the referenced billing period was approximately \$459.62/hour.

Fees of the Trustee's Counsel

147. The fees (excluding disbursements and HST) of Osler, Hoskin & Harcourt LLP ("**Osler**") as counsel to the Trustee for the period between October 1, 2019 to September 30, 2020 total \$3,726,011.04; Osler incurred \$64,646.69 disbursements during the period; and HST applicable to such amounts totals \$492,240.48, for an aggregate amount of \$4,282,898.09. Invoices for the fees, reimbursable expenses and applicable taxes of Osler, including summaries of Osler's activities in relation thereto, are provided in the affidavit of Michael De Lellis ("**De Lellis Affidavit**"), attached as **Appendix "24"**.
148. Full accounts in respect of the fees and disbursements of Osler for this period will be included in the confidential exhibit to the De Lellis Affidavit that is being separately filed with the Court ("**Confidential De Lellis Exhibit**"). The Trustee is seeking a sealing order with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. The Court has granted similar relief in these proceedings in the Orders dated November 28, 2018, May 23, 2019 and December 2, 2019.
149. The average hourly rate for Osler over the referenced billing period was \$723.22/hour.
150. The Trustee is of the view that the hourly rates charged by Osler are consistent with the rates charged by major law firms practicing in the area of insolvency and restructuring in the Toronto market, and that the fees charged are reasonable in the circumstances.

Fee Recoveries

151. Since the date of the Appointment Order, the Trustee and its counsel have recovered approximately \$775,000 on account of professional fee reimbursements in connection with postponements, refinancings and other significant transactions. The Trustee has succeeded in negotiating these fee recoveries on a case by case basis and continues to seek to recover fees where possible and when appropriate.
152. As further detailed in the Thirteenth Report, as part of the Court approved transfer of the administration of the QEWN Project to a new administrator ("**QEWN Transfer**"), an

agreement was reached between the Trustee and the QEWN Project Investors to compensate the BDMC estate for costs incurred directly with respect to the QEWN Project and an appropriate portion of costs incurred in respect of the general administration of the BDMC estate (“**QEWN Fee Recovery**”). The total fee recoveries of \$775,000 include the QEWN Fee Recovery of \$100,000 collected upon the QEWN Transfer.

REPRESENTATIVE COUNSEL

153. Pursuant to the Interim Stabilization Order, Chaitons LLP was appointed as representative counsel to, among other things and subject to the terms of that Order, represent the common interests of the Investors who participate in mortgages administered by BDMC, including the common interests of Investors in any particular syndicated mortgage loan.
154. The Trustee understands that Representative Counsel continues to receive a significant number of calls and written correspondence from Investors with respect to the status of their investments. Representative Counsel responds in a timely manner to such communications to the extent that they pertain to legal issues covered by Representative Counsel’s mandate.
155. The Trustee understands that Representative Counsel continues to provide guidance to Investors with respect to their rights and remedies and potential sources of recovery other than against the borrowers under the various BDMC loans, while urging Investors to individually seek independent legal advice with respect to any causes of action that they may wish to pursue. Representative Counsel has shared information with other law firms on a confidential basis to assist such firms in determining whether to commence class action litigation or pursue other litigation alternatives, and has been actively involved in the negotiation and finalization of the Tax Opinions Order, which is intended to assist Investors in understanding their legal rights.
156. The Trustee also continues to regularly consult with Representative Counsel whenever appropriate, including with respect to (i) requests for Investor feedback regarding certain postponements and sale transactions; (ii) enforcement steps taken by senior lenders or by the Trustee; (iii) sale processes commenced by borrowers; (iv) other potential sources of recovery on projects, including the Trustee’s review of any sources and uses of funds received from borrowers; (v) contested litigation such as the Castlemore Project litigation described above where Representative Counsel took an active role on behalf of the

Investors; and (vi) strategic decisions and steps being considered by the Trustee. Representative Counsel has also attended certain meetings with the Trustee and Investors and has taken active roles on certain projects that are subject to litigation or enforcement proceedings in a manner that ensures a non-duplication of efforts.

CONCLUSION AND RECOMMENDATION

157. The Trustee recommends that the November 2020 Omnibus Order be granted by the Court. The Trustee continues to work and engage with multiple stakeholders to fulfill its mandate to protect the interests of the Investors and enhance the prospects that the Investors will recover some or all of the amounts they advanced through BDMC. Among other things, the Trustee continues to administer the loans made by BDMC on behalf of the investing public and to make prudent decisions that are in the best interests of the Investors in the circumstances with respect to the administration and enforcement of the relevant loans.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 16th day of November, 2020.

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.,
SOLELY IN ITS CAPACITY AS
COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.,
AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**

Appendix 1:
Appointment Order dated April 20, 2018

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 20TH DAY
JUSTICE HAINEY) OF APRIL, 2018

BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

APPOINTMENT ORDER

THIS APPLICATION, made by The Superintendent of Financial Services (the "**Superintendent**"), for an Order, *inter alia*, pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the "**MBLAA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**"), appointing FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**") as trustee (in such capacity, the "**Trustee**"), without security, of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "**Respondent**"), was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the affidavit of Brendan Forbes sworn April 19, 2018 and the exhibits thereto (the "**Supporting Affidavit**") and the consent of FAAN Mortgage to act as the Trustee,

and on hearing the submissions of counsel for the Superintendent, counsel for FAAN Mortgage and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Miranda Spence sworn April 19, 2018, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 37 of the MBLAA and section 101 of the CJA, FAAN Mortgage is hereby appointed Trustee, without security, of all of the assets, undertakings and properties of the Respondent, including, without limitation, all of the assets in the possession or under the control of the Respondent, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under any syndicate mortgage ("**Investors**"), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively, the "**Property**"), which Property, for greater certainty, includes any and all real property charges in favour of the Respondent (the "**Real Property Charges**"), including, without limitation, any and all monetary and non-monetary entitlements in respect to the assets and values thereunder, the period of which appointment shall run from 12:01 a.m. on the date hereof until such date that all assets under all syndicated mortgage loans have been realized and all Property has been distributed to those entitled to it.

TRUSTEE'S POWERS

3. **THIS COURT ORDERS** that the Trustee is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Trustee is hereby expressly empowered and authorized to do any of the following where the Trustee considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the holding of mortgage security in

trust on behalf of Investors, the administering of the mortgages, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Respondent, including, without limitation, the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondent;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Trustee's powers and duties, including, without limitation, those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Respondent or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent, including, without limitation, such security held on behalf of Investors;
- (g) to settle, extend or compromise any indebtedness owing to the Respondent;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Trustee's name or in the name and on behalf of the Respondent for any purpose pursuant to this Order, including, without limitation, any documents in connection with any registration, discharge, partial discharge, transfer, assignment or similar dealings in respect of any mortgage ("**Land Title Document**") and, for greater certainty, the applicable land registry office, registrar or other official under the *Land Registration Reform Act* (Ontario), the *Land Titles Act* (Alberta), or any other comparable legislation in any other jurisdiction be and is hereby directed, upon being presented with a certified

true copy of this Order and such Land Title Document, to register, discharge, partially discharge, transfer or otherwise deal with such mortgage in accordance with such Land Title Document without any obligation to inquire into the propriety of the execution or effect of such Land Title Document;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Respondent, the Property or the Trustee, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Trustee in its discretion may deem appropriate;
- (k) with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, and in such case notice under subsection 63(4) of the *Ontario Personal Property Security Act* or section 31 of the *Ontario Mortgages Act*, as the case may be, shall not be required;
- (l) with the approval of this Court, to restructure the Property in a manner that the Trustee considers reasonable, including, without limitation, the conversion, in whole or in part, of the Property or any part or parts thereof, out of the ordinary course of business, into an alternative or different interest in the capital structure of the Property or any part or parts thereof, including, without limitation, an ownership interest therein;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Trustee deems appropriate on all matters relating to the Property and the

Trustee's mandate, and to share information, subject to such terms as to confidentiality as the Trustee deems advisable;

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Trustee, in the name of the Respondent;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondent, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondent;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Respondent may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Trustee takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondent, without interference from any other Person and without regard to any arrangement in existence as of the date hereof between the Respondent and Investors as to how and when such actions or steps are to be taken. For greater certainty, the Trustee shall be and is empowered to take such actions or steps without seeking instructions from Investors where the Trustee determines, in its sole discretion, that it is necessary and appropriate to do so (having regard for the interests of Investors), and in all other cases, the Trustee is specifically authorized to continue to comply with the existing arrangements, including any deemed consent provisions contained therein.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE TRUSTEE

4. **THIS COURT ORDERS** that: (i) the Respondent; (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; (iii) all other individuals, firms, corporations,

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governmental bodies or agencies, or other entities having notice of this Order, including, without limitation, Tsunami Technology Group Inc., Fortress Real Developments Inc. ("FRDI"), all of its direct or indirect affiliates, and any entity under common control with FRDI (collectively with FRDI, the "Fortress Entities"), any entity that is a joint venture among a Fortress Entity and another entity, and each director, officer, employee and agent of any Fortress Entity (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Trustee of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Trustee, and shall deliver all such Property to the Trustee upon the Trustee's request. or CDCM

5. **THIS COURT ORDERS** that, pursuant to and without limiting the generality of paragraph 4 of this Order, all Persons shall, unless otherwise instructed by the Trustee: (i) deliver to the Trustee (or, in the case of RRSP or other registered funds administered by Olympia Trust Company ("OTC") or Computershare Trust Company of Canada ("Computershare"), not release to any Person without further Order of this Court) any and all monies held in trust that are related to the Respondent or its business (collectively, the "Trust Funds"), which Trust Funds, for greater certainty, include any and all monies in any OTC or Computershare account that are purported to be held in trust for the Investors in or beneficiaries under any of the Real Property Charges, including, without limitation, all monies held by way of interest reserves to satisfy interest payments to such Investors or beneficiaries, which Trust Funds are to be held or used by the Trustee in accordance with the terms of this Order and any further Order of this Court; and (ii) upon the Trustee's request, provide an accounting of all funds received from or on behalf of the Respondent or its associated businesses.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Trustee of the existence of any books, emails, user accounts, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondent, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information, including copies of any previously performed electronic back ups (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Trustee or permit the Trustee to make, retain and take away copies thereof and grant to the Trustee unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or

provided to the Trustee due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Trustee for the purpose of allowing the Trustee to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Trustee in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Trustee. Further, for the purposes of this paragraph, all Persons shall provide the Trustee with all such assistance in gaining immediate access to the information in the Records as the Trustee may in its discretion require including providing the Trustee with instructions on the use of any computer or other system and providing the Trustee with any and all access codes, account names and account numbers that may be required to gain access to the information. Paragraphs 6 and 7 of this Order do not apply to any materials obtained by the Royal Canadian Mounted Police pursuant to any warrant issued under the *Criminal Code*, R.S.C. 1985, c. C-46.

8. **THIS COURT ORDERS** that the Trustee shall provide each of the relevant landlords with notice of the Trustee's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Trustee's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Trustee, or by further Order of this Court upon application by the Trustee on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE TRUSTEE

9. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Trustee except with the written consent of the Trustee or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENT OR THE PROPERTY

10. **THIS COURT ORDERS** that, with the exception of the Suspension and Penalty Orders (as such term is defined in the Supporting Affidavit): (i) no Proceeding against or in respect of any of the Respondent, the Property or the Superintendent (in the last case, with respect to any matters arising from the Respondent or the Property) shall be commenced or continued except with the written consent of the Trustee or with leave of this Court; and (ii) any and all Proceedings currently under way against or in respect of any of the Respondent or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that, with the exception of the Suspension and Penalty Orders, all rights and remedies against the Respondent, the Trustee, or affecting the Property (including, without limitation, pursuant to any arrangement in existence as of the date hereof between the Respondent and Investors as to how and when the actions or steps contemplated by paragraph 3 of this Order are to be taken), are hereby stayed and suspended except with the written consent of the Trustee or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and further provided that nothing in this paragraph shall: (i) empower the Trustee or the Respondent to carry on any business which the Respondent is not lawfully entitled to carry on; (ii) exempt the Trustee or the Respondent from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; (iv) prevent the registration of a claim for lien; or (v) prevent the filing and service of a statement of claim solely to permit the perfection of a lien, provided that no further proceedings on such statement of claim shall be permitted other than pursuant to paragraph 10.

NO INTERFERENCE WITH THE TRUSTEE

12. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondent, without written consent of the Trustee or leave of this Court, including, for greater certainty, any licenses granted to the Respondent to act as an administrator of or lender under or administer syndicated mortgage loans under the MBLAA, *The Mortgage Brokers Act* (Manitoba), *The Mortgage Brokerages and Mortgage*

Administrators Act (Saskatchewan), the *Real Estate Act* (Alberta), the *Mortgage Brokers Act* (British Columbia) or any other comparable legislation in any other jurisdiction where the Respondent is currently licensed.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Respondent, or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services (including, for greater certainty, all goods and/or services provided by Tsunami Technology Group Inc. in respect of the Respondent), centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondent are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Trustee, and that the Trustee shall be entitled to the continued use of the Respondent's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Trustee in accordance with normal payment practices of the Respondent or such other practices as may be agreed upon by the supplier or service provider and the Trustee, or as may be ordered by this Court.

TRUSTEE TO HOLD FUNDS

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Trustee from and after the making of this Order from any source whatsoever, including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more accounts controlled by the Trustee or, if the Trustee determines it is advisable, new accounts to be opened by the Trustee (the "**Post Trusteeship Accounts**") and the monies standing to the credit of such Post Trusteeship Accounts from time to time, net of any disbursements provided for herein, shall be held by the Trustee to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. **THIS COURT ORDERS** that all employees of the Respondent shall remain the employees of the Respondent until such time as the Trustee, on the Respondent's behalf, may terminate the employment of such employees. The Trustee shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Trustee may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, the Trustee shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Trustee, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Respondent, and shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **THIS COURT ORDERS** that nothing herein contained shall require the Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario*

Water Resources Act, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Trustee shall not, as a result of this Order or anything done in pursuance of the Trustee's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE TRUSTEE'S LIABILITY

18. **THIS COURT ORDERS** that the Trustee shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Trustee by section 14.06 of the BIA or by any other applicable legislation.

TRUSTEE'S ACCOUNTS

19. **THIS COURT ORDERS** that the Trustee and counsel to the Trustee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, which fees and disbursements shall be added to the indebtedness secured by the Real Property Charges and that the Trustee and counsel to the Trustee shall be entitled to and are hereby granted a charge (the "**Trustee's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Trustee's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

20. **THIS COURT ORDERS** that the Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Trustee and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. **THIS COURT ORDERS** that prior to the passing of its accounts, the Trustee shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its

fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Trustee or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE APPOINTMENT

22. **THIS COURT ORDERS** that the Trustee be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Trustee by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Trustee's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Trustee's Charge and the charges as set out in subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

23. **THIS COURT ORDERS** that neither the Trustee's Borrowings Charge nor any other security granted by the Trustee in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. **THIS COURT ORDERS** that the Trustee is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Trustee's Certificates**") for any amount borrowed by it pursuant to this Order.

25. **THIS COURT ORDERS** that the monies from time to time borrowed by the Trustee pursuant to this Order or any further order of this Court and any and all Trustee's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Trustee's Certificates.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, the service

of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/sci/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "Rules"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.faanmortgageadmin.com.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Trustee is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Respondent's creditors or other interested parties at their respective addresses as last shown on the records of the Respondent and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. **THIS COURT ORDERS** that the Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. **THIS COURT ORDERS** that nothing in this Order shall prevent the Trustee from acting as a trustee in bankruptcy of the Respondent.

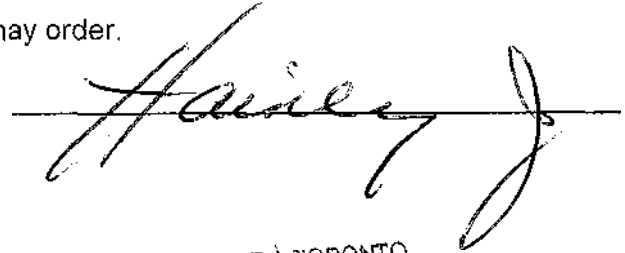
30. **THIS COURT ORDERS** that Confidential Exhibits (as defined in the Supporting Affidavit) be and are hereby sealed until further Order of this Court.

31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of

this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

32. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice, or such shorter period of time as the Court may permit, to the Trustee and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 20 2018

PER / PAR:



SCHEDULE "A"

TRUSTEE CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that FAAN Mortgage Administrators Inc., the Trustee (in such capacity, the "Trustee") of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "Respondent"), including, without limitation, all of the assets in possession or under the control of the Respondent, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under any syndicate mortgage ("Investors"), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 20th day of April, 2018 (the "Order") made in an application having Court file number CV-18-596204-00CL, has received as such Trustee from the holder of this certificate (the "Lender") the principal sum of \$<*>, being part of the total principal sum of \$<*> which the Trustee is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the <*> day of each month] after the date hereof at a notional rate per annum equal to the rate of <*> per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Trustee pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Trustee to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Trustee

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Trustee to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Trustee does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2018.

FAAN MORTGAGE ADMINISTRATORS INC.,
solely in its capacity as Trustee of the Property (as
defined in the Order), and not in its personal
capacity

Per: _____

Name:

Title:

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

APPOINTMENT ORDER

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Lawyers for The Superintendent of Financial Services

Appendix 2:
Omnibus Order dated December 2, 2019

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

)

MONDAY, THE 2ND

JUSTICE HAINES

)

DAY OF DECEMBER, 2019

)



BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

DECEMBER 2019 OMNIBUS ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc., in its capacity as Court-appointed trustee (in such capacity, the “Trustee”) pursuant to an Order of this Court made on April 20, 2018 (“Appointment Order”) of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i)

approving the QEWN Administration Settlement (as defined in the Trustee's thirteenth report dated November 22, 2019 (the "**Thirteenth Report**")); (ii) approving the Trustee's eighth report dated May 17, 2019, ninth report dated July 30, 2019, tenth report dated September 4, 2019, eleventh report dated October 31, 2019, twelfth report dated October 31, 2019 and Thirteenth Report (collectively, the "**Trustee's Reports**"), as well as the Trustee's activities described therein, and the Trustee's fees and disbursements, including the fees and disbursements of its counsel, for the period from April 1, 2019 to September 30, 2019; and (iii) sealing certain confidential exhibits to the Fee Affidavits (as defined below), was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the Thirteenth Report, the affidavit of Naveed Manzoor sworn November 22, 2019 and attached as Appendix "9" to the Thirteenth Report (the "**Manzoor Affidavit**") and the affidavit of Michael De Lellis sworn November 22, 2019 and attached as Appendix "10" to the Thirteenth Report (the "**De Lellis Affidavit**" and, together with the Manzoor Affidavit, the "**Fee Affidavits**"), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Justine Erickson sworn November 22, 2019, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Thirteenth Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used in this Order but not defined herein shall have the meanings given to them in the Thirteenth Report.

QEWN ADMINISTRATION SETTLEMENT

3. **THIS COURT ORDERS** that the QEWN Administration Settlement be and is hereby approved and shall be effective upon the delivery of a Trustee's certificate to counsel for the QEWN Investors substantially in the form attached as Schedule "A" hereto (the "**Trustee's**

Certificate”) confirming that the conditions precedent set out therein have been satisfied in the Trustee’s sole discretion.

4. **THIS COURT ORDERS** that, upon the delivery of the Trustee’s Certificate to counsel for the QEWN Investors, the Trustee, BDMC, Olympia Trust Company, Representative Counsel and each of their respective affiliates, employees, officers, directors, partners, representatives, counsel and agents, and each of their respective successors and assigns (collectively, “**Releasees**”) shall be hereby released, discharged and acquitted from any and all actual or potential claims, demands, rights, complaints, liabilities, damages, losses, actions, applications, suits, and causes of action, whether in law, equity, or contract, whether known or unknown, liquidated or unliquidated, contingent or otherwise, howsoever arising of every nature and kind whatsoever, that any of the QEWN Investors or anyone acting of their behalf, at any time had or has, or that they or their respective successors or assigns hereafter have or may have against the Releasees directly or indirectly arising out of or in any way related to the QEWN Project, these proceedings, the QEWN Administration Settlement or any transactions hereunder or related thereto.

5. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee’s Certificate, as soon as practicable after delivery thereof.

TRUSTEE’S REPORTS, ACTIVITIES, FEES AND DISBURSEMENTS

6. **THIS COURT ORDERS** that each of the Trustee’s Reports and all the actions, conduct and activities of the Trustee as set out in each of the Trustee’s Reports, be and are hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its counsel, as set out in the Thirteenth Report and the Fee Affidavits, be and are hereby approved, as follows:

- (a) the following fees and disbursements of the Trustee for the period from April 1, 2019 to September 30, 2019 are approved: fees of \$947,426 (plus applicable taxes of \$123,165 for an aggregate amount of \$1,070,591), and
- (b) the following fees and disbursements of Osler, Hoskin & Harcourt LLP, counsel to the Trustee, for the period from April 1, 2019 to September 30, 2019 are approved:

fees of \$1,895,036.43 and disbursements of \$15,420.50 (plus applicable taxes of \$248,104.19 for an aggregate amount of \$2,158,561.12).

SEALING

8. **THIS COURT ORDERS** that Exhibit “D” of the Manzoor Affidavit and Exhibit “D” of the De Lellis Affidavit shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

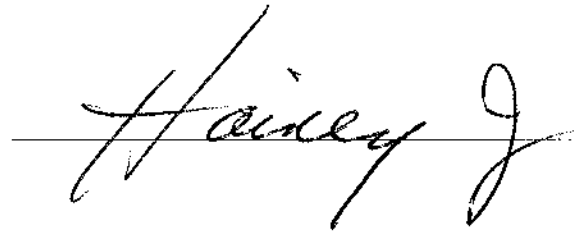
GENERAL

9. **THIS COURT ORDERS** that, without limiting the releases contained in paragraph 4 of the Order, the Trustee and its affiliates, partners, employees, counsel and agents shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing any of their duties in carrying out the provisions of this Order, including in connection with the QEWN Project and the QEWN Administration Settlement, except to the extent that such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Trustee, as determined by this Court.

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories of Canada.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

A handwritten signature in cursive script, reading "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 02 2019

PER / PAR: *RW*

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

TRUSTEE'S CERTIFICATE
(QEWN Administration Settlement)

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as the trustee (in such capacity, the "**Trustee**") of the assets, undertakings, and properties of Building & Development Mortgages Canada Inc. ("**BDMC**").

B. Pursuant to an Order of the Court made on December 2, 2019 (the "**December 2019 Omnibus Order**"), the Court, among other things, approved the QEWN Administration Settlement (as defined in the Thirteenth Report of the Trustee dated November 22, 2019 (the "**Thirteenth Report**")) and ordered that it be effective upon the delivery by the Trustee to counsel for the QEWN Investors (as defined in the Thirteenth Report) of a certificate confirming, among other things, that: (a) the Proposed Administrator has provided a letter to the Trustee

acknowledging its acceptance of the administration duties being assumed under the loan and security documents related to the QEWN Project, (b) each QEWN Investor has acknowledged and agreed, after having each received independent legal advice (i) that it is their individual desire to have the Proposed Administrator appointed after being informed of the impact of the QEWN Administration Settlement, which includes no longer having the benefits of Court supervision, Representative Counsel and a licensed mortgage administrator to oversee the administration of their loan and security, and (ii) the Trustee, its counsel and Representative Counsel shall receive a court-ordered release in connection with all matters relating to the QEWN Project as part of the QEWN Administration Settlement, (c) consent of the QEWN Project borrower to the appointment of the Proposed Administrator has been obtained; and (d) an agreement has been reached between the Trustee and the QEWN Investors to compensate the BDMC estate for costs incurred directly with respect to the QEWN Project and an appropriate portion of costs incurred in respect of the general administration of the BDMC estate.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the December 2019 Omnibus Order or the Thirteenth Report, as applicable.

THE TRUSTEE CERTIFIES the following:

- (a) The Trustee has received a letter provided by the Proposed Administrator acknowledging its acceptance of the administration duties being assumed under the loan and security documents related to the QEWN Project, which is in a form acceptable to the Trustee;
- (b) each QEWN Investor has acknowledged and agreed, after having each received independent legal advice:
 - (i) that it is their individual desire to have the Proposed Administrator appointed after being informed of the impact of the QEWN Administration Settlement, which includes no longer having the benefits of Court supervision, Representative Counsel and a licensed mortgage administrator to oversee the administration of their loan and security relating to the QEWN Project, and
 - (ii) that the Trustee, its counsel and Representative Counsel shall receive a Court-ordered release in connection with all matters relating to the QEWN Project as part of the QEWN Administration Settlement;
- (c) consent of the QEWN Project borrower to the appointment of the Proposed Administrator has been obtained; and

- (d) an agreement satisfactory to the Trustee has been reached between the Trustee and the QEWN Investors to compensate the BDMC estate for costs incurred directly with respect to the QEWN Project and an appropriate portion of costs incurred in respect of the general administration of the BDMC estate.

This Certificate was delivered by the Trustee at _____ [TIME] on _____ [DATE].

**FAAN Mortgage Administrators Inc., solely
in its capacity as Court-appointed Trustee of
the assets, undertakings, and properties of
Building & Development Mortgages Canada
Inc., and in no other capacity**

Per: _____

Name:

Title:

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

DECEMBER 2019 OMNIBUS ORDER

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Phone: 416-362-2111
Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)
Jeremy Dacks (LSO# 41851R)

Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee

Appendix 3:

Project Analysis Summary dated November 12, 2020

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
1	6th and Tenth	207	Completed	1st: \$4.8M, First National (balance as at November 2020) 2nd: \$8.8M BDMC	December 27, 2014 (extend date June 27, 2015) MATURED.	Completed condominium with 24 unsold units plus one conditional sale. Eight units have sold since the Trustee's Thirteenth Report.	n/a
2	Bauhaus	110	Exited	n/a	n/a	On February 28, 2020, the Trustee sought and obtained Court approval of a settlement agreement in the amount of approximately \$6.73M in respect of the BDMC debt on the Bauhaus project.	n/a
3	Bowmanville	103	Exited	n/a	n/a	n/a	On February 21, 2020, Hillmount Capital Inc. issued a s. 244 notice and a Notice of Sale Under Mortgage ("Notice of Sale"). On May 5, 2020, Ernst & Young Inc. ("EY") was appointed as receiver and retained CBRE Land Services Group to market the property for sale. On November 5, 2020, EY sought and obtained Court approval of an agreement of purchase and sale between the receiver and Brookhill Durham Holdings Inc., a company related to the borrower and the party that submitted the highest and best offer. The purchase price for the property has not been publicly disclosed to protect the value of the property in the event that the transaction with the purchaser fails to close. The Trustee understands that given the quantum of debt in priority to the BDMC debt, the Bowmanville Investors will experience a significant shortfall on their loan. The sale transaction is scheduled to close on November 23, 2020, after which the Trustee will provide Investors with information regarding the purchase price and any Investor recovery.
4	Bradford Bond Head	186	Exited	n/a	n/a	n/a	Sugarcree developments, the first priority lender, issued a s. 244 Notice and a Notice of Sale. On July 23, 2019, Quincy, the second priority mortgagee, obtained an order of the Court appointing Rosen Goldenberg Inc. as receiver over the property. The receiver ran a sale process for the property and sought and obtained Court approval for an agreement of purchase and sale ("Bond Head Sale"). The Bond Head Sale resulted in the second mortgagee suffering a shortfall under its charge and as such there were no recoveries available for BDMC in respect of its fifth ranking mortgage. Accordingly there were no funds available for distribution for the Bradford Bond Head Investors.
5	Braestone	250	Exited	n/a	n/a	On November 28, 2018, the Trustee sought and obtained court approval of a settlement agreement in the amount of \$10M in respect of the BDMC debt on the Braestone project.	n/a
6	Brookdale	491	Exited	1st: Firm Capital Corporation ("Firm") PAID OUT 2nd: AG PAID OUT 3rd: Jaekel PAID OUT 4th: \$4.6M BDMC Mezz 5th: \$20.7M BDMC Original	n/a	n/a	Sale of the property approved on October 18, 2018 pursuant to Court order. Sale transaction closed on October 24, 2018 for a purchase price of approximately \$50M. After repayment of amounts owing to the first, second and third mortgagees, approximately \$20.4M remained. Since 2019, the Trustee has been involved in complex litigation involving construction liens, which claims totaled approximately \$8.7M in aggregate. On August 28, 2020, a Court order was granted authorizing a settlement with the lien claimants for approximately \$4.5M. After paying the lien claimant settlement amounts, approximately \$17M continues to be held in trust by the Court ("Brookdale Proceeds"). There are three remaining claims to the Brookdale Proceeds that are seeking priority to or otherwise affecting the priority of the BDMC mortgages, being a claim from certain bondholders (under which approximately \$9M plus interest and costs is claimed), the Fortress-related borrower (under which approximately \$1.5M is claimed) and Fernbrook Homes (Brookdale) Limited. The quantum and timing of any distribution to the Brookdale Investors remain unknown given these outstanding unresolved priority issues.

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
7	Capital Pointe	728	Exited	n/a	n/a	n/a	KEB Hana Bank of Canada ("KEB"), the first priority lender, commenced a Claim in Mortgage Action. On March 4, 2019, an order was granted permitting the property to be listed for sale through a commercial realtor. On May 12, 2020, an order was granted approving a sale of the property to Magnetic Capital Group Inc. As KEB suffered a shortfall on its loan, there were insufficient proceeds to make any distribution to any of the subordinate loans registered on title including the BDMC mortgages.
8	Castlemore (Cachet)	453	Development	1st: \$10.5 M Cameron Stephens 2nd: \$21.2M BDMC 3rd: \$22M 2429730 Ontario Ltd	September 30, 2019 (extend date September 30, 2021) extension not exercised. MATURED.	Development approvals needed. The Block Plan application to amend the Official Plan was approved by the Local Planning Appeal Tribunal ("LPAT") on October 6, 2020. Draft Plan of Subdivision can now be submitted.	In late 2019, the Trustee received a settlement offer from the borrower for \$9.5M ("Offer"), which was subsequently increased to \$10.45M ("Revised Offer"). Initially, Investor feedback was generally supportive of the Offer. Following additional negotiations, the Trustee served a motion seeking approval of the Revised Offer. However, during the period between the service of materials and the proposed hearing, the Trustee and Representative Counsel received additional Investor feedback that resulted in a materially lower level of support for the Revised Offer. As a result, the Trustee determined that it would not be moving forward with the Revised Offer which expired in accordance with its terms. On March 2, 2020, the borrower initiated legal proceedings seeking to enforce a clause in the BDMC loan agreement ("End of Term Event Clause"). The borrower advanced a position that, under the End of Term Event Clause, it could pay approximately \$9.1M in exchange for a full discharge of BDMC's debt and security and a full release from the Castlemore Investors. The Trustee and Representative Counsel disagree with the borrower's position and opposed the application. A hearing on the application took place on November 3, 2020, and the decision is currently under reserve.
9	Charlotte Adelaide Tower [CHAT/LH1]	301	Exited	n/a	n/a	The borrower entered into an agreement of purchase and sale for the property that was the subject of the CHAT Project for an initial cash purchase price of \$16.5M, which resulted in net proceeds of \$3.6M paid to the Trustee, on behalf of BDMC, on closing. Additional payments totaling \$1.95M have since been paid by the CHAT purchaser. The Trustee also negotiated and entered into a memorandum of understanding in connection with the CHAT Transaction, pursuant to which BDMC was given the opportunity to receive a further payment of up to \$5.2M based on the achievement by the CHAT purchaser of certain development milestones ("Density Bonus"). The CHAT purchaser has advised that it is of the view that the Density Bonus is not payable. The Trustee is currently in discussions with the CHAT purchaser to understand its position.	n/a

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
10	Collier Center	949	Exited	n/a	n/a	n/a	The property was listed for sale in July 2018. On or around the beginning of May 2019, Morrison Financial Mortgage Corporation, the first priority mortgagee (" Morrison "), advised the Trustee that no formal offers for the property had been received and that it proposed to transfer the property to a related company for an amount equal to the highest informal offer it received. On May 8, 2019, Morrison transferred the property to Morrison Financial Realty Corporation for a price of \$18.457M (" Takeout Price "). Given that the Takeout Price was substantially less than the amount owed to Morrison, Morrison did not recover the full amount of its indebtedness and there were no recoveries available for distribution to the subsequent mortgagees, including BDMC.
11	Crestview Commons (Manors of Mineola)	166	Exited	n/a	n/a	On May 23, 2019, the Trustee sought and obtained court approval of a settlement agreement in the amount of \$4.475M respect of the BDMC debt on the Crestview project.	n/a
12	Eden (King City)	129	Completed	1st: \$5.9M to BDMC	March 31, 2015 (extend date March 31, 2016) MATURED.	Construction of the homes has been completed and the homes have been sold. The BDMC mortgage remains registered on title.	Following the sale of the homes, the borrower advised that there would be no recovery to investors on the project due to cost overruns. Based on available information, the Trustee completed a preliminary review of the sources and uses of funds for the project. The analysis identified several areas requiring further investigation. On June 19, 2019, the Trustee sought and obtained a Bankruptcy Order in respect of the borrower, and Grant Thornton (" GT ") was appointed as bankruptcy trustee. A representative of the Trustee was appointed as an inspector in the bankrupt estate. GT's investigation into the affairs of the bankrupt entity is ongoing. The Trustee is also involved in negotiations relating to ongoing litigation in respect of the Eden Project.
13	Nobleton South	137	Development	1st: \$3.21M VTB 2nd: \$7.7M BDMC	March 11, 2020 (extend date March 11, 2022) extension was not requested by borrower. MATURED.	Development approvals needed. Property is not in the built boundary and does not have Official Plan Approval. Formal planning applications to the municipality can not be submitted until Official Plan Approval is obtained. Timeframe for approval continues to be unknown.	The priority mortgagees issued a Notice of Sale in respect of acquisition financing that had matured. The Trustee has been advised that the priority mortgagees have entered into an agreement of purchase and sale with respect to the property and the transaction is scheduled to close in December 2020. The purchase price for the property has not been publicly disclosed to protect the value of the property in the event that the transaction with the purchaser is not completed.

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
14	Glens of Halton Hills (Georgetown, GHH)	306	Exited	n/a	n/a	n/a	Notice of Intention ("NOI") to make a proposal was filed by the borrower in August 2018. Multiple lenders sought to enforce prior to the NOI filing. A sale and marketing process was undertaken by the Proposal Trustee. Proceeds from the transaction were used to, among other things, repay the first priority mortgagees on the project. As there was a shortfall in the amounts owing to the second ranking mortgagee, there were no recoveries available for distribution to BDMC. On February 5, 2019, the borrower was deemed bankrupt. The Trustee undertook a preliminary review of the sources and uses of funds on the project, which was provided to the bankruptcy trustee ("KSV"). Following the results of KSV's review, the Trustee concluded that KSV would have to incur significant additional time to further investigate the use of funds advanced by the Georgetown Investors, and there was no clear road to action or any recoveries without incurring significant additional costs. There are no funds remaining in the bankruptcy estate for KSV to continue any further investigation. Even if KSV successfully challenged certain transactions, any funds recovered would be used to satisfy fees and the shortfall to the second mortgagee before any funds could be made available for distribution to Georgetown Investors.
15	Highlands of York Region (East Gwillimbury)	59	Development	1st: Listed below per property: \$500K – 19851 2nd Concession Rd. \$2.2M – 19879 2nd Concession Rd. \$2.3M – 19935 2nd Concession Rd. 2nd: \$6M RW Fortress Inc. 3rd: \$2.5M BDMC	April 15, 2021 (extend date April 15, 2022 / April 15, 2023).	Development approvals needed. The Draft Plan of Subdivision and Zoning By-Law applications were submitted to the Town of East Gwillimbury in June 2018. A notice of complete application has been received and a Public Planning Meeting has been held. Comments from the Town were sent to the borrower in the fall of 2018. No resubmission addressing the Town's comments have been submitted to date. The Trustee understands that the resubmission has been delayed for two reasons: (i) servicing; and (ii) the Region of York not permitting access of the proposed development from 2nd Concession road, which means the road access will need to come through the subdivision to the north of the properties. As the configuration from this subdivision is not final it is difficult for the borrower to plan its development at this time.	n/a
16	Humberstone	94	Exited	n/a	n/a	On September 11, 2019, the Trustee sought and obtained Court approval of a settlement agreement in respect of the BDMC debt on the Humberstone project. The first settlement payout was \$1.75M and a possible future second settlement payment ranges from \$600,000 to \$800,000.	n/a
17	Jasper House	163	Exited	n/a	n/a	Property was listed for sale by the borrower. The borrower received an offer and ultimately executed an agreement of purchase and sale with the purchaser at a sale price of approximately \$4.3M. The sale transaction closed in October 2020 with residual proceeds of approximately \$1.8M after repayment of the first priority mortgagee and other closing costs. The borrower has provided the Trustee with a summary of amounts it claims are owed from the sale proceeds in priority to the BDMC loan. The claim is comprised of, among other things, amounts advanced by certain companies related to the borrower to pay, among other things, certain carrying costs associated with the property. The Trustee continues to engage in discussions with the borrower regarding its claim. There was a mortgage in third position behind the BDMC loan in the amount of \$768,650, in favour of the North Project borrower. It appears that the North borrower advanced these funds from the North Project to the Jasper House Project as a loan and such loan was not repaid. The Trustee is in the process of reviewing this transaction and will report back upon completion of its review, as it may affect entitlement to the residual proceeds from the transaction.	n/a

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	<p>Development Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.</p> <p>Pre-construction Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.</p> <p>Construction Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.</p> <p>Completed Construction is complete, units remain unsold.</p> <p>Exited All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.</p>
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NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
18	King Square	176	Completed	<p>1st: \$60.6M Firm*</p> <p>2nd: \$500K Aviva</p> <p>3rd: \$8.6M BDMC</p> <p>4th: \$6M OYSX Inc.</p> <p>5th: \$7M 2198136 Ontario Ltd.</p> <p>*Includes approximately \$14M of VTB's between Firm and the purchasers of certain units</p>	August 31, 2019 (extend date February 28, 2020) extension was not requested by borrower. MATURED.	Unit sales ongoing. Approximately 45% of the net saleable area has been sold.	On March 6, 2020, Firm, the first priority mortgagee, issued a Notice of Sale. Firm is working together with the King Square borrower to sell the remaining inventory comprising the King Square Project. The timing and quantum of recoveries, if any, for the King Square Investors remains uncertain and is dependent on the timing and selling price of the remaining inventory and the status of the amounts owing to Firm, which continue to accrue interest.
19	Kingridge Square (Speers)	45	Exited	n/a	n/a	On January 29, 2019, the Trustee sought and obtained approval of a settlement agreement of \$1.95M in respect of the BDMC debt on the Speers project.	n/a
20	Lake & East	154	Exited	n/a	n/a	n/a	On May 22, 2019, Toronto Capital Corporation ("TCC") issued a Notice of Sale. As its debt was not repaid, TCC retained CBRE to market the property for sale. On December 18, 2019, TCC accepted an offer of \$7M for the properties. The transaction closed in May 2020, at which time the total amount due to TCC was in excess of \$7.5M. As TCC suffered a shortfall on its priority loan and mortgage, there were no recoveries available to repay any amounts owing to the Investors.
21	Mississauga Meadows 1 ("MM1")	130	Exited	n/a	n/a	n/a	The project was subject to both a 244 Notice and a Notice of Sale issued by Firm, the priority lender. A sale process was undertaken by Firm and an offer was accepted for both MM1 and MM2 which closed July 3, 2019. The purchase price resulted in a shortfall to the second priority mortgagee and no recovery to the MM1 Investors.
22	Mississauga Meadows 2 ("MM2")	82	Exited	n/a	n/a	n/a	The project was subject to both a 244 Notice and a Notice of Sale issued by Firm, the priority lender. A sale process was undertaken by Firm and an offer was accepted for both MM1 and MM2 which closed on July 3, 2019. The purchase price resulted in a shortfall to the second priority mortgagee and no recovery to the MM2 Investors.
23	Estates of Nobleton (Nobleton North)	353	Exited	n/a	n/a	On November 5, 2019, the Trustee obtained Court approval of a settlement agreement in the net amount of \$14.45M in respect of the BDMC debt on the Nobleton North project.	n/a

Derived from BDMC records, information provided by Fortress Real Developments Inc. ("Fortress"), project borrowers, a planning consultant and other third parties, as of November 12, 2020.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
24	North	152	Exited	n/a	n/a	<p>Property was listed for sale by the borrower. The borrower received an offer and ultimately executed an agreement of purchase and sale with the purchaser at a sale price of approximately \$4.7M. The sale transaction closed in June 2020 with residual proceeds of approximately \$1.6M. The borrower has provided the Trustee with a summary of amounts it claims are owed from the sale proceeds in priority to the BDMC loan. The claim is comprised of, among other things, amounts advanced by certain companies related to the borrower to pay, among other things, certain carrying costs associated with the property. The Trustee continues to engage in discussions with the borrower regarding its claim.</p> <p>The North borrower registered a mortgage on the Jasper House Project in third position behind the BDMC loan in the amount of \$768,650. It appears that the North borrower advanced these funds from the North Project to the Jasper House Project as a loan and such loan was not repaid. The Trustee is in the process of reviewing this transaction and will report back upon completion of its review, as it may affect entitlement to the residual proceeds from the transaction.</p>	
25	Old Market Lane	241	Exited	n/a	n/a	n/a	<p>On September 25, 2019, the first priority mortgagee, 5019203 Ontario Ltd. ("5019 Ontario"), issued a Notice of Sale. As the full amount of the outstanding debt was not repaid in time, 5019 Ontario was in a position to list the properties for sale. The Trustee was independently presented with a proposed sale transaction prior to the commencement of 5019 Ontario's sale process, which offer was in excess of the appraisal previously commissioned by the Trustee and two appraisals commissioned by 5019 Ontario. 5019 Ontario ultimately entered into a transaction with this purchaser instead of pursuing its sale process, which resulted in residual proceeds of approximately \$1.57M being distributed to the Trustee, on behalf of BDMC, after payment of the 5019 Ontario mortgage and other closing costs. On October 15, 2020, the Trustee sought and obtained Court approval to distribute the residual proceeds on a <i>pari-passu</i> basis to all OML Investors.</p>
26	Peter Richmond Land Assembly (LH2)	604	Exited	n/a	n/a	<p>The Trustee undertook a focused solicitation process with respect to a potential transaction in respect of the BDMC debt on the Peter Richmond project. As a result of this solicitation process, on January 30, 2020, the Trustee obtained Court approval for the assignment of the BDMC debt and security relating to the Peter Richmond project in exchange for a cash payment of \$26.25M. On October 15, 2020, the Trustee obtained Court approval for a method to distribute the proceeds from the assignment transaction to the Peter Richmond Investors.</p>	n/a
27	Port Place 2	67	Development	<p>1st: \$285K Magnetic Capital Group ("Magnetic") 2nd: \$2.9M BDMC 3rd: \$1.47M Magnetic</p>	January 30 2017 (extend date January 30, 2018) MATURED.	<p>Property consists of 4 separate 2 storey retail properties.</p>	<p>The project is subject to a Notice of Sale issued by the first-ranking mortgagees. As the deadline was not met, a marketing and sale process for the Port Place 2 properties was commenced. In June 2020, a sale transaction for one of the four parcels was completed. The Trustee understands that the remaining three parcels are currently subject to sale transactions that have not yet been completed.</p> <p>On October 15, 2020, the Court granted an order authorizing the Trustee to enter into subordination and priority agreements that would subordinate BDMC's second priority mortgage to certain limited portions of additional financing advanced by certain first-ranking mortgagees secured by a mortgage currently registered in third position.</p>

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The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
28	Pivot (Rutherford)	176	Construction	1st: \$9.8M Bank of Nova Scotia ("BNS") 2nd: \$997K (*as at October 29, 2020) Jaekel Capital Inc. 3rd: \$8.6M BDMC	July 30, 2017 (extend date July 30, 2018) MATURED.	To date 61 out of the 136 homes have been sold. 54 of those sale transactions have closed. 10 more are complete or nearly complete and no new starts have commenced.	n/a
29	Prescott	53	Construction	1st: \$0 BNS * 2nd: \$2.65M 1984125 Alberta Ltd 3rd: \$2.4M BDMC *BNS will fund the buildout of the 2 remaining properties	July 10, 2016 (extend date July 10, 2017) MATURED.	To date 30 out of the 32 homes in the development have been sold and all 30 homes have closed. Construction of the 2 remaining units will commence in the near term. The borrower has advised that the second priority lender will likely experience a shortfall on its loan and, if that is the case, there will be no funds remaining for the Prescott Investors from the development.	n/a
30	QEWN – Oakville East	12	n/a	n/a	n/a	n/a	The BDMC debt and security on the QEWN project was transferred to a new administrator in June 2020, in accordance with the Court-approved QEWN Administration Settlement. As part of the transfer, an agreement was reached to compensate the BDMC estate for costs incurred directly with respect to the QEWN project and an appropriate portion of costs incurred in respect of the general administration of the BDMC estate.
31	Sky City Winnipeg	649	Pre-construction	1st: \$5M 11615467 Canada Ltd. 2nd: \$2.5M JYR 3rd: \$1.8M 11615467 Canada Ltd 4th: \$24.9 BDMC Original 5th: \$3.5 BDMC Hybrid 6th: \$1.3M BDMC WSL 7th: \$2M BDMC BOW 8th: \$586K Overflow	Original: August 2019 (term changed in later closings from 2018 to 2019, extend date August 2020) extension not exercised. MATURED. Hybrid: August 2019 (term changed in later closings from 2018 to 2019, extend date August 2020) extension not exercised. MATURED. WSL: August 31, 2018 MATURED. BOW: August 31, 2018 MATURED.	As the project was significantly behind schedule, deposits were returned to condo buyers. The site is currently being used as a surface parking lot, the income of which is used to service a portion of the priority debt. The borrower retained CW Stevenson Inc. to list the property for sale and on September 15, 2020 it was listed with no list price and a deadline for offers of October 15, 2020. The Trustee has followed up with the borrower who has advised that there are ongoing discussions with prospective purchasers regarding offers that have been submitted, however, no additional details have been provided.	On October 13, 2020, 11615467 Canada Ltd, the third priority mortgagee, issued a Notice of Sale requiring the full amount of its outstanding debt of approximately \$1.8M to be paid. The Trustee has been advised by counsel to the third priority mortgagee that, should its debt not be repaid within 30 days of the issuance of the Notice of Sale, the third priority mortgagee intends to seek court approval to list the Sky City property for sale regardless of the existing sale process being conducted by the borrower.
32	Solterra (Fusion)	362	Exited	n/a	n/a	On August 27, 2020, the Trustee sought and obtained approval of a settlement agreement in the amount of approximately \$16.2M in respect of the BDMC debt on the Solterra (Fusion) project. The settlement payment was in addition to the approximately \$2.4M paid to the Trustee, on behalf of BDMC, in respect of the completion of Phase 3 of the development.	n/a

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The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
33	The Greenwood (Danforth)	162	Exited	n/a	n/a	On March 16, 2020, the Trustee sought and obtained approval of a settlement agreement in the amount of \$7M in respect of the BDMC debt on the Greenwood (Danforth) project.	n/a
34	The Harlowe	303	Exited	n/a	n/a	On December 20, 2018, the Trustee sought and obtained approval of a settlement agreement in the amount of approximately \$15.6M in respect of the BDMC debt on the Harlowe project.	n/a
35	The Woodsworth (formerly The James)	130	Exited	n/a	n/a	On April 26, 2019, the Trustee sought and obtained approval of a settlement agreement in the amount of approximately \$4.8M in respect of the BDMC debt on the James project.	n/a
36	The Kemp	360	Exited	n/a	n/a	n/a	Romspen, the first priority mortgagee, issued a Notice of Sale in respect of its first priority mortgage which had matured. On June 27, 2019, Romspen accepted an offer for the sale of the properties. The transaction closed on September 10, 2019. After repayment of amounts owing to the first, second and third priority mortgagees, approximately \$2.2M remained as residual proceeds. Counsel to Fortress, on behalf of itself and the borrower, has submitted a claim to the residual proceeds of approximately \$572,000 in priority to the amounts to be paid to the Trustee on behalf of the Kemp Investors. The Trustee reviewed Fortress' claim and disagreed with the analysis provided by Fortress. In December 2019, the Trustee distributed \$1.5M of the \$2.2M of remaining proceeds, with \$700,000 held back pending resolution of the Fortress claim. The Trustee remains in discussion with Fortress and others in respect of this claim.
37	The Orchard	382	Exited	n/a	n/a	Property was listed for sale by the borrower. In June 2020, the borrower entered into an agreement of purchase and sale at a sale price of \$7M. After payment of the priority mortgages, including a loan from a party related to the Orchard borrower, property taxes, commission and other closing costs, approximately \$1.8M remained for distribution to the Orchard Investors. On September 22, 2020, the Trustee sought and obtained Court approval to distribute the residual proceeds on a <i>pari-passu</i> basis to the Orchard Investors.	n/a
38	The South Shore	639	Construction	1st: \$6.895M Diversified Capital Inc. ("Diversified") (as at January 24, 2019) 2nd (pari passu): \$10.5M BDMC SS Hybrid 2nd (pari passu): \$10.1M BDMC SS2 3rd: \$8.6M BDMC Original	Hybrid: April 21, 2018 (extend date April 21, 2019) MATURED. SS2: July 21, 2016 (extend date July 21, 2017) MATURED. Original: January 21, 2014, amending agreement to July 21, 2017 MATURED.	This project is composed of two sites. Phase 1 comprises two mid-rise condominium apartment buildings. The borrower completed servicing and grading, installation of support piles and poured foundation. The foundation work began in 2017 but did not move forward due to a lack of financing. The borrower did not have sufficient pre-sales to obtain construction financing. The concept for Phase 2 is a 140-unit hotel, conference centre and spa as well as a small live/work building.	The project is subject to a Notice of Sale issued by Diversified, the priority mortgagee. In October 2019, Diversified advised the Trustee that it was in the process of commencing a formal marketing process, which included retaining a commercial broker to list the property for sale. Since then, the Trustee continued to follow up with Diversified regarding its efforts to sell the property as it continued not to be listed for sale. With the exception of limited responses to the Trustee's correspondence after the issuance of a letter from the Trustee's counsel on June 5, 2020, Diversified continued to ignore the Trustee's requests for information. Through its own research, the Trustee understands that, on or about October 21, 2020, the property was formally listed for sale with Colliers International on an unpriced basis and with a deadline for offers of November 26, 2020. The Trustee is continuing to attempt to engage in discussions with Diversified to obtain more information regarding the sale process.

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The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development Pre-construction Construction Completed Exited	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up. Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced. Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction. Construction is complete, units remain unsold. All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.
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NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
39	The Wade (Victoria Medical)	118	Exited	n/a	n/a	n/a	n/a
40	Treehouse (Halo)	115	Development	1st: \$3.7M TCC (as at May 22, 2019) 2nd: \$5.4M BDMC	November 30, 2021	The units comprising the project were originally sold in March 2015, however the borrower cancelled the sales in June/July 2017, with the intention of reselling them in the future. The site is fully zoned and the project was nearing the point of site plan approval.	On May 22, 2019, TCC issued a Notice of Sale. As its debt was not repaid by the deadline, TCC retained CBRE to market the property for sale. Offers were due September 25, 2019. Multiple offers were received, however, the Trustee understands that none of the offers received were sufficient to repay TCC in full and, accordingly, TCC has continued to market the property.
41	Triple Creek	280	Exited	n/a	n/a	The property is a long term holding property located within Rocky View County. The property currently is classified as 'Ranch and Farmland District' which permits agricultural uses and the borrower was unsuccessful in having the parcel re-designated to allow for residential development. Site is approximately 5 km from the existing built boundary. The property's future development is dependent on the subject lands being identified as an area for growth/development by the Calgary Growth Management Board.	A Notice of Sale was issued by first priority lender, Romspen, and other enforcement actions were taken by the second priority lender. On December 14, 2018, an order was granted permitting the property to be listed for sale through a commercial realtor. The list price for the property was \$3M. A report prepared by the listing agent noted that over the course of the six-month sale process, with the exception of one verbal offer for \$1.9M, no offers were received. After the completion of the initial six-month listing, the listing agent continued to market the property on its website until July 2020, during which time it received three verbal offers ranging from \$700,000 to \$1.6M. Given the lack of interest in the property, Romspen sought and obtained an Order for Foreclosure on October 29, 2020, which resulted in Romspen being granted a new Certificate of Title to the property solely in its name and all subsequent encumbrances, including the BDMC mortgages, being discharged from title to the property, with no recovery for the Triple Creek Investors or the second or third priority mortgagees.
42	Union Waterfront	353	Exited	n/a	n/a	n/a	A receiver was appointed August 3, 2018 and a sale process was completed. Sale of the properties was approved on February 15, 2019 pursuant to a Court order. As there was a shortfall in amounts owing to the first priority mortgagee, no recoveries were available for distribution to BDMC.
43	Wellington House	139	Development	1st: \$6.7M (charge \$8M) Cameron Stephens Financial Corporation 2nd: \$6.3M BDMC	May 1, 2020 (extend date May 1, 2021) extension not exercised MATURED .	Development approvals needed. The borrower advised purchasers that in order to achieve an approvable design it altered the design of the project together with certain floorplate alterations. Deposits were returned to purchasers. The Zoning By-law Amendment was appealed to the LPAT and a hearing took place on October 29, 2018. On February 4, 2020, a decision was released by the LPAT whereby the borrower's appeal was dismissed and the requested amendment was not approved. Based on discussions with the borrower, the Trustee understands that the failure to obtain the amendment has delayed the project as the borrower will need to re-submit a revised application to the LPAT at a reduced density.	n/a

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The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 12, 2020
(Unaudited)

LEGEND:	Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
	Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, units remain unsold.
	Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
44	Whitby Commercial Park (Rosewater)	257	Development	1st: \$12.7M Downing Street Financial Inc. 2nd: \$14.7M BDMC	December 31, 2019 (three 6-month extensions at the discretion of the Trustee to an outside date of June 30, 2021)	<p>Development approvals needed. The Secondary Plan was approved by Whitby Council and adopted by the Region of Durham. An appeal to the secondary plan related to a District Park designation north of the subject lands was filed. Since the issue is isolated to a specific property, the appeal was scoped to allow the approval of the secondary plan to proceed. On June 24, 2019, Whitby Council approved a Zoning By-law Amendment on the subject lands to 'Prestige Industrial' and 'Greenbelt' which permits the development of the subject lands.</p> <p>The borrower is seeking to sell the property. The property is listed for sale with no list price and no bid deadline. The borrower has informed the Trustee that it has entered into a conditional agreement of purchase and sale for the property. The due diligence period has been extended to December 2020. The Trustee also understands that there are a number of parties interested in the property.</p> <p>The borrower exhausted the funds advanced by the priority mortgagee in early 2020 but was able to obtain bridge financing from the priority mortgagee to fund expenses through to October 31, 2020 while the borrower attempted to complete a sale of the project. The Trustee understands that these funds have now been exhausted and the borrower is in discussions with the priority mortgagee for additional financing to bridge to the closing of a sale transaction.</p>	
45	White Cedar Estates (Dunsire Guelph)	42	Exited	n/a	n/a	n/a	Property was sold through a Court-appointed receivership. The net proceeds remaining from the sale of the project after collection of ancillary receipts and payment of, among other things, the debt in priority to BDMC and professional fees is approximately \$490,000. In September 2019 the Trustee received a preliminary payment of \$450,000 ("Preliminary Payment") from the receiver. The Trustee was advised at the time that a second and final payment was expected to be paid to the Trustee in the near term ("Final Payment") once it receives a nominal HST refund from the CRA. The Trustee understands that, due to COVID-19, there have been significant delays with the processing of refunds by the CRA. Given the prolonged period of time since the Trustee's receipt of the Preliminary Payment and the continued uncertainty as to the timing of receipt of any Final Payment, the Trustee made an interim distribution to the Dunsire Guelph Investors in September 2020. Following receipt of any Final Payment, which the Trustee expects to be nominal, the Trustee would then be in a position to make a second distribution to Dunsire Guelph Investors.

Building & Development Mortgages Canada Inc.

Project Analysis Summary as at November 12, 2020 - Notes

(Unaudited)

Note 1: The Trustee cautions that the Project Analysis Summary is only intended to summarize the results of certain aspects of the Trustee's analysis to November 12, 2020. The Trustee continues to refine its analysis on each project as well as to respond to new developments and information. New developments and new information can at times have a significant impact on the Trustee's review for that project and its related recommendations. Further, certain confidential information has been excluded from the Project Analysis Summary.

Note 2: Capital stack contains information provided to the Trustee at different points in time by various sources regarding the amounts advanced under the various registered charges. The registered charges may be different than the amount due. Actual balances may vary and those variances may be material. The capital stack information is provided for reference only and the Trustee or any other party may dispute the quantum and/or priority of any mortgage. Other encumbrances may exist that have not been registered on title.

Note 3: The Trustee has identified that the loan agreements on certain projects reflect maturity dates that vary depending on when the Investor entered into its agreement with BDMC. In some cases, Investors that advanced funds in a later tranche have loan agreements that reflect maturity dates that are later than the maturity dates reflected in the loan agreements of Investors that advanced funds earlier. As such, an individual Investor's loan maturity date may differ from the dates herein. The Trustee has not reviewed each Investor's individual closing package, and, accordingly, cannot confirm how many projects might be affected by varying maturity dates within a loan.

Appendix 4:

Bauhaus Notices dated February 14, 2020 and February 25, 2020



February 14, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to Lamb Bauhaus Inc. (the “Borrower”) pursuant to the loan agreement dated August 15, 2016 (“Loan Agreement”) regarding the property located at 284 King St. E., Toronto, ON (“Bauhaus Project” or the “Property”)

Request for approval regarding the Syndicated Mortgage Loan to Lamb Bauhaus Inc.

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (the “**Trustee**”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) under a court order (“**Appointment Order**”) issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Bauhaus Project and further to: (i) the December 20, 2020 vote solicitation and feedback request that you may have received from Mr. Lamb, signed on behalf of the Borrower, (“**Borrower Notice**”); and (ii) the December 23, 2020 notice sent to you by the Trustee in response to the Borrower Notice (“**Trustee’s Notice**”).

Current Status of the BDMC Loan

As was advised in the Trustee’s Notice, pursuant to the BDMC Loan, the total amount owing to the syndicated mortgage lenders that advanced funds through BDMC in respect of the Bauhaus Project (“**Bauhaus SMLs**”) is approximately \$6.6 million, which reflects a principal balance of approximately \$5.6 million and accrued interest of approximately \$1 million (as at December 31, 2019)¹. The BDMC Loan has a second ranking mortgage registered against title to the Property and matures on September 15, 2021 (“**Maturity Date**”).

In addition to the BDMC Loan, there is a first priority mortgage registered on title to the Property in favour of Firm Capital Corporation (“**Firm**”) in the amount of approximately \$10 million. The Firm mortgage is the only known charge registered on title to the Property in priority to the BDMC Loan.

¹ Per diem interest since December 31, 2019 is \$1,236.52

The Borrower Notice

The Borrower Notice, which was sent without consulting the Trustee or Representative Counsel, solicited the feedback of the Bauhaus SMLs in respect of a \$2.2 million settlement offer submitted by the Borrower to the Trustee (“**Original Offer**”). The Original Offer reflected a recovery of approximately 39% of the outstanding principal balance of the BDMC Loan (and no payment of any accrued interest).

The Trustee’s view, which was outlined in the Trustee’s Notice, was that the Original Offer was not fair or reasonable in the circumstances or in the best interests of the Bauhaus SMLs. The Original Offer allowed the Borrower to continue to maintain control of the Bauhaus Project, and ultimately be the beneficiary of any profits from its development, while causing the Bauhaus SMLs to crystallize a significant loss. The Trustee also advised that it would not be acting upon any votes from the Bauhaus SMLs made in response to the Borrower Notice.

Development Approvals

The Borrower is proposing a 30-storey mixed use building containing 205 residential units and 177 square meters of grade-related commercial uses on King Street East in downtown Toronto, Ontario.

The Borrower’s Notice advised that in September 2019, the Borrower attended a 10-day municipal hearing before the Local Planning Appeal Tribunal (“**LPAT**”) for both a zoning by-law amendment and site plan approval, which would be required to develop the Bauhaus Project as proposed, and further noted that a decision from the LPAT was not expected to be released until 2021. The Borrower’s Notice cited the delay in obtaining development approvals as one of the factors ‘crippling’ the Bauhaus Project and one of the reasons it was offering only a limited repayment of principal at that time.

On January 3, 2020, the LPAT released its decision and ruled in favour of the Borrower’s application. The favourable LPAT decision allows the Borrower to proceed with the Bauhaus Project as proposed, thereby crystalizing the saleable gross floor area, eliminating the existing development uncertainty and reducing the timeline to project completion by at least 12 months.

The Final Offer

Given the above and following further discussions between the Borrower and the Trustee, the Borrower has presented the Trustee with a revised offer to settle the BDMC Loan. The revised offer provides for payment by the Borrower of approximately \$6.735 million (“**Final Offer**”), or approximately \$4.5 million more than the Original Offer. The Final Offer reflects a recovery of 100% of the outstanding principal balance of the BDMC Loan (\$5.6 million) and 100% of accrued interest through to February 28, 2020 (\$1.1 million), which date is the



Borrower's anticipated closing date should the Final Offer be accepted by the Bauhaus SMLs and approved by the Court.

The Final Offer is conditional upon Court approval and a release of all future obligations of the Borrower with respect to the Loan Agreement and the BDMC Loan. In the event that the Borrower fails to pay any portion of the Final Offer within two weeks of Court approval of a definitive settlement agreement in respect of the Final Offer, to be executed by the Trustee, Olympia Trust Company, Computershare Trust Company of Canada and the Borrower ("**Settlement Agreement**"), the Borrower shall pay a late payment fee to the Trustee, on behalf of BDMC, of 5% of the Final Offer. In addition, should the actual closing date occur after February 28, 2020, the Borrower has agreed to pay to the Trustee, on behalf of BDMC, the full amount of the total accrued interest, calculated at a rate of \$1,236.52 per day, for each day following the anticipated closing date until the actual closing date.

The Final Offer also includes the extinguishment of all further rights and obligations of BDMC and the Bauhaus SMLs under the Loan Agreement, related documents and the associated mortgage on the Property. If approved, payment is expected to be made by the Borrower to the Trustee shortly following Court approval.

The Final Offer reflects the following recovery with respect to the BDMC Loan:

Principal outstanding (A)	\$5,641,600
Interest owing to February 28, 2020 (B)	\$1,093,198
Total proposed payments (C = A+B)	<u>\$6,734,798</u>
Proposed principal repayment per the Final Offer	\$5,641,600
Total recovery on principal outstanding	100%
Proposed Interest Payment per Final Offer	\$1,093,198
Total recovery on accrued interest	100%
Overall recovery on principal (C/A) ²	<u>119%</u>

A copy of the Final Offer and Settlement Agreement executed by the Borrower is attached hereto as Schedule "A".

The amount distributed to the Bauhaus SMLs from the Final Offer will be net of an administrative holdback of 15% ("**Holdback**") to be retained by the Trustee in accordance

² Please note that this figure represents the overall recovery on the outstanding BDMC Loan principal balance of \$5,641,600. Individual realizations will vary by Bauhaus SML depending on when each syndicated mortgage lender advanced funds to the Bauhaus Project.



with the Court orders issued in these proceedings. The Bauhaus SMLs may receive a portion of the Holdback in the future; however, the timing and amount, if any, is unknown at this time.

Assessment of the Final Offer and Recommendation

For the reasons set out below, the Trustee recommends accepting the Final Offer in full satisfaction of all amounts due or that may become owing to you under the Loan Agreement and is requesting your feedback in advance of accepting the Final Offer.

Acceptance of the Final Offer by the Trustee would result in the Bauhaus SMLs foregoing potential interest payments of approximately \$700,000, which would otherwise continue to accrue should the BDMC Loan remain outstanding until the Maturity Date and then be paid on that date.

The following considerations were taken into account by the Trustee in completing its assessment of the Final Offer:

- The Final Offer provides for a recovery of 100% of the principal and 100% of the interest owed in respect of the BDMC Loan to February 28, 2020;
- The Final Offer provides for a good faith deposit of \$200,000 (“**Deposit**”) to be held in trust by the Trustee’s counsel, pending the outcome of this voting request and obtaining Court approval of the Final Offer. The Deposit shall be non-refundable to the Borrower in the event of a default under the Settlement Agreement by the Borrower.
- The Borrower has also provided a commitment letter (“**Commitment Letter**”) from its lender confirming that the Borrower will be able to fund the Final Offer less the Deposit upon closing of the settlement transaction. The Commitment Letter contains certain conditions which the Borrower has advised will be satisfied prior to the closing of the settlement transaction;
- The Final Offer provides for an early exit for the Bauhaus SMLs; and
- The Final Offer provides certainty regarding the amount and time frame for the repayment of the BDMC Loan.

Given the above considerations, the choice before the Bauhaus SMLs is as follows:

- 1) Accept the Final Offer and the Settlement Agreement, which includes a release by BDMC, the Trustee and the Bauhaus SMLs with respect to all rights and obligations under the Loan Agreement and related documents; or



- 2) Not accept the Final Offer and the Settlement Agreement in which case the outcome is not known at this time. The BDMC Loan would still be outstanding (and in term) and the Trustee would have to reengage with the Borrower to determine next steps.

Next Steps

At this time, you should review this notice and the Final Offer carefully and arrange to obtain independent legal advice regarding these matters. If desired, you can consult with Chaitons LLP, in its capacity as Representative Counsel. Representative Counsel's contact information is provided below.

Attached as Schedule "B" hereto is an instruction letter to the Trustee that gives you an opportunity to indicate whether you are in favour of or against the acceptance of the Final Offer in full satisfaction of your investment under the BDMC Loan.

If you have any objections to the acceptance of the Final Offer described herein, you should return the instruction letter to us by mail, email, or fax, within ten (10) days. If you agree with the Trustee's recommendation to accept the Final Offer, please also return the instruction letter to us by mail, email, or fax, within ten (10) days to indicate your agreement.

After ten (10) days, the Trustee, in consultation with Representative Counsel, will decide whether to accept the Final Offer by an exercise of the discretion granted to the Trustee under the Appointment Order. Any acceptance by the Trustee of the Final Offer would not be binding on the Trustee or the Bauhaus SMLs until the Final Offer is approved by the Court. In the event that the Trustee accepts the Final Offer, copies of the Court materials will be served upon you prior to the proposed Court date.

A prompt response is required in the circumstances.

(Intentionally left blank – please see next page.)



Should you have any questions of the Trustee, our contact information is below (if you are contacting us by phone or email, please reference **Bauhaus Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, their contact information is below (if you are contacting Representative Counsel by phone or email, please reference **Bauhaus Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



February 25, 2020

Dear Lender:

Re: Re: Syndicated Mortgage Loan made to Lamb Bauhaus Inc. (the “Borrower”) pursuant to the loan agreement dated August 15, 2016 (“Loan Agreement”) regarding the property located at 284 King St. E., Toronto, ON (“Bauhaus Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (“**Trustee**”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”).

We are writing to you in our capacity as Trustee regarding the Loan made to the Borrower (“**BDMC Loan**”) and with respect to motion materials served by the Trustee on February 24, 2020 in connection with a motion for the approval of the Bauhaus Offer (defined below) which is scheduled to be heard by the Court on **February 28, 2020 at 9 a.m.**

The Trustee’s motion materials, including its fifteenth report to Court (“**Fifteenth Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. If you do not have computer access, please call the Trustee at the contact number provided below and the Trustee will make alternate arrangements.

Settlement Approval Motion regarding the BDMC Loan

The Borrower presented the Trustee with an offer for repayment of amounts owing under the Loan Agreement in the amount of \$6,734,798 (“**Bauhaus Offer**”). The Bauhaus Offer represents a repayment of 100% of the outstanding principal balance of the BDMC Loan (\$5,641,600) and 100% of accrued interest through to February 28, 2020 (\$1,093,198). On February 14, 2020, the Trustee sent a notice, which presented the Bauhaus Offer to the syndicated mortgage lenders that advanced funds for the BDMC Loan (“**Bauhaus SMLs**”), and requested feedback from the Bauhaus SMLs in advance of accepting the Bauhaus Offer (“**Bauhaus Feedback Request**”).

As of February 24 2020, in response to the Bauhaus Feedback Request, 69 Bauhaus SMLs voted, representing approximately 65% of the value and approximately 63% in number of the total Bauhaus SMLs. Of those Bauhaus SMLs that voted, 100% voted in favour of the Trustee accepting the Bauhaus Offer.



Following receipt of such feedback from the Bauhaus SMLs and correspondence with Representative Counsel, the Trustee accepted the Bauhaus Offer, subject to approval of the Court. Accordingly, the Trustee is seeking an Order from the Court approving, among other things, the Trustee entering into and ratifying the execution of the settlement agreement in connection with the Bauhaus Offer ("**Settlement Agreement**").

The Fifteenth Report provides information regarding the relevant background to the Bauhaus Offer, the details of the Settlement Agreement, and information that supports the Trustee's recommendation that the Bauhaus Offer and Settlement Agreement be approved by the Court.

Should you have any questions of the Trustee, our contact information is below (if you are contacting us by phone or email, please reference **Bauhaus Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, their contact information is below (if you are contacting Representative Counsel by phone or email, please reference **Bauhaus Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 5:

Danforth Notices dated February 27, 2020 and March 11, 2020



February 27, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to 1177 Danforth Avenue Ltd. (the “Borrower”) pursuant to the loan agreement dated October 8, 2014 (“Loan Agreement”) regarding the property located at 1177 Danforth Avenue, Toronto, ON (“Danforth Project” or the “Property”)

Request for approval regarding the Syndicated Mortgage Loan to 1177 Danforth Avenue Ltd.

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (the “Trustee”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”) under a court order (“Appointment Order”) issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Ontario Superior Court of Justice (Commercial List) (“Court”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“Representative Counsel”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you to the Borrower in respect of the Danforth Project (“Danforth SMLs”) pursuant to the Loan Agreement and the various associated documents, and further to our notice dated August 2, 2018.

Current Status of the BDMC Loan

Pursuant to the BDMC Loan, the total amount owing to the Danforth SMLs is approximately \$8.9 million, which reflects a principal balance of approximately \$7.2 million and accrued interest of approximately \$1.7 million (as at January 31, 2020)¹. The BDMC Loan matured on December 7, 2018.

In addition to the BDMC Loan, there is a first priority mortgage registered on title to the Property in favour of Cameron Stephens Financial Corporation (“Cameron Stephens”) in the amount of approximately \$34.2 million. The Trustee is advised that Cameron Stephens is currently owed approximately \$11.9 million under this mortgage. There is also a second priority mortgage registered on title in favour of Aviva Insurance Company (“Aviva”) in the amount of \$10 million which the Trustee understands secures sales deposits received and

¹ Per diem interest since January 31, 2020 is \$1,582.97



used by the Borrower in the construction of the Danforth Project. The mortgages registered to Cameron Stephens and Aviva are the only known charges that are registered on title to the Property in priority to the BDMC Loan.

Status of the Development

The Danforth Project is a 9-storey residential building containing 92 units and approximately 720 square meters of grade-related commercial space. Construction of the Danforth Project remains ongoing. All residential units have been sold and the larger of the two commercial units is subject to a long-term lease.

The Borrower has provided an estimated timeline of approximately 20 months to completion of the Danforth Project, as follows: (i) construction to be completed in approximately 14 months and (ii) condominium registration to take place in early Fall of 2021.

The Offer

The Borrower has presented the Trustee with an offer to settle the BDMC Loan (“**Offer**”). The Offer was extensively negotiated by the Trustee and provides for payment by the Borrower of \$7,000,000 (“**Offer Price**”) reflecting a recovery of 97% of the outstanding principal balance of the BDMC Loan or 106%² of the outstanding principal balance of the BDMC Loan when previously paid interest of \$653,527 is accounted for (“**Paid Interest**”), calculated as follows:

Principal outstanding (A)	\$7,222,300
Loan repayment (B)	\$7,000,000
Paid Interest	\$653,527
Total payments (C)	<u>\$7,653,527</u>
% Recovery on principal (B/A)	97%
% Recovery on principal including Paid Interest (C/A)	<u>106%</u>

The Offer is conditional upon Court approval of a settlement agreement to be executed by the Trustee, Olympia Trust Company, and the Borrower (“**Settlement Agreement**”), and a release of all future obligations of the Borrower with respect to the Loan Agreement and the BDMC Loan. If approved, payment is expected to be made by the Borrower to the Trustee shortly following Court approval. In the event that the Borrower fails to pay any portion of

² Please note that this figure represents the overall recovery on the outstanding BDMC principal balance of \$7,222,300. Individual realizations will vary by Danforth SML depending on when each syndicated mortgage lender advanced funds to the Danforth Project.



the Offer Price within thirty days of Court approval, the Borrower shall also be required to pay a late payment fee to the Trustee, on behalf of BDMC, in the amount of 10% of the Offer Price less the deposit (as discussed below).

The Offer also includes the extinguishment of all further rights and obligations of BDMC and the Danforth SMLs under the Loan Agreement, related documents and the associated mortgage on the Property.

A copy of the Offer and Settlement Agreement is attached hereto as Schedule "A".

The amount distributed to the Danforth SMLs from the Offer will be net of an administrative holdback of 15% ("**Holdback**") to be retained by the Trustee in accordance with the Court orders issued in these proceedings. The Danforth SMLs may receive a portion of the Holdback in the future; however, the timing and amount, if any, is unknown at this time.

Assessment of the Offer

The Borrower ceased making interest payments required under the Loan Agreement on December 30, 2016. The Borrower advised that it will not resume making interest payments and that interest will continue to accrue through to completion of the Danforth Project (i.e. when the BDMC Loan would otherwise be repaid).

Acceptance of the Offer by the Trustee would result in the Danforth SMLs foregoing the remaining principal and accrued interest, which would otherwise be due on the BDMC Loan. In addition, the Trustee notes that the Danforth SMLs may be entitled to payment of a deferred lender fee pursuant to the Loan Agreement which would become payable upon the achievement of certain financial milestones. Based on the current unaudited financial projections for the Danforth Project provided by the Borrower, it is unclear whether a Deferred Lender fee would become payable to the Danforth SMLs in the future. The following is a summary of the estimated foregone recoveries to Danforth SMLs if the Offer is accepted:

Remaining principal balance	\$222,300
Accrued interest (December 31, 2016 to January 31, 2020) ³	<u>\$1,730,920</u>
Total foregone recoveries	<u>\$1,953,220</u>

The Trustee has analyzed the Borrower's projections to complete the Danforth Project and the resulting projected outcome for the Danforth SMLs should the Offer not be accepted and the BDMC Loan remain on title through to project completion (being in or around Fall 2021). This analysis indicates that the present value of the expected outcome at the end of the Danforth Project would likely result in recoveries to the Danforth SMLs that are comparable

³ Interest continues to accrue at a per diem rate of \$1,582.97.

to the Offer Price of \$7 million today. Should the Danforth Project be fully monetized after Fall 2021, the present value of the recovery to the Danforth SMLs may be less than the \$7 million Offer Price being presented to the Danforth SMLs today.

Recommendation

The Trustee recommends accepting the Offer in full satisfaction of all amounts due or that may become due to the Danforth SMLs under the Loan Agreement and is requesting your feedback in advance of accepting the Offer.

The following considerations were taken into account by the Trustee in completing its assessment of the Offer:

- The Trustee consulted with a planning consultant with respect to the Borrower's timeline of 20 months to project completion. Although the Trustee's planning consultant felt that 17 months was a more likely timeline to project completion, that view does not change the Trustee's recommendation in favour of accepting the Offer;
- Although the residential units in the Danforth Project are sold out, the Borrower has advised that certain risks remain which could impact both the project profitability and further extend the time frame for repayment of the BDMC Loan including: (i) construction delays; (ii) delays in registration of the condominium; (iii) cost overruns in excess of the contingency built into the budget; and (iv) difficulty in monetizing the commercial space;
- The Borrower has provided a good faith deposit of \$700,000 ("**Deposit**") to the Trustee, to be held in trust pending: (i) the acceptance by the Trustee of the Offer, and (ii) the Trustee obtaining Court approval of the Settlement Agreement;
- The Borrower has provided written confirmation of financing from its lender confirming that the Borrower will be able to fund the Offer Price less the Deposit upon closing of the settlement transaction;
- The Offer provides certainty regarding the amount and time frame for the repayment of the BDMC Loan;
- Based on an analysis of the Borrower's projections, the Trustee expects that the present value of the expected future recoveries would be similar to the recoveries available under the Offer today. Should there be any delay in the completion of the Danforth Project, or if the Borrower is unable to meet its financial projections, the present value of future recoveries may be lower than the Offer Price;



- There is debt of approximately \$11.9 million that ranks in priority to the BDMC Loan that would need to be repaid in advance of the BDMC Loan; and
- The Offer provides for a return on principal of 97% and 106% when taking Paid Interest into account.

Given the above considerations, the choice before the Danforth SMLs is as follows:

- 1) Accept the Offer and the Settlement Agreement, which includes a release of BDMC, the Trustee and the Danforth SMLs with respect to all rights and obligations under the Loan Agreement and related documents; or
- 2) Not accept the Offer and the Settlement Agreement, in which case the timing and amount of any repayment of the BDMC Loan is not known at this time. The BDMC Loan would remain outstanding and the quantum to be paid to the Danforth SMLs would be based on the ultimate profitability of the Danforth Project upon project completion.

Next Steps

At this time, you should review this notice and the Offer carefully and arrange to obtain independent legal advice regarding these matters. If desired, you can consult with Chaitons LLP, in its capacity as Representative Counsel. Representative Counsel's contact information is provided below.

Attached as Schedule "B" hereto is an instruction letter to the Trustee that gives you an opportunity to indicate whether you are in favour of or against the acceptance of the Offer in full satisfaction of your investment under the BDMC Loan.

If you have any objections to the acceptance of the Offer described herein, you should return the instruction letter to us by mail, email, or fax, within ten (10) days. If you agree with the Trustee's recommendation to accept the Offer, please also return the instruction letter to us by mail, email, or fax, within ten (10) days to indicate your agreement.

After ten (10) days, the Trustee, in consultation with Representative Counsel, will decide whether to accept the Offer by an exercise of the discretion granted to the Trustee under the Appointment Order. Any acceptance by the Trustee of the Offer would not be binding on the Trustee or the Danforth SMLs until the Offer is approved by the Court. In the event that the Trustee accepts the Offer, copies of the Court materials will be served upon you prior to the proposed Court date.

A prompt response is required in the circumstances.



Should you have any questions of the Trustee, our contact information is shown below (if you contact us by phone or email, please reference **Danforth Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel by phone or email, please reference **Danforth Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



March 11, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to 1177 Danforth Avenue Ltd. (the “Borrower”) pursuant to the loan agreement dated October 8, 2014 (“Loan Agreement”) regarding the property located at 1177 Danforth Avenue, Toronto, ON (“Danforth Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (“**Trustee**”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”).

We are writing to you in our capacity as Trustee regarding the Loan made to the Borrower (“**BDMC Loan**”) and with respect to motion materials served by the Trustee on March 10, 2020 in connection with a motion for the approval of the Danforth Offer (defined below) which is scheduled to be heard by the Court on **March 17, 2020**.

The Trustee’s motion materials, including its sixteenth report to Court (“**Sixteenth Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. If you do not have computer access, please call the Trustee at the contact number provided below and the Trustee will make alternate arrangements.

Settlement Approval Motion regarding the BDMC Loan

The Borrower presented the Trustee with an offer for repayment of amounts owing under the Loan Agreement in the amount of \$7,000,000 (“**Danforth Offer**”). The Danforth Offer represents a repayment of 97% of the outstanding principal balance of the BDMC Loan and 106% when previously paid interest is taken into account. On February 27, 2020, the Trustee sent a notice presenting the Danforth Offer to the syndicated mortgage lenders that advanced funds for the BDMC Loan (“**Danforth SMLs**”), and requested feedback from the Danforth SMLs in advance of accepting the Danforth Offer (“**Danforth Feedback Request**”).

As of March 10, 2020, in response to the Danforth Feedback Request, 104 Danforth SMLs representing approximately 64.7% of the value and approximately 64.2% in number of the total Danforth SMLs submitted a vote. Of the Danforth SMLs who responded, 100 voted in favour of the Trustee accepting the Danforth Offer, representing 96.2% in number and 95.6% in value.



Following receipt of such feedback from the Danforth SMLs and correspondence with Representative Counsel, the Trustee accepted the Danforth Offer, subject to approval of the Court. Accordingly, the Trustee is seeking an Order from the Court approving, among other things, the Trustee entering into and ratifying the execution of the settlement agreement executed in connection with the Danforth Offer.

The Sixteenth Report provides information regarding the relevant background to the Danforth Offer, the details of the settlement agreement executed in connection with the Danforth Offer, and information that supports the Trustee's recommendation that the Danforth Offer and settlement agreement be approved by the Court.

Should you have any questions of the Trustee, our contact information is below (if you contact us by phone or email, please reference **Danforth Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is below (if you contact Representative Counsel by phone or email, please reference **Danforth Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 6:

Solterra Notices dated July 24, 2020 and August 20, 2020



July 24, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to 2382917 Ontario Inc. (the “Borrower”) regarding the property located at MacAlister Blvd, Guelph, ON (“Solterra Project” or the “Property”)

Request for approval regarding the Syndicated Mortgage Loan to 2382917 Ontario Inc.

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you and other lenders (“**Solterra SMLs**”) to the Borrower in respect of the Solterra Project (also known as the Fusion Project) pursuant to the Loan Agreement (as defined below) and the various related and ancillary documents, and further to our notice dated January 31, 2020.

Current Status of the BDMC Loan

The Borrower and Centro Mortgage Inc. (now known as BDMC) are each in possession of a loan agreement dated February 20, 2015 (“**Loan Agreement**”) entered into between the Borrower and BDMC pursuant to which a loan from BDMC to the Borrower was authorized but which provide for certain different terms and conditions relating to such loan. The Borrower and BDMC each believe that the agreement in their respective possession contains the terms and conditions governing the loan pursuant to which the total funded amount of \$16,333,890 was advanced by BDMC for Phase 3 and Phase 4 of the Solterra Project.

As you are aware from the Trustee’s previous notice, proceeds from the Phase 3 home sales were sufficient to repay in full the first priority lender registered on title to Phase 3 of the

Property, and, accordingly, the Trustee was able to negotiate an early partial repayment of the second priority BDMC Loan from the proceeds of the Phase 3 sales. By January 2020, the Trustee had received \$2,383,758 from the Phase 3 home sales and distributed same to the Solterra SMLs (“**Phase 3 Repayment**”) net of an administrative holdback of 15% (“**Holdback**”).

Pursuant to the BDMC Loan, the total remaining amount owing to the Solterra SMLs is approximately \$20.4 million, which reflects a principal balance, net of the Phase 3 Repayment, of approximately \$14 million and accrued interest of approximately \$6.4 million (as at June 30, 2020)¹. The BDMC Loan, has a second ranking mortgage registered on title to Phase 4 of the Property.

In addition to the BDMC Loan, there is a first priority mortgage registered on title to Phase 4 of the Property in favour of Toronto Dominion Bank of Canada (“**TD**”) in the amount of \$27 million. The Borrower advised that while currently there are no amounts owing to TD in respect of this mortgage, the balance will fluctuate as further construction draws are required to construct the Phase 4 homes. The mortgage registered to TD is the only known charge that is registered on title to Phase 4 of the Property in priority to the BDMC Loan.

Status of the Development

Construction of Phase 4 is ongoing. Phase 4 consists of 193 units including 58 semi-detached homes and 135 single detached homes. As of June, 2020, the sale of 82 units had been completed, 41 units had been sold (transactions pending) and 70 units remained unsold.

The Borrower estimates that the Solterra Project will be fully completed in 2028, 7 years beyond when it was originally contemplated to be completed.

The Offer

The Borrower has presented the Trustee with an offer (the “**Offer**”) to settle the remaining balance owing pursuant to the BDMC Loan. The Offer, which was extensively negotiated by the Trustee, provides for payment by the Borrower of \$16,171,969 (“**Offer Price**”). The Offer Price, together with the Phase 3 Repayment, reflect a recovery of approximately 114% of the original principal balance of the BDMC Loan, calculated as follows:

¹ Per diem interest following June 30, 2020 is \$3,585.30.



Original Principal (A)	\$16,333,890
Interest owing to June 30, 2020 (B)	6,440,135
Total Original Principal & Accrued Interest (as at June 30, 2020) (C = A+B)	<u>\$22,774,025</u>
Phase 3 Repayment (D)	\$2,383,758
Proposed payment per the Offer (E)	<u>\$16,171,969</u>
Total payments (F = D+E)	\$18,555,727
Overall recovery on principal (F/A)	<u>114%</u>

The Offer is conditional upon Court approval of a settlement agreement (“**Settlement Agreement**”) to be executed by the Trustee and Olympia Trust Company, and which has been executed by the Borrower, and a release of all future obligations of the Borrower with respect to the Loan Agreement and the BDMC Loan. If approved, payment is expected to be made by the Borrower to the Trustee shortly following Court approval. In the event that the Borrower fails to pay any portion of the Offer Price within 30 days of Court approval, the Borrower shall also be required to pay a late payment fee to the Trustee, on behalf of BDMC, in the amount of 5% of the Offer Price less the Deposit (as defined below).

The Offer also includes the extinguishment of all further rights and obligations of BDMC and the Solterra SMLs under the Loan Agreement, related and ancillary documents and the associated mortgage on the Property.

Copies of the Offer and Settlement Agreement are attached hereto as Schedule “A”.

The amount distributed to the Solterra SMLs from the Offer will be net of the Holdback (15%) to be retained by the Trustee in accordance with the Court orders issued in these BDMC proceedings. The Solterra SMLs may receive a portion of the Holdback in the future; however, the timing and amount, if any, is unknown at this time.

Assessment of the Offer and Recommendation

Acceptance of the Offer by the Trustee would result in the Solterra SMLs foregoing the remaining accrued interest, which would otherwise be due on the BDMC Loan.



Total Original Principal & Accrued Interest (as at June 30, 2020)	\$22,774,025
Phase 3 Repayment	(\$2,383,758)
Offer Price	<u>(\$16,171,969)</u>
Total potential foregone recoveries (as at June 30, 2020 ²)	<u>\$4,218,298</u>

The Trustee recommends accepting the Offer in full satisfaction of all amounts due or that may become due to the Solterra SMLs under the Loan Agreement and is requesting your feedback in advance of accepting the Offer.

The following considerations were taken into account by the Trustee in completing its assessment of the Offer:

- The Offer, together with the Phase 3 Repayment, provides for a return on principal of 114%;
- The Borrower has advised that in the current economic climate and in light of the COVID-19 pandemic, there are certain risks that could impact the project profitability and further extend the time frame for repayment of the BDMC Loan including: (i) possible future work stoppages mandated by the provincial government causing unplanned construction delays; (ii) price deflation; and (iii) a protracted time frame to sell the remaining Phase 4 units;
- The Borrower has provided a good faith deposit of \$1,617,197 (“**Deposit**”) to the Trustee to be held in trust, pending the outcome of this voting request and obtaining Court approval of the Offer. If the settlement transaction does not close by September 30, 2020 due to a failure of the Borrower to comply with its obligations under the Offer, the deposit shall be retained by the Trustee, on behalf of BDMC. The Borrower has also provided a commitment letter from its lender confirming that the Borrower will be able to fund the Offer Price less the Deposit; and
- The Offer provides certainty regarding the amount and time frame for repayment of the BDMC Loan.

² Following June 30, 2020, interest will continue to accrue at a per diem rate of \$3,585.30.



Given the above considerations, the choice before the Solterra SMLs is as follows:

- 1) Accept the Offer and the Settlement Agreement, which includes a release from BDMC, the Trustee and the Solterra SMLs with respect to all rights and obligations under the Loan Agreement and related documents; or
- 2) Not accept the Offer and the Settlement Agreement, in which case the timing and amount of any repayment of the BDMC Loan is not known at this time. The BDMC Loan would remain outstanding, and the ultimate recovery for the Solterra SMLs would be based on the ultimate profitability of the Solterra Project upon project completion.

Next Steps

At this time, you should review this notice and the Offer carefully and arrange to obtain independent legal advice regarding these matters. If desired, you can consult with Chaitons LLP, in its capacity as Representative Counsel. Representative Counsel's contact information is provided below.

Attached as Schedule "B" hereto is an instruction letter to the Trustee that gives you an opportunity to indicate whether you are in favour of or against the acceptance of the Offer in full satisfaction of your investment under the BDMC Loan.

If you have any objections to the acceptance of the Offer described herein, you should return the instruction letter to us by mail, email, or fax, within ten (10) days. If you agree with the Trustee's recommendation to accept the Offer, please also return the instruction letter to us by mail, email, or fax, within ten (10) days to indicate your agreement.

After ten (10) days, the Trustee, in consultation with Representative Counsel, will decide whether to accept the Offer by an exercise of the discretion granted to the Trustee under the Appointment Order. Any acceptance by the Trustee of the Offer would not be binding on the Trustee or the Solterra SMLs until the Offer is approved by the Court. In the event that the Trustee accepts the Offer, copies of the Court materials will be served upon you prior to the proposed Court date.

A prompt response is required in the circumstances.



Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Solterra Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Solterra Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



August 20, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to 2382917 Ontario Inc. (the “Borrower”) regarding the property located at MacAlister Blvd, Guelph, ON

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “Trustee”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“Court”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“Representative Counsel”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the BDMC Loan made to the Borrower and with respect to motion materials served by the Trustee on August 19, 2020 in connection with a motion for the approval of the Solterra Offer (defined below) which is scheduled to be heard via a virtual hearing on **August 27, 2020 at 1:00pm (“August 27 Motion”)**. To the extent that you would like further information in respect of the August 27 Motion please contact the Trustee directly.

The Trustee’s motion materials, including its eighteenth report to Court (“**Eighteenth Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. If you do not have computer access, please call the Trustee at the contact number provided below and the Trustee will make alternate arrangements.

Settlement Approval Motion regarding the BDMC Loan

The Borrower presented the Trustee with an offer for repayment of amounts owing under the loan agreement in the amount of \$16,171,969 (“**Solterra Offer**”). The Solterra Offer represents a repayment of 114% of the principal balance advanced under the BDMC Loan. On Jul 24, 2020, the Trustee sent a notice, which presented the Solterra Offer to the syndicated mortgage lenders that advanced funds for the BDMC Loan (“**Solterra SMLs**”), and requested feedback from the Solterra SMLs in advance of accepting the Solterra Offer (“**Solterra Feedback Request**”).

As of August 18, 2020, in response to the Solterra Feedback Request, 224 Solterra SMLs



representing approximately 64.6% of the value of the BDMC Loan and approximately 61.9% in number of the total Solterra SMLs submitted a vote. Of those who voted, 216 Solterra SMLs representing 96% in value and 96.4% in number of such loans voting, voted in favour of the Trustee accepting the Solterra Offer.

Following receipt of such feedback from the Solterra SMLs and correspondence with Representative Counsel, the Trustee accepted the Solterra Offer, subject to approval of the Court. Accordingly, the Trustee is seeking an Order from the Court approving, among other things, the Trustee entering into and ratifying the execution of the settlement agreement executed in connection with the Solterra Offer.

The Eighteenth Report provides information regarding the relevant background to the Solterra Offer, the details of the settlement agreement executed in connection with the Solterra Offer, and information that supports the Trustee's recommendation that the Solterra Offer and settlement agreement be approved by the Court.

Should you have any questions of the Trustee, our contact information is shown below (if you are contact us, please reference **Solterra Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Solterra Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 7:

Peter Richmond Notices dated January 17, 2020, January 24, 2020, March 24, 2020, and October 2, 2020



January 17, 2020

Dear Lender:

Re: Syndicated Mortgage Loans made to Fortress Carlyle Peter St. Inc. (the “Borrower”) in respect of properties located at 122-124, 126 & 128 Peter Street and 357 & 359 Richmond Street West, Toronto, Ontario (“Properties”) and 120 Peter Street, Toronto, Ontario (collectively, the “Peter Richmond Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (the “Trustee”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”) under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and section 101 of the *Courts of Justice Act*. By order of the Ontario Superior Court of Justice (Commercial List) (“Court”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“Representative Counsel”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Peter Richmond Project and further to the notice issued July 19, 2019 (“July Notice”) and the update provided in the Trustee’s thirteenth report to court dated November 22, 2019 (“Thirteenth Report”).

The purpose of this notice is to advise you that, for the reasons set out herein, the Trustee intends to attend at Court on January 30, 2020 in order to seek Court approval of the assignment of the right, title and interest in and to the indebtedness owed by the Borrower to BDMC under the BDMC Loans (as defined and detailed below) and the related security documentation to Carlyle Communities Inc. (the “Assignee”) in exchange for a cash payment (“Assignment Offer”). The Trustee understands that the Assignee is related to Berkley Carlyle (Peter Street) Inc., a shareholder of the Borrower and the party that predominantly manages the Peter Richmond Project.

Background

The Borrower is indebted to BDMC pursuant to two separate loan facilities: (i) a loan agreement dated November 3, 2014 (the “PRLA Loan”) and (ii) a syndicated mortgage loan advanced to The Julian Cole Development Corporation pursuant to various loan agreements that have been assumed by the Borrower (collectively, the “LH2 Loan”). BDMC acts as agent in connection with the LH2 Loan pursuant to various agency agreements and accession agreements entered into with the individual lenders under the LH2 Loan.

The syndicated mortgage lenders that advanced funds to the Borrower in respect of the PRLA Loan (the “PRLA SMLs”) hold a charge registered on title in third position on the Properties and are owed, as at December 31, 2019, approximately \$32.9 million (comprised of approximately \$27.4 million in principal and approximately \$5.5 million in accrued interest).



The Borrower made interest payments on the PRLA Loan of approximately \$2.9 million through to July, 2017 (“**PRLA Paid Interest**”) after which interest began, and continues, to accrue¹.

The syndicated mortgage lenders that advanced funds in respect of the LH2 Loan (the “**LH2 SMLs**”) are owed, as at December 31, 2019, approximately \$5.8 million (comprised of approximately \$4.5 million in principal and approximately \$1.3 million in accrued interest). The Borrower made interest payments on the LH2 Loan of approximately \$1.1 million through to May, 2017 (“**LH2 Paid Interest**”) after which interest began, and continues, to accrue². It should be noted that: (i) the LH2 SMLs only have a charge registered on title against the properties located at 122-124 Peter Street (i.e. not against all of the Properties) and (ii) the charge registered on title to 122-124 Peter Street in favour of the LH2 SMLs ranks subordinate to the charge registered on title to those properties in favour of the PRLA SMLs.

The PRLA Loan and the LH2 Loan (collectively, the “**BDMC Loans**”) matured in January 2019 and August 2018, respectively, and are now due.

At the time of the Trustee’s appointment, the Peter Richmond Project included five parcels of land (i.e. only the Properties and not the parcel of land located at 120 Peter Street), each of which was acquired separately by the Borrower. As such, there are different senior lenders with first priority mortgages registered on title to each parcel. In addition to the first priority mortgages, there is a second ranking charge registered on title to the Properties in favour of PTI Developments Inc. (“**PTI**”), an entity that the Trustee understands is related to the Borrower. To the best of the Trustee’s knowledge, a summary of the amounts that appear to be owing in respect of the mortgages registered on title to the Properties in priority to the BDMC Loans as at January 31, 2020 is as follows:

Property	Mortgagee	Amount Owing
122-124 Peter Street	Wenvor Technologies Inc.	\$5,754,392
126 Peter Street (“ 126 Peter ”)	Toopbin Management Ltd. (“ Toopbin ”)	\$2,143,530
128 Peter Street (“ 128 Peter ”)	Windsor Capital Corporation (“ Windsor ”)	\$5,150,369
357 Richmond Street	Shamir Jamal	\$2,113,645
359 Richmond Street	D. Lindsay and B. McIntosh	\$3,406,917
All Properties	PTI Developments ³	\$4,161,488
		\$22,730,341

The first and second priority mortgages noted above are the only known indebtedness registered on title to the Properties that rank in priority to the BDMC Loans. Each of the first mortgages appear to be in default.

¹ Per diem interest of \$6,089.93 on the PRLA Loan continues to accrue.

² Per diem interest of \$1,006.08 on the LH2 Loan continues to accrue.

Overview of the Current Status of the Peter Richmond Project

120 Peter Street

As detailed in the Thirteenth Report, the proposed design of the Peter Richmond Project contemplated the acquisition of an additional and final neighbouring parcel of land located at 120 Peter Street (“**120 Peter**”). Following a decision in favour of the Borrower by the Court of Appeal of Ontario on November 4, 2019, after extensive litigation between the Borrower and the then owner of 120 Peter regarding the Borrower’s right to acquire that property, the Borrower completed the purchase of 120 Peter. The PRLA Loan provides that BDMC is entitled to a mortgage on 120 Peter in respect of such loan once it has been acquired by the Borrower.

Windsor, who provided the funding to the Borrower to close this transaction, holds a first priority mortgage registered on title to 120 Peter. Windsor’s charge is in the amount of \$8 million, however the Trustee understands that the principal amount advanced by Windsor to finance the purchase of 120 Peter was approximately \$5.2 million.

Status of Development Approvals

Development approvals are still required for the Peter Richmond Project. The Borrower is seeking a Zoning By-Law Amendment to permit the proposed development and has submitted an appeal of its Zoning By-Law application to the Local Planning Appeal Tribunal (“**LPAT**”) based on the City of Toronto (“**City**”) not issuing a decision on the amendment application in the required time frame. A settlement was reached between the Borrower and the City to approve a 42 storey mixed use building, with the understanding that 120 Peter will be included in the development and is owned by the Borrower. The settlement remains subject to ratification by the LPAT. The LPAT hearing was held on January 7, 2020 and the Trustee understands from the Borrower that a decision is expected to be released within 4-6 months.

Should the Borrower obtain the required Zoning By-Law approval, it will seek site plan approval. The Peter Richmond Project can only be advanced once the Borrower obtains all required development approvals.

Should the LPAT decision be favourable, the Assignee has provided a five-year timeline to completion of the Peter Richmond Project, as follows:

- Sales and Marketing to commence by late 2020;
- Site Plan approval to be achieved in the Summer of 2021;
- Site servicing to commence in the Winter of 2021;



- Construction to commence in the Winter of 2022 and continue through the end of 2024; and
- Condominium registration to take place in the Winter of 2025.

The challenges encountered by the Borrower in acquiring 120 Peter Street coupled with the delay in obtaining the required development approvals have resulted in significant delays to the Peter Richmond Project.

Status of Enforcement Actions

As was advised in the July Notice, Rathcliffe Properties Limited (“**Rathcliffe**”), the first ranking vendor take-back (“**VTB**”) mortgagee on 128 Peter, issued a Notice of Sale Under Mortgage and took the position that unless the full amount under its mortgage was repaid in full on or before August 2019, it would be in a position to list 128 Peter for sale. In August, 2019, the Borrower secured replacement financing for 128 Peter from PTI. The Trustee understands that PTI took assignment of Rathcliffe’s first ranking VTB mortgage on 128 Peter and subsequently transferred it to Windsor. The Trustee was notified on October 23, 2019 that the Rathcliffe power of sale proceeding was discontinued.

On September 23, 2019, Toopbin, the first ranking VTB mortgagee on 126 Peter, issued a demand letter to the Borrower. The letter demanded payment of its mortgage, which had matured on March 1, 2019, and advised that failure to comply with the terms of its demand would result in steps being taken to enforce its remedies under its mortgage. The Trustee is not aware of any further steps taken by Toopbin.

Solicitation Process and Offers Received

In light of the maturity of several of the priority mortgages, the significant amount owing under the BDMC Loans and the protracted timeframe for completion of the project, the Trustee has been engaged in discussions with the Borrower and other interested parties regarding a potential transaction involving the BDMC Loans. On October 30, 2019, the Trustee formalized a solicitation process in order to attempt to advance the best possible transaction in the circumstances for lenders under the BDMC Loans on the Peter Richmond Project (“**Solicitation Process**”). Notification of the Solicitation Process was sent to parties who had previously expressed interest to the Trustee in the Peter Richmond Project. Offers were due on November 13, 2019, which was subsequently extended by the Trustee to November 15, 2019 (“**Offer Deadline**”). In addition, the Trustee circulated forms of draft transaction documents to interested parties before the Offer Deadline.

The Trustee received multiple offers on the Offer Deadline. As is customary in these types of processes, the Trustee engaged in discussions with each party that submitted an offer. These discussions resulted in the Assignment Offer. The Trustee, in consultation with and with the support of Representative Counsel, has determined that, in the circumstances, the



Assignment Offer is the offer that maximizes recoveries under the BDMC Loans. In particular, the projected proceeds from the Assignment Offer result in a very substantial recovery on the combined principal owing to the syndicated mortgage lenders in respect of the BDMC Loans. As explained above, the principal amount owing on the BDMC Loans is approximately \$31.9 million and approximately \$4 million has already been received by the syndicated mortgage lenders in respect of the BDMC Loans in paid interest.

Next Steps

Given the commercially sensitive nature of the Assignment Offer, the competitive Solicitation Process and other considerations, it is the Trustee's and Representative Counsel's joint view that additional information (including the quantum of the Assignment Offer) should not be made public at this time. Given that the information currently provided to lenders is limited, the Trustee will not be seeking advance lender feedback regarding the Assignment Offer prior to attending Court to seek its approval.

Instead, the Trustee has provided Representative Counsel with all relevant financial and other information with respect to the offers received and Representative Counsel agrees with the Trustee that moving forward to seek Court approval of the Assignment Offer is in the best interests of the syndicated mortgage lenders in the circumstances.

The Trustee intends to file motion materials with the Court, including a comprehensive report regarding the Peter Richmond Project, in order to seek approval of the Assignment Offer on January 30, 2020 (the "**Approval Motion**"). Should the Approval Motion be successful, the Trustee would then seek Court approval of the allocation of the proceeds of the Assignment Offer amongst the PRLA SMLs and the LH2 SMLs at a separate distribution hearing to be held as soon as practicable after the closing of the transaction (i.e. after January 30, 2020) ("**Distribution Hearing**"). The relevant information relating to any such allocation of proceeds of the Assignment Offer amongst the PRLA SMLs and the LH2 SMLs will be set out in the motion materials filed by the Trustee with respect to the Distribution Hearing.

Once the Court materials in connection with the Approval Motion are filed, the Trustee will send you a further notice confirming same. The Court materials will be posted on the Trustee's website. At that time, you should review the Court materials, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult with Chaitons LLP, in its capacity as Representative Counsel. Representative Counsel's contact information is below. Please note any acceptance by the Trustee of the Assignment Offer will not be binding on the Trustee, the PRLA SMLs or the LH2 SMLs until after Court approval.



Should you have any questions of the Trustee, our contact information is below (if you are contacting us by phone or email, please reference the **Peter Richmond Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, their contact information is below (if you are contacting Representative Counsel by phone or email, please reference the **Peter Richmond Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



January 24, 2020

Dear Lender:

Re: Syndicated Mortgage Loans made to Fortress Carlyle Peter St. Inc. (the “Borrower”) in respect of properties located at 122-124, 126 & 128 Peter Street and 357 & 359 Richmond Street West, Toronto, Ontario (“Properties”) and 120 Peter Street, Toronto, Ontario (collectively, the “Peter Richmond Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (the “**Trustee**”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and section 101 of the *Courts of Justice Act*. By order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage as Trustee and of Chaitons LLP as Representative Counsel.

Assignment Approval Motion

We are writing to you in our capacity as Trustee regarding motion materials served by the Trustee on January 23, 2020 in connection with a motion for the approval of an Assignment Offer (defined below) relating to the Peter Richmond Loans (as defined below) in respect of the Peter Richmond Project, which is scheduled to be heard by the Court on January 30, 2020 (“**Hearing**”). This notice is further to our notice of January 17, 2020 (“**Notice**”).

The Trustee’s motion materials, including its fourteenth report to Court (“**Fourteenth Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. If you do not have computer access, please call the Trustee at the contact number provided below and the Trustee will make alternative arrangements.

The Trustee is seeking Court approval for the assignment of the right, title and interest in and to the indebtedness owed by the Borrower to BDMC pursuant to two separate loan facilities: (i) a loan agreement dated November 3, 2014 (“**PRLA Loan**”); and (ii) a syndicated mortgage loan advanced to The Julian Cole Development Corporation pursuant to various loan agreements that have been assumed by the Borrower, (collectively, the “**LH2 Loan**”) (and together with the PRLA Loan, the “**Peter Richmond Loans**”), to Carlyle Communities Inc. in exchange for a cash payment (“**Assignment Offer**”).

As set out in the Notice and the Fourteenth Report, the Trustee undertook a focused solicitation process with respect to the Peter Richmond Loans and received multiple offers on the offer deadline. Following its review of the offers, including consideration of the offer



price, terms of the relevant offer documentation, and ability of the offeror to close a transaction, the Trustee has determined, and Representative Counsel has agreed, that the Assignment Offer provides the best executable transaction of the offers received and provides the best outcome for the individual lenders who advanced funds under the Peter Richmond Loans (“**Peter Richmond Individual Lenders**”), in the circumstances.

The Fourteenth Report provides additional information regarding the Peter Richmond Project and details of the Assignment Offer.

Among other things, given the complexities of both the documentation governing the PRLA Loan and the LH2 Loan and the title to the Properties, if a Court order is granted approving the Assignment Offer, the Trustee intends to return to Court to determine the appropriate distribution of the proceeds of the Assignment Offer to the Peter Richmond Individual Lenders.

Next Steps

The Trustee will provide a further update after the Hearing. **At this time there is no action required by the Peter Richmond Individual Lenders.**

Should you have any questions of the Trustee, our contact information is below (if you are contacting us by phone or email, please reference **Peter Richmond Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



March 24, 2020

Dear Lender:

Re: Syndicated Mortgage Loans made to Fortress Carlyle Peter St. Inc. (the “Borrower”) in respect of properties located at 122-124, 126 & 128 Peter Street and 357 & 359 Richmond Street West, Toronto, Ontario (“Properties”) and 120 Peter Street, Toronto, Ontario

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”).

We are writing to you in our capacity as Trustee and further to our notices of January 17 and January 24, 2020 (“**Notices**”).

Background

Pursuant to the January 24 Notice, you were advised that the Trustee served motion materials on January 23, 2020 in connection with its motion for approval of the assignment to Carlyle Communities Inc. (“**Assignee**”) of the right, title and interest in and to the indebtedness owed by the Borrower to BDMC pursuant to two separate loan facilities: (i) a loan agreement dated November 3, 2014 (“**PRLA Loan**”); and (ii) a syndicated mortgage loan advanced to the Julian Cole Development Corporation pursuant to various loan agreements that have been assumed by the Borrower (collectively, the “**LH2 Loan**”, and together with the PRLA Loan, the “**Peter Richmond Loans**”) in exchange for a cash payment (“**Assignment Transaction**”). On January 30, 2020, the Court granted an order approving the Assignment Transaction, which, among other things, included an assignment price of \$26.25 million (“**Assignment Price**”). The Assignee paid, and the Trustee received, the Assignment Price on February 12, 2020. The Assignment Transaction closed on that date (“**Closing Date**”).



Loan Details and Overall Recovery

The syndicated mortgage lenders that advanced funds to the Borrower in respect of the PRLA Loan (“**PRLA SMLs**”) were owed, as at the Closing Date, approximately \$33.1 million (comprised of approximately \$27.4 million in principal and approximately \$5.7 million in accrued interest). The Borrower made interest payments on the PRLA Loan of approximately \$2.9 million through to July 2017, after which interest began to accrue.

The syndicated mortgage lenders that advanced funds in respect of the LH2 Loan (“**LH2 SMLs**”, and together with the PRLA SMLs, the “**Peter Richmond SMLs**”) were owed, as at the Closing Date, approximately \$5.5 million (comprised of approximately \$4.5 million in principal and approximately \$1 million in accrued interest). The Borrower made interest payments on the LH2 Loan of approximately \$1.1 million through to May 2017, after which interest began to accrue.

The Assignment Transaction results in a very substantial recovery on the combined principal owing to the Peter Richmond SMLs in respect of the Peter Richmond Loans. On an aggregate basis, the Assignment Price provides for a recovery of 82% of principal across the Peter Richmond Loans and, when previously paid interest is taken into account, a recovery of 94% on principal. However, individual recoveries may vary, in some cases significantly, depending on a number of factors. In particular, as described in the January 17 Notice, the LH2 SMLs only had a charge registered on title against the properties located at 122-124 Peter Street (i.e., not against all of the Properties), which charge ranked subordinate to the charge registered on title to those properties in favour of the PRLA SMLs.

Next Steps

Given, among other things, the complexities of both the documentation governing the PRLA Loan and the LH2 Loan and the respective charges on title to the Properties, the Trustee intends to return to Court in the near term (“**Distribution Hearing**”) to seek approval of a proposed allocation methodology amongst the PRLA SMLs and the LH2 SMLs of the proceeds received in connection with the Assignment Transaction¹. The Trustee will notify you when it serves its motion materials in respect of the Distribution Hearing.

¹ The amount to be distributed in connection with the Assignment Transaction will be net of an administrative holdback of 15% (“Holdback”) to be retained by the Trustee in accordance with Court Orders issued in these proceedings. A portion of the Holdback may be paid in the future; however, the timing and amount, if any, is unknown at this time.



Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Peter Richmond Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Peter Richmond Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



October 2, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“PRLA Loan”) made to Fortress Carlyle Peter St. Inc. (the “Borrower”) in respect of properties located at 122-124, 126 & 128 Peter Street and 357 & 359 Richmond Street West, Toronto, Ontario and a syndicated mortgage loan made to Julian Cole Development Corporation in respect of the property located at 122-124 Peter Street pursuant to various loan agreements that have been assumed by the Borrower (collectively, the “LH2 Loan” and together with the PRLA Loan, the “Peter Richmond Loans”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee and further to our notice of March 24, 2020.

The purpose of this notice is to provide information regarding the proposed distribution of 85% of the \$26.25 million (“**Realized Property**”) received by the Trustee in connection with the assignment transaction in respect of the Peter Richmond Loans (“**PRLA Assignment Transaction**”). The Trustee intends to attend at Court to seek an Order (“**Peter Richmond Distribution Order**”) to distribute the Realized Property to the syndicated mortgage lenders who advanced monies pursuant to the PRLA Loan (“**PRLA SML Lenders**”) and syndicated mortgage lenders who advanced monies pursuant to the LH2 Loan (“**LH2 Lenders**”): (i) on a *pari-passu* basis with respect to the portion of the Realized Property allocated to 122-124 Peter Street, and (ii) solely to the PRLA SML Lenders with respect to the remaining portion of the Realized Property.

The Peter Richmond approval motion is scheduled to be heard via a virtual hearing on **October 15, 2020 at 10:00am** (“**Peter Richmond Distribution Motion**”). To the extent that you would like further information on the Peter Richmond Distribution Motion please contact the Trustee directly at the contact number provided below.



The Trustee's motion materials filed in support of the Trustee's request for the Peter Richmond Distribution Order, including its twenty-first report to Court ("**Twenty-First Report**"), are available on the Trustee's website: <http://faanmortgageadmin.com>. The Twenty-First Report describes the following matters:

- (a) an overview of the Peter Richmond project and the PRLA Assignment Transaction previously approved by the Court;
- (b) details of the Peter Richmond Loans;
- (c) information that supports the Trustee's recommendation that the Realized Property should be distributed: (i) to the PRLA SML Lenders and the LH2 Lenders using the Pari Passu Approach and Square Footage Methodology (each as described in the Twenty-First Report); and (ii) solely to the PRLA SML Lenders with respect to the amount allocated through the Square Footage Methodology to the remaining parcels of land. All distributions will be net of the Court approved administrative holdback (15%) ("**Administrative Holdback**"); and
- (d) A description of the Square Footage Methodology, the Pari Passu Approach and the corresponding recoveries to the: (i) PRLA SML Lenders of approximately \$23.24 million (or approximately 85% on a principal balance of \$27.4 million and 95% when previously paid interest is taken into account), and (ii) LH2 Lenders of approximately \$3 million (or approximately 66% on a principal balance of \$4.5 million and 88% when previously paid interest is taken into account).

Next Steps

At this time, you should review this notice and the associated Court materials carefully including the Twenty-First Report available on the Trustee's website, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult Representative Counsel whose contact information is provided below.

Should the Peter Richmond Distribution Motion be successful, the Trustee will distribute the Realized Property, net of the Administrative Holdback, to the PRLA SML Lenders and the LH2 Lenders as outlined above as soon as practicable following Court approval.

Should you have any questions, our contact information is shown below (if you contact us, please reference **Peter Richmond Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**



Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Peter Richmond Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 8:

Old Market Lane Notices dated March 19, 2020 and October 2, 2020



March 19, 2020

Dear Lender:

Re: Syndicated Mortgage Loans made to FCF Old Market Lane 2013 Inc. also known as Old Market Lane Inc. (“Borrower”) in respect of properties located at 177, 185 & 197 Woodbridge Avenue, Woodbridge, ON (“Properties”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”).

We are writing to you in our capacity as Trustee and further to our notice dated October 8, 2019 (“**Notice**”) regarding the sale of the Properties. Prior to the Notice, the Trustee distributed notices relating to the Properties on July 18, 2018, August 16, 2018, September 27, 2018, October 15, 2018, and January 31, 2019.

Overview of the Old Market Lane Syndicated Mortgage Loans

The Borrower is indebted to BDMC in the principal amount of \$13,262,200 pursuant to three separate loan facilities: the Original Loan Agreement dated May 1, 2011 (“**Original SMLs**”), the Old Market Lane 3 Loan Agreement dated October 4, 2013 (“**OML 3 SMLs**”) and the Hybrid Loan Agreement dated April 16, 2016 (“**Hybrid SMLs**”). All three loans are registered on title to the Properties. The Original SMLs, the OML 3 SMLs and the Hybrid SMLs are collectively referred to as the “**OML SMLs**” and the aggregate amount of debt owing to the OML SMLs is referred to as the “**BDMC Debt**”.

Details related to each of the loans are provided in the table below:

	Original¹	OML 3²	Hybrid³	Total
Principal balance (A)	3,788,500	6,379,500	3,094,200	13,262,200
Accrued interest (as at January 16,2020) (B)	819,158	1,292,912	466,779	2,578,849
Total owing (A+B)	\$4,607,658	\$7,672,412	\$3,560,979	\$15,841,049
Paid interest	\$1,631,809	\$1,377,895	\$247,536	\$3,257,240

¹ Last interest payment to Original SMLs was on May 4, 2017.

² Last interest payment to OML 3 SMLs was on July 4, 2017.

³ Hybrid SMLs received one year of upfront interest upon closing and interest accrued thereafter.

Sale Transaction

As was advised in the Notice, on September 25, 2019, 5019203 Ontario Ltd. ("**5019 Ontario**"), who holds a first priority charge registered on title to the Properties, issued a Notice of Sale Under Mortgage ("**Notice of Sale**"). 5019 Ontario took the position that the Borrower was in default under its mortgage and unless the full amount of the outstanding debt totaling \$5,624,270 (including interest and fees as at October 1, 2019) was paid on or before November 15, 2019, 5019 Ontario would be in a position to list the Properties for sale. The 5019 Ontario indebtedness is the only known indebtedness registered on title to the Properties in priority to the BDMC Debt. Subsequent to the issuance of the Notice of Sale, the Trustee contacted counsel to 5019 Ontario ("**5019 Counsel**") to request details of its planned realization process, including, among other things, the marketing plan and expected timeline.

In late October, 2019, the Trustee, in its capacity as the administrator of the subsequent mortgages registered on title to the Properties, was approached by a representative of 2735447 Ontario Inc. ("**Purchaser**") who expressed interest in purchasing the Properties. The Trustee advised the Purchaser that the Properties were subject to a Notice of Sale proceeding and that it understood 5019 Ontario would be proceeding to list the Properties for sale in the near term. Following discussions between the Purchaser and the Trustee, the Purchaser provided the Trustee with a copy of a Letter of Intent, which set out the business terms upon which the Purchaser was prepared to enter into a purchase and sale agreement for the Properties with 5019 Ontario ("**LOI**"). The LOI included, among other things, a purchase price of \$7.5 million ("**Purchase Price**"), an amount in excess of the value in the "as-is" appraisal previously commissioned by the Trustee.

Upon receipt of the LOI, the Trustee contacted 5019 Counsel to advise of the Purchaser's interest in purchasing the Properties and of the Purchase Price. The Trustee was advised by 5019 Counsel that the Purchase Price was significantly higher than the two appraisals recently commissioned by 5019 Ontario as part of the enforcement proceedings.

The Purchaser proceeded to engage in discussions with 5019 Counsel directly and ultimately provided 5019 Ontario with a formal agreement of purchase and sale reflecting the Purchase Price of \$7.5 million ("**APS**"). Following its review of the APS, 5019 Counsel determined that, in exchange for a release from all parties, including the Trustee and Representative Counsel, it would forego listing the Properties for sale with a real estate agent and would accept the APS. The releases provided 5019 Ontario with, among other things, a release from all obligations arising from the sale of the Properties.

Acceptance of the APS by 5019 Ontario resulted in significant savings to the benefit of the OML SMLs, including, among other things: (a) real estate commissions; and (b) interest on 5019 Ontario's mortgage which would have continued to accrue over the duration of a sale process at a per diem rate of \$1,483.36. Both the commissions and any incremental interest would have been payable in priority to any repayment to the OML SMLs.

In late December, 2019, 5019 Ontario accepted the Offer and executed the APS. The sale transaction closed on January 16, 2020.



Proceeds from the transaction were distributed as follows:

- i. approximately \$5.7 million to 5019 Ontario, as first mortgagee;
- ii. approximately \$74,000 to the City of Vaughan for property tax and water arrears; and
- iii. remaining proceeds, net of legal fees, of approximately \$1.57 million (“**Residual Proceeds**”) to the Trustee, on behalf of the OML SMLs, as the subsequent ranking mortgagees on the Properties. The Residual Proceeds include \$57,500 that the Trustee was able to negotiate with 5019 Counsel and that would have otherwise been payable to 5019 Ontario, as first mortgagee.

Distributions and Next Steps

The Trustee, its legal counsel, and Representative Counsel have been reviewing the documentation available in connection with the BDMC Debt. Given, among other things, the complexities of the documentation governing each of the three loan facilities, the Trustee intends to return to Court as soon as practicable to review the issues and seek approval of the distribution of the Residual Proceeds as among the OML SMLs. The Trustee will provide the OML SMLs with further information in due course, including notice of when the distribution motion will be heard by the Court.

The quantum of the distribution to the OML SMLs will be reduced by an administrative holdback of 15% to be retained by the Trustee in accordance with Court orders issued in these proceedings.

Should you have any further questions at this time, our contact information is shown below (if you contact us, please reference **Old Market Lane**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Old Market Lane**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



October 2, 2020

Dear Lender:

Re: Syndicated Mortgage Loans (“OML Loans”) in respect of properties located at 177, 185 & 197 Woodbridge Avenue, Woodbridge, ON (“OML Project” or “Properties”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee and further to our notice of March 19, 2020.

The purpose of this notice is to provide information regarding the proposed distribution of 85% of the approximately \$1.57 million (“**Realized Property**”) received by the Trustee in respect of the sale transaction for the Properties completed by 5019203 Ontario Ltd., the first priority mortgagee (“**OML Sale Transaction**”). The Trustee intends to attend at Court to seek an Order (“**OML Distribution Order**”) to distribute the Realized Property to all remaining syndicated mortgage investors in the OML Loans (“**OML SMLs**”) on a *pari-passu* basis.

The OML distribution motion is scheduled to be heard via a virtual hearing on **October 15, 2020 at 10:00 am** (“**OML Distribution Motion**”). To the extent that you would like further information on the OML Distribution Motion please contact the Trustee directly at the contact number provided below.



The Trustee's motion materials filed in support of the Trustee's request for the OML Distribution Order, including its twentieth report to Court ("**Twentieth Report**"), are available on the Trustee's website: <http://faanmortgageadmin.com>. The Twentieth Report describes the following matters:

- (a) an overview of the OML Project and the three underlying syndicated mortgage loans pursuant to which the OML SMLs loaned money in respect of the OML Project;
- (b) details of the OML Sale Transaction;
- (c) information that supports the Trustee's recommendation that the Realized Property received in respect of the OML Sale Transaction should be distributed on a *pari-passu* basis to all OML SMLs in accordance with the methodology described in the Report, net of the Court approved administrative holdback (15%) ("**Administrative Holdback**"); and
- (d) information that supports the Trustee's recommendation not to distribute any amount of the Realized Property to any entity related to Fortress Real Developments Inc. as a result of certain Minutes of Settlement entered into by certain former OML SMLs and such parties.

Next Steps

At this time, you should review this notice and the associated Court materials carefully including the Twentieth Report available on the Trustee's website, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult Representative Counsel whose contact information is provided below.

Should the OML Distribution Motion be successful, the Trustee will distribute the Realized Property, net of the Administrative Holdback, on a *pari-passu* basis to the OML SMLs in accordance with the Twentieth Report as soon as practicable following Court approval.

Should you have any questions, our contact information is shown below (if you contact us, please reference **Old Market Lane**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below



(if you contact Representative Counsel, please reference **Old Market Lane**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 9:
North Project Notice dated September 8, 2020



September 8, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to Lamb Edmonton Corp. (“Borrower”) pursuant to the loan agreement dated April 23, 2014 (“Loan Agreement”) in respect of property located at 10305-21 106th Street NW, Edmonton, AB, Plan B2, Block 5, LOT 153-156 (“North Project” or the “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “Trustee”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“Court”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“Representative Counsel”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you to the Borrower in respect of the North Project (“North SMLs”) pursuant to the Loan Agreement and the various associated documents, and further to our notice dated November 18, 2019 (“Notice”). The purpose of this notice is to advise you of the recently completed sale of the Property, an approved high-density development in downtown Edmonton that was being used as a surface parking lot.

Current Status of the BDMC Loan and the Development

Pursuant to the BDMC Loan, the total amount owing to the North SMLs is approximately \$10.2 million, comprised of a principal balance of approximately \$8.2 million and accrued interest as at July 10, 2020 (being the closing date of the Sale Transaction, as defined and discussed below) of approximately \$2 million¹. The BDMC Loan matured on June 30, 2018.

Prior to the Sale Transaction, in addition to the BDMC Loan, there was a first priority mortgage registered on title to the Property in favour of Firm Capital Mortgage Fund Inc. (“Firm Capital”) in the amount of approximately \$2.8 million. The Firm Capital mortgage was the only known charge that was registered on title to the Property in priority to the

¹ Per diem interest since April 1, 2020 is \$1,819.67



BDMC Loan.

Sale Transaction and Marketing Process

As was advised in the Notice, the Borrower retained CBRE Limited (“**CBRE**”) to list the Property for sale. The Property was listed for sale on September 17, 2019 with no deadline for offers.

On April 6, 2020, the Borrower presented the Trustee with a signed agreement of purchase and sale (“**APS**”) dated April 1, 2020 with Cidex Holdings Ltd., a third-party purchaser (“**Purchaser**”), for \$4,700,000 (“**Purchase Price**”) (“**Sale Transaction**”). The proposed Sale Transaction was subject to due diligence conditions, which conditions were satisfied in June 2020.

On April 14, 2020, the Trustee wrote to the Borrower to advise that the APS should not have been accepted without consulting the Trustee, particularly given that: (i) the Purchase Price was insufficient to repay the amounts owing to the North SMLs; and (ii) the APS required BDMC to discharge its mortgage registered on title to the Property. Notwithstanding the Trustee’s concerns, the Trustee advised that it would proceed to review the Sale Transaction.

As part of its review, the Trustee engaged in discussions with the listing agent, CBRE. From those discussions, the Trustee understands that there was continuous exposure of the Property through various marketing platforms and direct mailing campaigns from September, 2019 through to February, 2020 (“**Marketing Period**”). CBRE advised that there was limited interest in the Property throughout the Marketing Period despite the materials reaching targeted recipients, both locally and nationally. In particular, the Trustee understands that several confidentiality agreements were executed by parties who proceeded to perform some level of due diligence and that two offers were ultimately received by CBRE. The Trustee understands that the first offer, which was received in December 2019, was withdrawn following preliminary negotiations with that party. The offer from the Purchaser was the second offer received and was the only offer available to the Borrower.

In addition to its discussions with CBRE, the Trustee also engaged in discussions with its independent real estate appraiser (“**Appraiser**”) who had previously provided the Trustee with an “as-is” appraisal for the Property. Based on discussions with both CBRE and the Appraiser, the Trustee understands that in the last 2.5 years there were relatively few land sale transactions in the downtown Edmonton neighbourhood where the Property is located. With respect to those transactions, the Trustee notes the following:

- (i) Certain sales to the City of Edmonton (the “**City**”) were transacted at a higher price per square foot than the Sale Transaction (“**City Purchases**”). The Trustee



understands that the City is forming a land assembly for the development of a central park in downtown Edmonton and appears to be paying a premium for these lands. The North Project is outside the boundary for the central park and as such the City Purchases are not viewed as appropriate properties for comparative purposes; and

- (ii) The Purchase Price is comparable in price per square foot to the remaining transactions that have been completed in downtown Edmonton (excluding the City Purchases).

In addition to considering the above, the Trustee also considered whether there were any available alternatives to the Sale Transaction that could have potentially provided for a greater recovery to the North SMLs. The Trustee is of the view that the only alternative would have been a long-term hold by the Borrower until such time that the Edmonton market could either support a higher price for a land transaction or until there was sufficient demand to support the development of the proposed condominium project (or some other design and use of the Property). The Borrower, however, advised that it was not able or willing to provide the additional financing required to support the ongoing project costs, including to service the Firm Capital mortgage. Without the Borrower continuing to service the Firm Capital mortgage, the Trustee was of the view that the Property would have likely been sold pursuant to an enforcement proceeding which could have resulted in a lower purchase price than the existing Sale Transaction.

After having considered: (i) the Sale Transaction; (ii) the alternatives available; (iii) the marketing process for the Property; and (iv) the current economic climate in Alberta and associated market uncertainty, in light of suppressed oil prices and the COVID-19 pandemic, the Trustee, with the support of Representative Counsel, determined that it was appropriate to consent to the Sale Transaction and to discharge the BDMC mortgage. Accordingly, the Sale Transaction closed on July 10, 2020.

Amounts Provided by the Borrower

The Borrower has provided the Trustee with a summary of amounts it believes should be paid from the proceeds of the Sale Transaction, in priority to the BDMC Loan (the “**Proposed Claim**”). The Proposed Claim is comprised of, among other things, carrying costs on the first priority mortgage and property taxes, which the Borrower has been funding for several years.

The Trustee has not consented to the payment of the Proposed Claim in priority to the BDMC Loan at this time and continues to be engaged in discussions with the Borrower regarding same. Should the Borrower be successful in asserting the full amount of the Proposed Claim, the Residual Proceeds (as defined below) available to the North SMLs would be significantly



reduced.

Distribution of Proceeds from the Sale Transaction

The Sale Transaction proceeds were distributed as follows:

- (i) City of Edmonton for property tax arrears (\$45,301);
- (ii) CBRE for commissions (\$177,975) and other closing costs including legal fees (\$22,359); and
- (iii) Firm Capital as the first priority mortgagee (\$2,842,745).

The remaining proceeds of \$1,611,620 (“**Residual Proceeds**”) are currently being held in trust by the Trustee’s counsel pending a resolution between the Borrower and the Trustee in respect of the priority of the Proposed Claim.

Should an agreement not be reached, the Trustee will consider all options, including potentially seeking Court approval of a distribution of the Residual Proceeds.

The Trustee will keep you informed of the developments related to these matters.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **North Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **North Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 10:
Jasper Project Notice dated September 22, 2020



September 22, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Loan”) made to Bel-Edmonton Inc. (“Borrower”) pursuant to the loan agreement dated April 17, 2014 (“Loan Agreement”) in respect of property located at 10160-68 106th Street NW, Edmonton, AB, Plan B2, Block 6, LOT 185-187 (“Jasper House Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you to the Borrower in respect of the Jasper House Project (“**Jasper SMLs**”) pursuant to the Loan Agreement and the various associated documents, and further to our notice dated November 15, 2019 (“**Notice**”). The purpose of this notice is to advise you of the pending sale of the Property to a third-party purchaser (“**Purchaser**”).

Current Status of the BDMC Loan and the Jasper House Project

As was advised in the Notice, the Jasper House Project is an approved high-density development in downtown Edmonton. The Property is currently being used as a surface parking lot, generating some rental income for the Borrower but an amount that the Borrower has advised is insufficient to cover the Property’s monthly carrying costs.

According to BDMC’s records, the total amount owing to the Jasper SMLs is approximately \$11.5 million, comprised of a principal balance of approximately \$8.3 million and accrued interest as at August 31, 2020 of approximately \$3.2 million.¹ The BDMC Loan matured in June 2018.

¹ Interest was last paid to the Jasper SMLs in September 2015. Interest has continued to accrue at per diem of \$1,819.67



In addition to the BDMC Loan, there is a first priority mortgage registered on title to the Property in favour of Firm Capital Mortgage Fund Inc. (“**Firm Capital**”) with a principal amount outstanding of approximately \$2.2 million (“**Firm Capital Mortgage**”). The Firm Capital Mortgage is the only known charge that is registered on title to the Property in priority to the BDMC Loan.

The Marketing Process

As set out in the Notice, the Borrower retained CBRE Limited (“**CBRE**”) to list the Property for sale. The Property was listed for sale on September 17, 2019 at a list price of \$7.8 million (“**List Price**”) with no deadline for offers.

In late April 2020, the Borrower received a formal offer for the Property (“**Sale Transaction**”) at a purchase price well below the List Price and ultimately executed an agreement of purchase and sale (“**APS**”) with the Purchaser in July 2020. The proposed Sale Transaction was subject to due diligence conditions which were satisfied by the end of August 2020.

The Borrower entered into the APS without consulting the Trustee, notwithstanding that: (i) the purchase price was insufficient to repay the amounts owing to the Jasper SMLs; and (ii) the APS required BDMC to discharge its mortgage registered on title to the Property (“**BDMC Mortgage**”). Despite the Trustee’s concerns regarding the purchase price, in order to seek the greatest recovery for the Jasper SMLs in the circumstances, the Trustee proceeded to review the Sale Transaction.

As part of its review, the Trustee engaged in discussions with CBRE. From those discussions, the Trustee understands that there was continuous exposure of the Property through various marketing platforms and direct mailing campaigns from September 2019 through to receipt of the APS (“**Marketing Period**”).

CBRE advised that there was limited interest in the Property throughout the Marketing Period, despite the materials being extensively distributed to targeted recipients, both locally and nationally. In particular, the Trustee understands that while several confidentiality agreements were executed by parties who proceeded to perform some level of due diligence, only two formal offers were ultimately received by CBRE for the Property, with the offer from the Purchaser being significantly higher than the other offer.

In addition to its discussions with CBRE, the Trustee also engaged in discussions with its independent real estate appraiser (“**Appraiser**”), who had previously provided the Trustee with an “as-is” appraisal for the Property in 2018, which was higher than the purchase price in the APS. Based on discussions with both CBRE and the Appraiser, the Trustee understands that in the last 2.5 years there were relatively few land sale transactions in the downtown



Edmonton neighbourhood where the Property is located and no new development in the surrounding area due to an oversupply of housing units.

In light of the expected modest recovery for the Jasper SMLs, if any, as a result of the Sale Transaction, the Trustee also considered whether there were any available alternatives that could potentially provide for a greater recovery to the Jasper SMLs. The Trustee is of the view that the only reasonable alternative is a long-term hold by the Borrower until such time that the Edmonton market can either support a higher price for a land transaction or until there is sufficient demand to support the development of the proposed condominium project (or some other design and use of the Property). The Borrower, however, advised that it has been unable to raise the additional financing required to support the ongoing project costs, including to service the Firm Capital Mortgage. Absent the servicing of the Firm Capital Mortgage, the Trustee is of the view that the Property would likely be sold by Firm Capital pursuant to an enforcement proceeding which could result in a lower purchase price than that contemplated by the Sale Transaction. Furthermore, interest would continue to accrue on the Firm Capital Mortgage, which would likely erode even the modest recovery, if any, available for the Jasper SMLs by virtue of the Sale Transaction.

After having considered: (i) the merits of the Sale Transaction; (ii) the alternatives available; (iii) the marketing process for the Property; and (iv) the current economic climate in Edmonton and associated market uncertainty, in light of the COVID-19 pandemic and the effect of suppressed oil prices on the Alberta economy, the Trustee and Representative Counsel determined that it is appropriate to discharge the BDMC Mortgage as part of the Sale Transaction. The Sale Transaction is expected to close on September 30, 2020.

Priority Claims

The Borrower has provided the Trustee with a summary of amounts it believes should be paid from the proceeds of the Sale Transaction, in priority to the BDMC Loan (the “**Related Party Claim**”). The Borrower has advised the Trustee that the Related Party Claim, which totals approximately \$1.7 million, is comprised of, among other things, amounts advanced by certain companies related to the principal of the Borrower to cover interest on the Firm Capital Mortgage and other carrying costs of the Property.

The Trustee has not consented to the payment of the Related Party Claim in priority to the amounts owing to the Jasper SMLs at this time and continues to be engaged in discussions with the Borrower regarding same. In the circumstances, the Trustee has agreed to discharge the BDMC Mortgage on the further condition that the proceeds from the Sale Transaction that are in excess of the amount required to pay out the Firm Capital Mortgage and other closing costs are to be held in trust by the Trustee until a consensual resolution regarding the residual proceeds is reached or upon further order of the Court. Should the Borrower be



successful in asserting the full amount and priority of the Related Party Claim, there would be no residual proceeds from the Sale Transaction available for the Jasper SMLs.

In addition to the Related Party Claim, there is a further mortgage registered on title to the Property in third position, subsequent to the BDMC Mortgage, in favour of Lamb Edmonton Corp. in the amount of \$768,650, which reflects the principal balance of the loan. Lamb Edmonton Corp. is an entity related to the principal of the Borrower. The Trustee is reviewing the nature of this charge and related loan to determine whether it could affect entitlement to the residual proceeds from the Sale Transaction.

Next Steps

The Trustee is of the view that consenting to the Sale Transaction and the discharging of the BDMC Mortgage is the best option in the circumstances and offers the greatest opportunity for some recovery for the Jasper SMLs, particularly in light of the challenging circumstances facing the Jasper House Project.

Should an agreement not be reached with the Borrower with respect to the Related Party Claim, the Trustee will consider all options, including potentially seeking Court approval of a distribution to the Jasper SMLs of the residual proceeds from the Sale Transaction.

The Trustee will keep you informed of the developments related to these matters.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Jasper House Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Jasper House Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 11:

Orchard Notice dated September 15, 2020



September 15, 2020

Dear Lender:

Re: Syndicated Mortgage Loans made to Lamb Calgary Inc. (“Borrower”) pursuant to the loan agreements dated January 23, 2014 (“Original Loan”) and April 16, 2016 (“Hybrid Loan”) in respect of property located at 602, 606, 610, 620, 624, 626 and 628, 12th Avenue SE, Calgary, AB (“Orchard Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Orchard Project and further to our notice dated January 29, 2020. Since that time, the Trustee has continued to engage with the Borrower regarding the status of the Orchard Project.

The purpose of this notice is to advise that the Trustee intends to attend at Court for an Order (“**Orchard Approval Order**”) that, among other things: (i) confirms and approves the Trustee discharging the mortgages registered on title to the Property securing both the Original Loan and the Hybrid Loan (“**Orchard Mortgages**”) in connection with the proposed sale of the Property (“**Sale Transaction**”) to a third-party purchaser, Trico Developments (1990) Ltd., upon receipt by the Trustee of the portion of the purchase price set out in the agreement of purchase and sale (“**APS**”) that is in excess of the amounts owed under the mortgages registered on title in priority to the Orchard Mortgages and reasonable and documented costs properly incurred to effect the closing of the Sale Transaction (the “**BDMC Discharge Payment**”); (ii) authorizes the Trustee to make a *pari-passu* distribution of the BDMC Discharge Payment to the syndicated mortgage lenders who advanced funds to the Orchard Project pursuant to the Original Loan and the Hybrid Loan (jointly, the “**Orchard SMLs**”); and (iii) approves the Nineteenth Report (as defined below) and the activities of the Trustee described therein.



The Orchard approval motion is scheduled to be heard via a virtual hearing on **September 22, 2020 at 12:00pm** (“**Orchard Approval Motion**”). To the extent that you would like further information on the Orchard Approval Motion please contact the Trustee directly at the contact number provided below.

The Trustee’s motion materials filed in support of the Trustee’s request for the Orchard Approval Order, including its nineteenth report to Court (“**Nineteenth Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. The Nineteenth Report describes the following matters:

- (a) an overview of the Orchard Project and the underlying syndicated mortgage loans pursuant to which the Orchard SMLs loaned money to the Borrower in respect of the Orchard Project;
- (b) details of the Sale Transaction including the marketing process conducted by CBRE Limited, the listing agent for the Property;
- (c) information relevant to the Trustee’s recommendation to discharge the Orchard Mortgages in connection with the Sale Transaction upon receipt of, or arrangements satisfactory to the Trustee made for the receipt of, the BDMC Discharge Payment and to take any other steps necessary to facilitate the closing of the Sale Transaction, in its sole discretion;
- (d) a confidential appendix that provides, among other things, the financial details of the Sale Transaction and the estimated proceeds available for the BDMC Discharge Payment; and
- (e) Information that supports the Trustee’s recommendation that the BDMC Discharge Payment be distributed on a *pari-passu* basis to all Orchard SMLs, net of the Court approved administrative holdback (15%) (“**Administrative Holdback**”).

The Nineteenth Report, without appendices, is attached hereto as Appendix “A”.

Next Steps

Given the commercially sensitive nature of the Sale Transaction and other considerations, it is the view of both the Trustee and Representative Counsel that additional information (including the purchase price for the Property) should not be made public at this time. Given that the information currently being provided to the Orchard SMLs is limited, the Trustee will not be seeking their feedback regarding the Sale Transaction prior to attending Court.



Instead, the Trustee has provided Representative Counsel with all relevant financial and other information in its possession with respect to the Sale Transaction including, among other things, the unredacted APS for its review and consideration.

The Trustee and Representative Counsel are of the view that, while the Sale Transaction only provides a modest recovery for the Orchard SMLs, it offers the greatest opportunity for some recovery in the challenging circumstances facing the Orchard Project as further detailed in the Nineteenth Report, and accordingly it is appropriate to consent to discharging the Orchard Mortgages registered on title to the Property as part of the Sale Transaction.

At this time, you should review this notice and the associated Court materials carefully including the Nineteenth Report attached hereto, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult Representative Counsel whose contact information is provided below.

Should the Orchard Approval Motion be successful, the Trustee intends to distribute the BDMC Discharge Payment, net of the Administrative Holdback, on a *pari-passu* basis to the Orchard SMLs as soon as practicable following Court approval.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Orchard Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Orchard Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 12:
King Square Notice dated March 25, 2020



March 25, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to King Square Ltd. (“Borrower”) pursuant to the loan agreement dated May 8, 2014 in respect of property located at 9390 Woodbine Avenue, Markham, ON (“King Square Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding steps taken by Firm Capital Mortgage Fund Inc. (“**Firm Capital**”), the senior lender registered on title to the King Square Project, and further to our notice dated December 17, 2019 (“**Notice**”).

As was advised in the Notice, registration of the King Square Project condominium took place in August 2019 and individual unit closings commenced in mid-October (five months later than anticipated). The Borrower’s intention after completing the scheduled closings was to recommence actively marketing the remaining commercial units for lease or sale with a view to continuing to service and pay down the Firm Capital mortgage. Despite the Borrower’s intentions, the Trustee understands that the Borrower has faced cash flow challenges and was unable to make its February and March interest payments to Firm Capital.

Accordingly, on March 6, 2020, Firm Capital issued a Notice of Sale Under Mortgage (“**Notice of Sale**”). As was advised in the Notice, Firm Capital holds a charge registered on title in priority to the charge registered on title in favour of the syndicated mortgage lenders who advanced funds to the King Square Project. Pursuant to the Notice of Sale, Firm Capital took the position that unless the full amount of its outstanding debt totaling \$55,863,345.28 (including interest through to March 6, 2020) is paid on or before April 11, 2020, Firm Capital would be in a position to sell the remaining King Square property subject to its mortgage. A copy of the Notice of Sale is attached to this notice.

The Trustee has been in touch with Firm Capital with respect to the Notice of Sale and will closely monitor any developments including a sales process, should one be commenced,



involving the King Square Project. The Trustee will request that Firm Capital allow it to have input into any such sales process.

Should a sales process be commenced in respect of the King Square Project and the proceeds of such sales be insufficient to pay all amounts owing to Firm Capital, there is a risk that you may not recover the sums that you advanced to the Borrower.

We will keep you informed of developments related to this matter.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **King Square Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **King Square Project**):

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 13:
Bowmanville Notice dated October 21, 2020



October 21, 2020

Dear Lender:

Re: Syndicated Mortgage Loan (“BDMC Debt”) made to Brookhill Holdings Inc. (“Borrower”) in respect of properties located at 2499 Nash Road Bowmanville, ON (“Bowmanville Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (“**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Bowmanville Project and further to our notice dated May 8, 2020 (“**Notice**”).

As was advised in the Notice, on April 28, 2020 the Trustee was served with materials in respect of a motion brought by Hillmount Capital Inc. (“**Hillmount**”) seeking the Court appointment of a receiver for the Bowmanville Project. On May 5, 2020, an order of the Court was granted appointing Ernst & Young Inc. as the receiver of the Property (“**Receiver**”).

On October 14, 2020, the Receiver served materials in connection with its motion originally scheduled to be heard via a virtual hearing on October 21, 2020, seeking, among other things, Court approval for (i) the agreement of purchase and sale dated September 17, 2020 (“**Sale Transaction**”) between the Receiver and Brookhill Durham Holdings Inc., a company related to the Borrower (“**Purchaser**”), and (ii) the distribution of proceeds from the Sale Transaction. Due to a delay with the Court, the virtual hearing has since been postponed to a future date and time which has yet to be determined.

Motion materials in respect of the Receiver’s motion including, among other things, the Receiver’s first report to Court dated October 14, 2020 (“**Report**”) are available on the Receiver’s website at <https://documentcentre.ey.com/#/detail-engmt?eid=374>.

In its Report, filed together with its application, the Receiver provided the following details regarding the sale process:

- i) CBRE Land Services Group (“**CBRE**”) was retained to list the Property for sale with



- an offer submission deadline of August 19, 2020 (“**Bid Deadline**”);
- ii) CBRE received multiple offers for the Property on the Bid Deadline and set August 28, 2020 as the deadline for the second round of offers;
 - iii) One offer was materially higher than the other offers, however it was subject to due diligence and was ultimately withdrawn on August 31, 2020; and
 - iv) The offer from the Purchaser was the highest and best offer received by CBRE.

The Purchase price for the Property has not been publicly disclosed to protect the value of the Property if the transaction with the Purchaser fails to close for any reason. The purchase price and other documents including a summary of the offers received by the Receiver and the appraisal obtained by the Receiver were provided to the Court on a confidential basis.

Key terms of the Sale Agreement and draft approval and vesting order include:

- i) Receiver to obtain a vesting order, vesting in the Purchaser the Borrower’s right, title and interest, if any, to the Property;
- ii) Closing date of November 23, 2020;
- iii) Proceeds from the transaction are proposed to be distributed by the Receiver as follows:
 - a. To pay Hillmount \$147,652.46 in repayment of the Receiver’s borrowings to carry the Property during the receivership period, including to fund the professional fees of the Receiver, its counsel as well as other professional advisors;
 - b. To pay all amounts owing to Hillmount under its mortgage, which amounts total approximately \$4.76¹ million;
 - c. To pay all amounts owing to Jaekel Inc., the second priority mortgagee, which amounts total approximately \$2.2² million;

¹ The amount to be paid to Hillmount as set out in the Report is \$4.82 million. The Trustee was able to negotiate with Hillmount a reduction of \$53,712.50 in respect of certain fees and as such the total amount owing to Hillmount is now approximately \$4.76 million.

² The amount to be paid to Jaekel Inc. as set out in the Report is \$2.3 million. The Trustee was able to negotiate with Jaekel Inc. a reduction of \$60,000 in respect of certain fees and as such the total amount owing to Jaekel Inc. is now approximately \$2.2 million.



- d. To pay the remaining costs associated with the receivership proceedings; and
- e. To pay the remaining sale proceeds to the Trustee in respect of the BDMC Debt.

In addition to the remaining sale proceeds, the Receiver shall also pay to the Trustee any additional funds that may come into its possession with respect to the Bowmanville Project, subject to a review by the Receiver of BDMC's security.

Given the quantum of debt in priority to the BDMC Debt and the Trustee's discussions with the Receiver, the Trustee understands that the Bowmanville Project syndicated mortgage lenders will experience a significant shortfall on their loan. Once the transaction has closed, the Trustee will provide a notice with the financial details of the Sale Transaction, including the sale price, and information in respect of the ultimate distribution by the Trustee to the Bowmanville Project syndicated mortgage lenders.

Should you have any questions at this time, our contact information is shown below (if you contact us, please use the subject line **Bowmanville Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please use the subject line **Bowmanville Project**):

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 14:

Port Place 2 Notice dated October 8, 2020



October 8, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to 2283020 Ontario Inc., subsequently acquired by Fortress Port Place (2014) Inc. pursuant to the loan agreement dated December 1, 2013 in respect of properties located at 14, 18A and 28, Lakeport Road & 12 Lock Street, St. Catharines, ON (“Port Place 2 Project” or “Properties”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “Trustee”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“Court”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“Representative Counsel”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee and further to the Trustee’s seventh report to court dated May 10, 2019 and our notice to you dated May 31, 2019.

The purpose of this notice is to provide, among other things: (i) information regarding the Port Place 2 Project, a real estate development comprised of four neighboring 2-storey commercial properties with approximately \$2.9 million in principal amount of second ranking syndicated mortgage loan debt administered by BDMC; and (ii) the Trustee’s intention to attend at Court to seek an Order (“Port Place 2 Order”) approving, and authorizing the Trustee to enter into, certain subordination and priority agreements. The effect of the subordination and postponement agreements will be to subordinate BDMC’s second priority mortgage to the mortgage securing the Additional Financing (as defined below) on title to the Properties.

The Port Place 2 motion is scheduled to be heard via a virtual hearing on **October 15, 2020 at 10:00am** (“Port Place 2 Motion”). To the extent that you would like further information on the Port Place 2 Motion please contact the Trustee directly at the contact number provided below.

The Trustee’s motion materials filed in support of the Trustee’s request for the Port Place 2 Order, including its twenty-third report to Court (“Twenty-Third Report”), are available on the Trustee’s website: <http://faanmortgageadmin.com>. The Twenty-Third Report describes



the following matters:

- (a) an overview of the Port Place 2 Project, including a completed sale transaction for one of the Properties and the other proposed sale transactions involving the Properties;
- (b) details of the priority issue with respect to additional financing advanced by Magnetic Capital Group Inc., Olympia Trust Company and Canadian Western Trust Company in the principal balance of \$1.47 million that is currently registered in third position among the mortgage charges on the Properties (“**Additional Financing**”);
- (c) details of the subordination and priority agreements; and
- (d) the Trustee’s recommendation that the subordination and priority agreements be approved, and the Trustee be authorized to enter into the subordination and priority agreements, in accordance with the proposed Port Place 2 Order.

Next Steps

At this time, you should review this notice and the associated Court materials carefully including the Twenty-Third Report available on the Trustee’s website, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult Representative Counsel whose contact information is provided below.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Port Place 2 Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Port Place 2 Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 15:

Lake and East Notice dated July 21, 2020



July 21, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to Symgine (Lake East) Inc. (“Borrower”) in respect of properties located at 2226 Lakeshore Road West & 83 East Street, Oakville, ON (“Lake & East Project” or “Properties”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Lake & East Project and further to our notice dated June 12, 2019 (“**Notice**”).

Enforcement Proceedings

As was advised in the Notice, on May 22, 2019, Toronto Capital Corporation (“**TCC**”), the first priority mortgagee on the Properties, issued a Notice of Sale Under Mortgage (“**Notice of Sale**”). TCC took the position that the Borrower was in default under its mortgage and unless the full amount of the outstanding debt was paid on or before July 8, 2019, TCC would be in a position to list the Properties for sale. A copy of the Notice of Sale was previously provided to you.

As the July 8, 2019 deadline was not met, TCC retained CBRE Limited (“**CBRE**”) to market the Properties for sale. Marketing of the Properties was launched on August 15, 2019 with an offer deadline of September 25, 2019. CBRE received multiple offers on the offer deadline, followed by two additional rounds of offers.

On December 18, 2019, TCC accepted an offer for the Properties from 2726102 Ontario Inc. (“**Purchaser**”), which represented the highest and best offer and proceeded to enter into an agreement of purchase and sale, as further amended, for the Properties (“**Sale Transaction**”). The Trustee was advised by TCC’s counsel that the Purchaser is not related to the Borrower or to TCC. After a series of delays, the Sale Transaction finally closed in



May, 2020. At that time the total principal and interest due to TCC was \$7,521,286.

The key economic terms of the Sale Transaction are as follows:

- a) Purchase price of \$7 million; and
- b) Proceeds to be distributed as follows:
 - i) Approximately \$158,000 to CBRE for real estate commissions; and
 - ii) The remaining proceeds, net of property taxes, closing costs and legal fees, to TCC as first priority mortgagee.

Unfortunately, as TCC has suffered a shortfall on its loan, there are no recoveries to repay any amounts owing to the syndicated mortgage lenders who advanced funds to BDMC in respect of the Lake & East Project (“**Lake & East SMLs**”) who hold a second ranking mortgage registered on title to the Properties.

As applicable, the Trustee recommends that you seek advice from your tax professional to determine how to account for the loss on your investment in the Lake & East Project.

Symgine Reporting Agreement

As was advised in a notice dated November 26, 2018 and in various reports to Court issued in these proceedings, when the Trustee executed the postponement request made by the Borrower, subordinating the Lake & East SMLs to the financing from TCC, the purpose of the TCC financing was to repay the first priority mortgage registered to Vector Financial Services Limited (which was in default at the time) and to fund additional project related costs.

As part of the negotiations with respect to the postponement to TCC, the Borrower agreed to enhanced reporting to the Trustee, which was to include a monthly accounting of the use of funds advanced by TCC. These obligations were set out in a reporting agreement between the Borrower and the Trustee (“**Symgine Reporting Agreement**”).

The Borrower has not complied with its reporting obligations under the Symgine Reporting Agreement. The Trustee and its legal counsel followed up with the Borrower on numerous occasions requesting information required to be provided pursuant to the Symgine Reporting Agreement; however, no response was received. As the Borrower did not respond, the Trustee sought and obtained an order of the Court (“**Omnibus Order**”) compelling the Borrower to provide the required reporting information within 15 days of the date of the Omnibus Order. The Borrower failed to comply with these provisions and is in violation of this Court Order. The Trustee’s legal counsel also wrote to the Borrower’s legal counsel and reiterated its demands for information and noted that should the Borrower fail to comply,



the Trustee reserved all its rights to take further action.

In light of the Borrower's failure to comply with the Omnibus Order, the Trustee, in consultation with Representative Counsel, is considering next steps with respect to this matter.

We will keep you posted as to any further developments with respect to the Lake & East Project.

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference the **Lake & East Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference the **Lake & East Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 16:
Triple Creek Notice dated October 21, 2020



October 21, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to Fortress Triple Creek Inc. (“Borrower”) regarding the property located at South of Highway 8, Rocky View County, Alberta (“Triple Creek Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (“**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Triple Creek Project and further to our notices of May 10, 2018 and June 3, 2019 (“**Notices**”).

The Triple Creek Project is a proposed real estate development project with over \$15.4 million of syndicated mortgage loan debt administered by BDMC (“**BDMC Debt**”) on behalf of 279 individual lenders (“**Triple Creek SMLs**”). The Triple Creek SMLs have two charges on the Property in respect of the BDMC Debt, being a fourth ranking mortgage registered in the amount of approximately \$12.9 million, representing the original principal amount advanced by the Triple Creek SMLs, and a fifth ranking mortgage registered in the amount of approximately \$2.5 million, representing accrued interest to July, 2017, being the date that the Property was acquired by the Borrower from the original Triple Creek Project borrower. The Property is a large block of land near Calgary currently classified as ‘Ranch and Farmland District’, which only permits agricultural uses. As of the date of the commencement of the enforcement proceedings discussed below, the Borrower was unsuccessful in having the Property re-designated to allow for residential development.

As was advised in the Notices, on May 1, 2018, Romspen Investment Corporation (“**Romspen**”), acting as the Borrower’s first priority lender, commenced an enforcement proceeding in respect of financing that had matured. As at September 3, 2020, Romspen was owed approximately \$4.2 million comprised of principal of \$3.1 million and accrued interest



and fees of approximately \$1,100,000. In addition to the Romspen debt, there is a second priority mortgage securing amounts owing to Eagles Edge Capital Corporation (“**Eagles**”) and a third priority mortgage securing amounts owing to Jaekel Capital Inc. (“**Jaekel**”), in the original principal amounts of approximately \$2.5 million and \$1.4 million, respectively.

On December 14, 2018, an order was granted by the Court of the Queen’s Bench of Alberta (“**Alberta Court**”) permitting the Property to be listed for sale with a licensed real estate agent (“**Listing Agent**”) for six months, with no deadline for offers, at a list price of \$3 million (“**List Price**”). The Trustee was advised by counsel to Romspen that over the course of the six-month listing period no formal offers were received for the Property.

On September 25, 2020, the Trustee was served with materials in respect of a motion by Romspen seeking an Order for Foreclosure (“**Foreclosure Motion**”). The Foreclosure Motion is scheduled to be heard via a virtual hearing on October 29, 2020. An Order for Foreclosure would result in Romspen being granted a new Certificate of Title to the Property solely in its name and all subsequent encumbrances, including the charges securing the BDMC Debt, being discharged from title to the Property, with no recovery for the Triple Creek SMLs.

In its affidavit, filed together with its motion materials, Romspen included a report prepared by the Listing Agent dated July 22, 2020, which provided, among other things, the following details regarding the sale process:

- (i) Over 60 inquiries about the Property were received by the Listing Agent, however, with the exception of one verbal offer for \$1.9 million, no offers were received;
- (ii) After completion of the initial six-month listing period, the Listing Agent, with Romspen’s consent, continued to market the Property on its website until July 2020. During this subsequent 12-month period it received less than 20 inquiries about the Property and three verbal offers ranging from \$700,000 to \$1.6 million; and
- (iii) It is the Listing Agent’s view that, given, among other things, the slowdown in the real estate market due to the COVID-19 pandemic and a slumping Alberta economy, the Property would not sell “anywhere near the list price of \$3 million”.



In addition to reviewing the report prepared by the Listing Agent, the Trustee also considered the following:

- Romspen’s appraisal of the Property obtained in August 2018, which is included in the motion materials, had an “as is” value of \$2.8 million and forced liquidation value of \$2.4 million;
- The Trustee’s independent appraisal of the Property obtained in August 2018, which was consistent with the Romspen appraisal;
- The Property was marketed for sale for more than 18 months and during that period no formal written offers were received and the highest verbal offer communicated for the Property was \$1.9 million;
- The Listing Agent’s view that the Property will not sell for anywhere near the original List Price;
- Counsel to Romspen advised that both Eagles and Jaekel do not intend to object to the Foreclosure Motion despite the fact that neither priority mortgagee will receive any recovery; and
- There is greater than \$8 million of debt that ranks in priority to BDMC.

Based on the foregoing, **the Trustee does not intend to take a position with respect to the Foreclosure Motion.** Accordingly, should the Order of Foreclosure be granted by the Alberta Court, unfortunately you will not recover any of the funds you have advanced to the Triple Creek Project.

At this time, you should carefully review this notice and the associated Foreclosure Motion materials which have been posted to the Trustee’s website in a newly created section dedicated to the Triple Creek Project at: <http://www.faanmortgageadmin.com>. Should you have any questions or concerns regarding the Trustee’s position, please do not hesitate to contact the Trustee, seek advice from Representative Counsel and/or seek independent legal advice regarding this matter.

The Trustee will provide a further update after the Foreclosure Motion.



Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Triple Creek Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Triple Creek Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 17:

Sky City Notice dated September 23, 2020



September 23, 2020

Dear Lender:

Re: Syndicated Mortgage Loans (“BDMC Loans”) made to or assumed by 6566074 Manitoba Ltd. (“Borrower”) in respect of property located at 245 Graham Street, Winnipeg, MB (“Sky City Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Sky City Project, a high-density development site in downtown Winnipeg that is currently being used as a surface parking lot. The Sky City project launched sales to the public in September 2015 but experienced a number of delays resulting in the Borrower eventually terminating all existing pre-sale agreements and returning all deposits to the unit purchasers. The Borrower advised that it was considering its options with respect to the Property as its preliminary design for the condominium had proven to be too tall and with too much commercial space.

The Borrower has retained CW Stevenson Inc. (the “**Listing Agent**”) to list the Property for sale. The Property was listed for sale on September 15, 2020 with no list price and a deadline for offers of October 15, 2020. The Trustee has been in discussions with the Listing Agent who has advised that the Property will be marketed to over 1,000 private, public and institutional investors as well as the local real estate community in Winnipeg.

The Property has multiple syndicated mortgage loans administered by BDMC registered on title whose principal balances in aggregate total approximately \$32 million and are as follows¹:

¹ The Trustee notes that there are certain agreements in place involving the BDMC Loans which may affect their priority ranking.



- \$25 million in fourth ranking position;
- \$3.5 million in fifth ranking position;
- \$1.3 million in sixth ranking position;
- \$2 million in seventh ranking position; and
- \$586,000 in eighth ranking position.

In addition to the BDMC Loans, there are three priority mortgages registered on title to the Property (“**Priority Mortgages**”) that in aggregate total approximately \$9.5 million. The first priority mortgage is registered in favour of 11615467 Canada Ltd. in the amount of \$5 million, the second priority mortgage is registered in favour of JYR Real Capital Mortgage Investment in the amount of \$2.5 million, and the third priority mortgage is registered in favour of Ruixia Li in the amount of \$2 million. The Trustee understands that the Priority Mortgages have substantial accrued and unpaid interest and are currently in default. To date, the priority mortgagees have not initiated any enforcement proceedings in respect of the Property and have been supportive of the Borrower listing the Property for sale.

Other Priority Claims

The Borrower has provided the Trustee with a summary of amounts it believes should be paid from the proceeds of a sale transaction for the Property, in priority to the BDMC Loans (the “**Related Party Claim**”). The Borrower advises that the Related Party Claim, which totals approximately \$2 million is comprised of, among other things, amounts advanced by certain companies related to the principal of the Borrower to cover the carrying costs of the Property.

The Trustee has not consented to the payment of the Related Party Claim in priority to the BDMC Loans and at this time continues to be engaged in discussions with the Borrower regarding same.

Next Steps

The Trustee has been advised by the Listing Agent that while significant interest is expected in the Property, it is unknown at this time what, if any, residual proceeds will be remaining to satisfy amounts owing under any of the BDMC Loans from a sale transaction after repayment of the Priority Mortgages and a repayment, if any, to the Borrower on account of the Related Party Claim. Accordingly, at this time it is unknown whether you will recover any of the sums that you advanced to the Borrower.



We will keep you informed of the developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference **Sky City Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Sky City Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 18:

Whitby Notices dated February 4, 2020 and June 18, 2020



February 4, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to Thickson Road 407 Whitby Limited (the “Borrower”) pursuant to the loan agreement dated May 4, 2014 (“BDMC Loan”) on the security of a mortgage on the property located at 5360, 5400 and 5675 Thickson Road North, Whitby, Ontario (“Whitby Project”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. (the “**Trustee**”) was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Ontario Superior Court of Justice (Commercial List) dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Whitby Project and further to our notices of December 10, 2018 and January 29, 2019 (“**Notices**”).

Financing of the Whitby Project

As was discussed in the Notices, upon receiving consent from the Whitby Project syndicated mortgage lenders (“**Whitby SMLs**”), the Trustee postponed the BDMC Loan to a loan advanced by Downing Street Financial Inc. (the “**Downing Street Loan**”). At that time, the Whitby SMLs also consented to an extension of the term of the BDMC Loan to December 31, 2019 with three further six-month extensions available to the Borrower, at the discretion of the Trustee. The Borrower has requested the first extension of the term of the BDMC Loan, which the Trustee has granted.

The Trustee notes that the Downing Street Loan was advanced to: (i) repay the original vendor take back mortgage; (ii) establish an interest reserve to service the new first ranking mortgage; and (iii) pay project costs, including, among other things, various consultants whose services were required to advance development approvals.

The Trustee has been advised by the Borrower that in accordance with its projections, the funds advanced by Downing Street Financial Inc. will be exhausted in early 2020 and accordingly, the Borrower is in discussions with another prospective lender regarding additional financing required for the Whitby Project (“**Bridge Financing**”). The Borrower has advised the Trustee that, once it has negotiated the terms of the Bridge Financing, it will be requesting that the Trustee postpone the BDMC Loan to such financing.

Possible Sale Transaction and Status of the Whitby Project

The Borrower has informed the Trustee that it has entered into a conditional agreement of purchase and sale for the Whitby Project (“**Sale Transaction**”). The Trustee is advised by the Borrower that



the discharge of the BDMC Loan is a prerequisite to the closing of the Sale Transaction. The prospective purchaser is currently completing its due diligence. The due diligence period was set to end on January 31, 2020; however, the prospective purchaser requested, and the Borrower agreed to, a 90-day extension. Should the prospective purchaser waive the due diligence conditions, it is contemplated that the Sale Transaction would be completed within 90 days thereafter. Should the prospective purchaser confirm its agreement to pursue the Sale Transaction, the Trustee intends to seek consent of the Whitby SMLs to the Sale Transaction in advance of agreeing to discharge the BDMC Loan.

Notwithstanding the fact that the Whitby Project is subject to the Sale Transaction, as noted above, the funds generated from the Downing Street Loan, including the interest reserve, will soon be exhausted. The Borrower requires the Bridge Financing to service the Downing Street Loan, either through to the closing of the Sale Transaction, or thereafter, should it not be completed. If the Sale Transaction is not completed, the Bridge Financing will be required to fund other necessary costs to advance the Whitby Project including the submission of a Draft Plan of Subdivision.

The Trustee will keep you informed of the developments related to the Bridge Financing and to the status of the Sale Transaction.

Should you have any further questions at this time, our contact information is below (if you are contacting us by email, please use the subject line **Whitby Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, their contact information is below (if you are contacting Representative Counsel by phone or email, please reference the **Whitby Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**



June 18, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to Thickson Road 407 Whitby Limited (the “Borrower”) pursuant to the loan agreement dated May 4, 2014 on the security of a mortgage on the property located at 5360, 5400 and 5675 Thickson Road North, Whitby, Ontario (“Whitby Project” or the “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the Whitby Project and further to our notice of February 4, 2020 (“**Notice**”), which is attached as Appendix “A” to this notice.

Financing of the Whitby Project

As was discussed in the Notice, the funds advanced by Downing Street Financial Inc. (“**Downing Street**”), the first priority lender to the Whitby Project, were expected to be exhausted in early 2020 and accordingly, the Borrower was in discussions with a prospective lender regarding additional financing required for the Whitby Project. The Borrower has since advised that: (i) the prospective lender with whom they were in discussions is no longer willing to advance funds to the Whitby Project; and (ii) the Downing Street Loan was exhausted and the Borrower was unable to fund the May interest payment owing to Downing Street. Accordingly, the Borrower was in default under its loan agreement (“**Default**”).

In order to remedy the Default, the Borrower successfully negotiated additional financing in the amount of \$650,000 from Downing Street for the Whitby Project pursuant to an amendment to the original commitment letter between Downing Street and the Borrower, the key terms of which are as follows:



- Increase to the existing first mortgage of \$650,000 (“**Subsequent Advance**”);
- Interest: 12% per annum on the Subsequent Advance (compared to 8.75% on the existing advance); and
- Lender fee: \$13,000.

Based on current projections provided by the Borrower, the Subsequent Advance provides the Borrower with sufficient funding to remedy the Default and cover expenses on both the existing first mortgage and the Subsequent Advance through to October 2020 while it attempts to complete a sale of the Property. Absent the Subsequent Advance, Downing Street advised that it intended to pursue the remedies available to it under its loan agreement with the Borrower including taking the steps necessary to enforce its security.

On May 29, 2020, at the request of Downing Street and the Borrower, the Trustee executed an Amending Agreement to also subordinate and postpone the BDMC charge registered on title to the Property to the Subsequent Advance.

Status of the Sale Transaction

The conditional period contained in the agreement of purchase and sale for the Whitby Project (“**Sale Transaction**”) has been extended to December 1, 2020. The Sale Transaction is described in greater detail in the Notice. Should the prospective purchaser waive the due diligence conditions, it is contemplated that the Sale Transaction would close within 30 days thereafter. As noted above, the Subsequent Advance only provides sufficient funding through to October 31, 2020. Accordingly, while the Borrower is continuing to work with the potential purchaser as it continues its due diligence, it is also exploring other alternatives.

The Trustee will continue to keep you informed of the developments related to the status of the Sale Transaction and the Whitby Project.



Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference the **Whitby Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference the **Whitby Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 19:
Brookdale Notice dated October 21, 2020



October 21, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to Fortress Brookdale Inc. (the “Borrower”) pursuant to the loan agreements dated May 27, 2015 and July 10, 2017 on the security of a mortgage on the property located at 1678-1704 Avenue Road, 375-377 Fairlawn Avenue and 412-416 Brookdale Avenue, Toronto, Ontario (“Brookdale Project” or “Property”)

As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (“**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) issued under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, as amended, and section 101 of the *Courts of Justice Act*, as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC (“**Representative Counsel**”). Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

As you know, BDMC is the administrator to two syndicated mortgage loans in respect of the Brookdale Project, one dated July 10, 2017 (“**Mezz Loan**”) and one dated May 27, 2015 (“**Syndicated Loan**”). As at September 30, 2020, the amount owing pursuant to the Mezz Loan is approximately \$5.7 million (comprised of approximately \$4.6 million of principal and \$1.1 million of interest) and the amount owing pursuant to the Syndicated Loan is approximately \$29 million (comprised of approximately \$20.7 million in principal and \$8.3 million in interest), respectively.

We are writing to you in our capacity as Trustee and further to our notice dated September 12, 2019 (“**Notice**”) regarding the Brookdale Project and the Trustee’s thirteenth report to Court dated November 22, 2019 (“**Thirteenth Report**”).

As was advised in the Notice, the Brookdale Project was subject to a notice of sale under mortgage proceeding brought by Firm Capital Mortgage Fund Inc. (“**Firm**”) in respect of construction financing that had matured. Firm then appointed RSM Canada Limited (“**RSM**”) as the private receiver of the Brookdale Project. On October 18, 2018, the Court approved the sale of the Property and on October 24, 2018 the transaction for the Property closed.

On December 6, 2018, RSM served a Certificate of Completion confirming that it had paid the net proceeds from the sale of the Property into a trust account maintained by the Court. RSM’s materials identified that the selling price for the Property was \$50 million and the net proceeds were approximately \$26.95 million.



Pursuant to an order of the Court dated March 21, 2019, payments were made to the second and third ranking mortgagees registered on title to the Brookdale Project from the net proceeds. Following such repayments, approximately \$20.4 million (“**Brookdale Proceeds**”) remained with the Court. The Brookdale Proceeds have been held by the Court in an interest-bearing account pending the determination of the quantum and priority of the remaining claims against the Brookdale Proceeds, including the construction lien claims, and claims by the Borrower, certain bondholders and Fernbrook Homes (Brookdale) Limited, each of which is described below.

Since 2019, the Trustee has been involved in complex litigation involving the 14 construction liens registered against the Property, which in aggregate totaled approximately \$8.7 million (“**Lien Claims**”).

As outlined in the Thirteenth Report, on August 28, 2019, various parties, including the Trustee’s legal counsel, attended a case management conference where next steps regarding the Lien Claims were addressed and an endorsement was issued by the Court. The Trustee complied with all requirements of the endorsement including selecting the Honorable George W. Adams Q.C. as mediator and scheduling a mediation for the Lien Claims for December 12, 2019 (“**Mediation**”).

The Mediation took place as scheduled and while productive, it did not immediately result in a resolution of the Lien Claims. Subsequent to the Mediation, the Trustee and its counsel continued extensive negotiations with carriage counsel to the lien claimants and ultimately a settlement was reached.

To implement the settlement and to fully and finally resolve the legal proceedings commenced by Firm, an order of the Court was issued on August 28, 2020 which provides for, among other things, (i) the settlement of the Lien Claims and payment to the construction lien claimants of \$4,551,903 from the Brookdale Proceeds held by the Court in full and final satisfaction of all amounts owing on account of the Lien Claims including costs (“**Settlement and Costs Payment**”); and (ii) a full and final release from the construction lien claimants (“**Construction Lien Settlement Order**”). A copy of the Construction Lien Settlement Order is available on the Trustee’s website at www.faanmortgage.com in a section dedicated to the Brookdale proceedings. Subsequent to the making of the Settlement and Costs Payment, there remains \$17,273,910 from the Brookdale Proceeds as at October 16, 2020, which is being held in trust by the Court. In addition to settling the Lien Claims, the Trustee is continuing to address matters relating to the priority and quantum of claims that continue to be made at this time from the remaining known claimants to the Brookdale Proceeds, which are summarized below:

1. A claim by Computershare Trust Company of Canada, in its capacity as the Trustee, pursuant to a Bond Trust Indenture dated November 26, 2013, which provided for the issuance of 8% bonds which matured in April, 2018 which the Trustee understands is in the principal amount of approximately \$9 million plus interest and costs;



2. A claim by the Borrower for funds which it advises it had injected to support the carrying costs of the Brookdale Project in the amount of approximately \$1.5 million; and
3. A claim by Fernbrook Homes (Brookdale) Limited who has informed the Trustee that they are currently preserving certain rights with respect to the Brookdale Proceeds.

The Trustee intends to continue its discussions with the remaining claimants as part of its efforts to resolve all remaining matters concerning entitlement to the Brookdale Proceeds and to maximize recoveries under both the Mezz Loan and the Syndicated Loan but, at this time, the amount and timing of any distribution in respect of these loans is unknown given the outstanding claims described above.

Next Steps

The Trustee will provide further updates as more information becomes available. **At this time there is no action required by the lenders.**

Should you have any questions at this time, our contact information is below (if you contact us, please reference **Brookdale Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Brookdale Project**).

Email: BDMC@chaitons.com
Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.
AND IN NO OTHER CAPACITY**

Appendix 20:
Tax Opinions Order dated October 15, 2020

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE HAINEY

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THURSDAY, THE 15TH
DAY OF OCTOBER, 2020

BETWEEN:



THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

TAX OPINIONS ORDER

THIS MOTION, made jointly by FAAN Mortgage Administrators Inc. (“FAAN Mortgage”), in its capacity as Court-appointed trustee (in such capacity, the “Trustee”), of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (“BDMC”) pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and by Chaitons LLP in its capacity as representative counsel (in such capacity, the “Representative Counsel”) pursuant to the Order of this Court dated June 26, 2018 (the “Representative Counsel Order”), for an Order, among other things, authorizing the Trustee to

release the Tax Opinions (defined below) subject to the terms of this Order, was heard this day by videoconference in Toronto, in accordance with the changes to the operations of the Commercial List in light of the COVID-19 pandemic;

ON READING the Twenty-Second Report of the Trustee dated October 7, 2020 (the “**Twenty-Second Report**”), and on hearing the submissions of counsel for the Trustee, Representative Counsel, and such other counsel as were present, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Waleed Malik affirmed on October 7, 2020, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Twenty-Second Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Twenty-Second Report.

TAX OPINIONS

3. **THIS COURT ORDERS** that, subject to the terms of this Order, the Trustee is authorized, but not required, to produce copies of any opinion letters that the Trustee has located in the records of BDMC, or that otherwise come into the Trustee’s possession, that were prepared by professional services firms (the “**Tax Opinion Providers**”), that are addressed to one or more of BDMC, Olympia Trust Company (“**Olympia**”), and Computershare Trust Company of Canada (“**Computershare**”), and that address whether certain mortgages to be registered in connection with the development of various real estate projects related to Fortress Real Developments Inc. (the “**Real Estate Projects**”) were qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings plans under the *Income Tax Act* and the *Income Tax Regulations* (the “**Tax Opinions**”), solely for use by a syndicated mortgage lender to one or more of the Real Estate Projects (“**Investor**”), or Representative Counsel on an Investor’s behalf or such other counsel representing one or more Investors (“**Counsel**”), in consideration of

such Investor's legal rights, if any, in an ongoing or potential action or legal proceeding relating to a Real Estate Project to which the Tax Opinion relates (the "**Permitted Use**").

4. **THIS COURT ORDERS** that any Counsel seeking a copy of a Tax Opinion shall send a request in writing to the Trustee: (a) confirming that the Counsel represents one or more Investors that invested in a Real Estate Project to which the requested Tax Opinion relates; and (b) confirming that the Tax Opinion is being requested solely for a Permitted Use. At the Trustee's request, such Counsel will provide evidence satisfactory to the Trustee, in its sole discretion, confirming that the Counsel represents one or more Investors that invested in a Real Estate Project relating to the Tax Opinion being requested.

5. **THIS COURT ORDERS** that any Investor not represented by Counsel shall request the assistance of Representative Counsel to seek a copy of a Tax Opinion. Representative Counsel may send a request in writing on behalf of the Investor to the Trustee: (a) confirming that the Investor invested in a Real Estate Project to which the requested Tax Opinion relates; and (b) confirming that the Tax Opinion is being requested solely for a Permitted Use. At the request of Representative Counsel or the Trustee, such Investor will provide evidence satisfactory to Representative Counsel or the Trustee, as applicable, in its sole discretion, confirming that the Investor invested in a Real Estate Project relating to the Tax Opinion being requested.

6. **THIS COURT ORDERS** that, in response to a request from Counsel or Representative Counsel pursuant to paragraphs 4 or 5 herein, and subject to paragraph 7 below, the Trustee shall (a) if it determines in its reasonable discretion that the Investor or Counsel is requesting the Tax Opinion solely for a Permitted Use, provide a copy of the Tax Opinion or information related thereto to the requesting Counsel or Representative Counsel; and (b) otherwise refuse the request.

7. **THIS COURT ORDERS** that any Counsel or Investor that receives a Tax Opinion or information related thereto from the Trustee or Representative Counsel pursuant to this Order:

- (a) shall not use the Tax Opinion or information related thereto for any purpose other than the Permitted Use set out in its original request;
- (b) shall be subject to the deemed undertaking as described in Rule 30.1 of the *Rules of Civil Procedure* as if the Tax Opinion was a document produced in the ongoing

or potential action or legal proceeding for which the Investor or Counsel is permitted to use the Tax Opinion; and

- (c) shall not share, disseminate, or publicize the Tax Opinion, any part of the Tax Opinion, or any information obtained from the Tax Opinion in any way, including on any electronic or social media or with any other Counsel or Investors, other than as may be required by law in connection with a Permitted Use.

8. **THIS COURT ORDERS** that before providing an Investor a copy of a Tax Opinion or information related thereto pursuant to this Order,

- (a) Representative Counsel will advise such Investor in writing: (i) that they may only use the Tax Opinion or information for the Permitted Use for which the Tax Opinion or information was requested, and (ii) of the limitations on the use of the Tax Opinion or information related thereto contained in this Order, including those set out in paragraph 7; and
- (b) Representative Counsel will ask such Investor to provide an undertaking in writing (which undertaking may be provided in an email to Representative Counsel) confirming that the Investor has reviewed and understood the limitations on their use of the Tax Opinions referenced in paragraph 8(a) above and will abide by such restrictions.

9. **THIS COURT ORDERS** that the production of any Tax Opinion or information related thereto pursuant to this Order shall not constitute a waiver of any privilege covering any analysis, communications, or other documents relating to the Tax Opinion. For certainty, by not opposing the production of any Tax Opinion by the Trustee pursuant to this Order, the Tax Opinion Providers are not and will not be deemed to be waiving any applicable confidentiality interests or privilege applicable to the Tax Opinion or its contents.

10. **THIS COURT ORDERS** that nothing in this Order shall be deemed to be an acknowledgement by the Tax Opinion Providers, Olympia or Computershare or constitute a finding that: (a) any investor has a legal right to production of any Tax Opinion, (b) any investor is in a relationship of proximity with Olympia, Computershare or any Tax Opinion Provider, (c)

any Investor is known to the Tax Opinion Providers, or (d) any Investor is owed any duty of care by Olympia, Computershare or any Tax Opinion Provider.

11. **THIS COURT ORDERS** that the Trustee will advise the applicable Tax Opinion Provider, Olympia and Computershare if it produces a Tax Opinion issued by or naming any of them, or information related thereto, pursuant to this Order. The Trustee's advice to Olympia or Computershare shall include a copy of the Tax Opinion produced, the name and contact information of Counsel (if applicable) who is provided with the Tax Opinion and the name(s) of the Investor(s) represented by such Counsel (when such names are provided to the Trustee) or, in the alternative, the name(s) of the Investor(s) who were provided the applicable Tax Opinion by Representative Counsel.

LIMITATION ON TRUSTEE'S AND REPRESENTATIVE COUNSEL'S LIABILITY

12. **THIS COURT ORDERS** that the provisions of the Appointment Order, and in particular paragraph 18 thereof, shall apply to the actions that the Trustee takes, as an officer of this Court, in accordance with this Order, and further that the Trustee shall incur no liability or obligation whatsoever as a result of producing one or more Tax Opinions or information related thereto pursuant to this Order, save and except for gross negligence or wilful misconduct on its part. Without limiting the foregoing, by providing a copy of a Tax Opinion or information related thereto pursuant to this Order, the Trustee: (a) shall not be and shall not be deemed to be making any representations or incurring any obligation in connection with the accuracy of the Tax Opinion or information; (b) will not incur any liability as a result of any reliance placed on or use of a Tax Opinion (whether a Permitted Use or not) by any Investor or Counsel that receives a Tax Opinion or information related thereto from the Trustee or by any person who otherwise obtains a copy of the Tax Opinion or information, directly or indirectly, from a Counsel or Investor who received a Tax Opinion; and (c) shall not incur any liability arising from any breach of any confidentiality obligations relating to the Tax Opinions or any restrictions on the use of the Tax Opinions.

13. **THIS COURT ORDERS** that the provisions of the Representative Counsel Order, and in particular paragraph 10 thereof, shall apply to the actions that Representative Counsel takes in accordance with this Order and further that Representative Counsel shall incur no liability or obligation whatsoever as a result of providing one or more Tax Opinions or information related

thereto pursuant to this Order, save and except for gross negligence or wilful misconduct on its part. Without limiting the foregoing, by providing a copy of a Tax Opinion or information related thereto pursuant to this Order, Representative Counsel: (a) shall not be and shall not be deemed to be making any representations or incurring any obligation in connection with the accuracy of the Tax Opinion or information; (b) will not incur any liability as a result of any reliance placed on or use of a Tax Opinion or information (whether a Permitted Use or not) by any Investor that receives a Tax Opinion or information related thereto from the Representative Counsel or by any person who otherwise obtains a copy of the Tax Opinion, directly or indirectly, from an Investor who received a Tax Opinion; and (c) shall not incur any liability arising from any breach of any confidentiality obligations relating to the Tax Opinions or any restrictions on the use of the Tax Opinions.

GENERAL

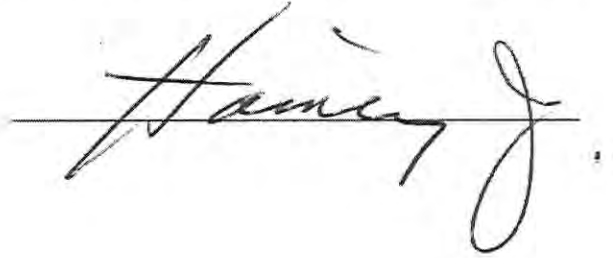
14. **THIS COURT ORDERS** that the provisions of this Order apply, with any necessary modifications, in the proceeding bearing the title of proceedings *Law Society of Ontario v. Derek Sorrenti and Sorrenti Law Professional Corporation* (Court File No.: CV-19-628258-00CL).

15. **THIS COURT ORDERS** that the Trustee, Representative Counsel, the Tax Opinion Providers, Olympia, Computershare, or any Counsel or Investor may apply to this Court for advice and direction, or to seek relief in respect of any matters arising from or under this Order, on notice to the Trustee and any party likely to be affected by the order sought.

16. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

17. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

A handwritten signature in black ink, appearing to read "Haming J.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 16 2020

PER / PAR:

A handwritten signature in blue ink, appearing to be a stylized initial or name.

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA
INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceedings commenced at Toronto

TAX OPINIONS ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Michael De Lellis (LSUC# 48038U)
Jeremy Dacks (LSUC# 41851R)

Tel: (416) 362-2111

Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc.,
in its capacity as Court-appointed Trustee of
Building & Development Mortgages Canada Inc.

Appendix 21:
Variance Analysis for the Period Ending May 31, 2020

Building Development & Mortgages Canada Inc.

Variance Analysis for the Period November 16, 2019 to May 31, 2020 ("Projection Period")

(Unaudited; \$C)

	Note	Projected	Actual	Variance
Collections and other receipts	1	-	163,753	163,753
Administrative Holdback	2	209,250	6,442,526	6,233,276
Total receipts		209,250	6,606,278	6,397,028
Staff		150,148	102,500	47,648
IT fees		12,668	16,383	(3,715)
Office expenses		5,250	8,050	(2,800)
Insurance		54,106	62,294	(8,188)
Other		13,300	9,872	3,428
Interest & bank charges		3,500	3,393	107
Operating costs		238,972	202,492	36,481
Appraisals		100,080	31,301	68,779
Professional fees	3	4,079,999	3,037,107	1,042,893
Total disbursements		4,419,052	3,270,899	1,148,152
Net cash inflow (outflow)		(4,209,802)	3,335,379	7,545,181

Notes

1. Represents interest earned during the period on the various accounts maintained by the Trustee and a reimbursement of funds to the estate in respect of bank drafts issued by BDMC in 2017 (prior to the appointment of the Trustee), in respect of certain expenses, that were never cashed.
2. The positive variance relates to the Administrative Holdback retained during the period from: (i) completed settlement transactions (Danforth and Bauhaus); (ii) the Peter Richmond Realized Property and (iii) the OML Residual Proceeds. These amounts were not anticipated to be collected in the Projection Period.
3. The positive variance relates to a timing difference. Fees included in the Projection Period were paid after the Projection Period.

Appendix 22:
Cash Flow Projection for the Period Ending May 31, 2021

Cash Flow Projection for the Period Ending May 31, 2021

(Unaudited; \$C)

	Note	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Interest	1	34,108	4,167	1,794	1,635	1,476	1,319	1,162	1,005	46,666
Administrative Holdback	2	-	-	-	-	-	-	-	-	-
Total receipts		34,108	4,167	1,794	1,635	1,476	1,319	1,162	1,005	46,666
Staff	3	20,197	20,197	20,197	20,197	20,197	20,197	20,197	20,197	161,578
IT fees		1,307	1,857	9,989	977	977	977	977	977	18,038
Office expenses		750	750	750	750	750	750	750	750	6,000
Insurance		7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	62,400
Other	4	1,000	2,300	1,000	7,300	1,000	2,300	1,000	2,300	18,200
Interest & bank charges		500	500	500	500	500	500	500	500	4,000
Operating costs		31,554	33,404	40,236	37,524	31,224	32,524	31,224	32,524	270,215
Appraisals and related consultants	5	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	36,000
Professional fees	6	-	1,257,315	436,000	436,000	436,000	436,000	436,000	436,000	3,873,314
Total disbursements		36,054	1,295,218	480,736	478,024	471,724	473,024	471,724	473,024	4,179,529
Opening cash	7	6,676,421	6,674,474	5,383,423	4,904,481	4,428,092	3,957,844	3,486,139	3,015,577	6,676,421
Net cash inflow (outflow)		(1,947)	(1,291,052)	(478,942)	(476,389)	(470,248)	(471,705)	(470,562)	(472,019)	(4,132,863)
Closing cash		6,674,474	5,383,423	4,904,481	4,428,092	3,957,844	3,486,139	3,015,577	2,543,558	2,543,558

Notes

1. Represents estimated interest to be earned on Estate Property and Realized Property maintained by the Trustee during the Cash Flow Period. When significant cash balances accrue in the various accounts, the Trustee arranges for short term GIC's in order to generate additional interest, which subsequently forms part of the Estate Property used to offset costs associated with the administration of the estate.
2. The Administrative Holdback that will be collected during the Cash Flow Period is unknown, as the timing and quantum of transactions to be completed in the Cash Flow Period remains unknown. Similar to previous cash flow projections filed with the Court, the receipts during the Cash Flow Period are projected to be significantly lower than the projected expenses. Notwithstanding this, the Trustee notes that progress has been made with respect to potential transactions involving certain projects. Accordingly, the Trustee expects to receive additional Realized Property during the Cash Flow Period, a portion of which will be used to offset the projected expenses. Due to the confidential nature of the ongoing negotiations with respect to these potential transactions, and similar to previous cash flow projections filed with the Court, the Trustee has not included a forecast for these receipts in the Cash Flow Period.
3. Represents gross BDMC staff and contractor costs.
4. Includes, among other things the cost of storing BDMC's books and records offsite and tax return completion.
5. Estimated fees for consulting services provided by appraisal firms and a third party planning consultant engaged by the Trustee on various projects, on an as needed basis.
6. Represents the payment of fees (including HST) to the Trustee, its legal counsel, and Representative Counsel, by the Trustee in order to attempt, in the circumstances, to protect/improve the interests of Investors. These payments do not reflect all amounts that may become due and owing to the professionals throughout the cash flow period.
7. Opening cash flow is comprised of Estate Property, excluding the term deposit required under the MBLAA.

Appendix 23:
Manzoor Affidavit

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

**AFFIDAVIT OF NAVEED MANZOOR
(sworn November 16, 2020)**

I, Naveed Manzoor, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a managing director of FAAN Mortgage Administrators Inc., the Court-Appointed Trustee (the “**Trustee**”), without security, of all of the assets, undertakings and properties of the Respondent in these proceedings and as such have knowledge of the matters

hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.¹

2. I make this affidavit in support of a motion by the Trustee for, among other things, approval of the fees and disbursements of the Trustee.

3. In addition to the description of the activities of the Trustee contained in its Fourteenth Report dated January 23, 2020, Fifteenth Report dated February 24, 2020, Sixteen Report dated March 10, 2020, Seventeenth Report dated March 27, 2020, Eighteenth Report dated August 19, 2020, Nineteenth Report dated September 15, 2020, Twentieth Report dated October 2, 2020, Twenty-First Report dated October 2, 2020, Twenty-Second Report dated October 7, 2020, Twenty-Third Report dated October 8, 2020, and Twenty-Fourth Report dated November 16, 2020, attached hereto as Exhibit “A” is a copy of each invoice issued by the Trustee for the period between October 1, 2019 and September 30, 2020 (the “**Approval Period**”) setting out the Trustee’s fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by the Trustee in connection with such invoice. I confirm that these accounts accurately reflect the services provided by the Trustee in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit “B” is a schedule of the accounts rendered by the Trustee for the fees and disbursements incurred in connection with the activities summarized in Exhibit “A” undertaken in these proceedings during the Approval Period.

¹ Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the Twenty-Fourth Report to Court of the Trustee dated November 16, 2020.

5. Attached hereto as Exhibit “C” is a schedule summarizing the individuals who have worked on this matter, including their roles, hours and rates during the Approval Period.

6. Confidential Exhibit “D” (the “**Confidential Manzoor Exhibit**”) hereto contains true copies of the dockets rendered by the Trustee for activities undertaken during the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee’s detailed dockets includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

7. To the best of my knowledge, the total hours, fees and disbursements incurred by the Trustee for the period between October 1, 2019 and September 30, 2020 are reasonable and appropriate in the circumstances.

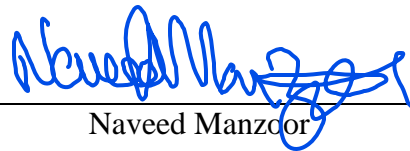
SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on November 16, 2020. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



Ferial Fekri

Commissioner for Taking Affidavits

Ferial Fekri,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 14, 2022.



Naveed Manzoor

THIS IS **EXHIBIT “A”** REFERRED TO IN THE AFFIDAVIT OF NAVEED MANZOOR SWORN BEFORE ME over video teleconference this 16th day of November, 2020. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



A Commissioner for Taking Affidavits

Ferial Fekri,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 14, 2022.

Exhibit A



Invoice 018

October 31, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period October 1 to October 31, 2019

The Trustee’s activities for the period October 1 to October 31, 2019 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific including, but not limited to, the following:
 - 6th and 10th Project – reviewing matters related to partial discharges;
 - Bauhaus Project – ongoing correspondence internally and with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding the borrower’s request that the Trustee enter into a subordination and standstill agreement in respect of a new first priority mortgage. Discussions with the Trustee’s appraiser, Computershare Trust Company of Canada (“**Computershare**”) and the borrower regarding the same;
 - Brookdale Project – ongoing correspondence internally and with Osler regarding various claims made against the residual proceeds available for distribution to the remaining claimants, including the construction lien holders and the bondholders;
 - Castlemore Project – reviewing and analyzing the settlement offer presented by the borrower and negotiating extensively with the borrower regarding same. Corresponding with Osler regarding the settlement agreement. Drafting, reviewing and finalizing a notice to the investors seeking their feedback in respect of the settlement agreement. Gathering and recording feedback from the investors in respect of the settlement offer. Discussing investor feedback with the borrower and negotiating an increased settlement offer with the borrower;
 - CHAT Project – continuing to review and consider the responding affidavits filed in connection with the Trustee’s motion to distribute the proceeds from the CHAT sale transaction. Corresponding with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding all materials filed and preparing for and attending the October 17, 2019 distribution hearing.



- King City/Eden Project –corresponding with Osler and with the bankruptcy trustee regarding certain bankruptcy matters and attending calls regarding same. Corresponding with Osler and the bankruptcy trustee regarding the third-party claim issued in connection with BDMC’s charge on title to the property;
- Solterra/Fusion Project – ongoing discussions with the borrower regarding the partial discharges requested in connection with the completion of Phase III of the Solterra/Fusion project and the related flow of funds from these final Phase III closings. Corresponding with Osler regarding same. Reaching an agreement with the borrower for an early partial repayment of the BDMC loan from the remaining proceeds of the Phase III closings;
- Humberstone Project – ongoing discussions with the borrower regarding payment of the first settlement payment and the outstanding legal fee. Coordinating discharge matters with Osler. Preparing and reviewing the distribution schedule in respect of the distribution to investors and facilitating payment of same. Reviewing, finalizing, and distributing individual investor notices;
- Jasper Project – drafting notice to investors regarding the listing of the property for sale;
- Harmony Village Lake Simcoe (The Kemp) Project – reviewing a claim made by Fortress Real Developments Inc. Reviewing and discussing final statement of account provided by the priority lender’s counsel. Drafting, reviewing and finalizing notice to investors;
- King Square Project - reviewing matters related to registration of the condominium corporation and the associated partial discharges including statements of adjustments. Discussions with first priority mortgagee regarding various unit closings and distribution of closing proceeds. Internal discussions related to partial discharges and discussions with Osler regarding the same. Executing partial discharges as units are sold and closed;
- Lake & East Project – discussions with the listing agent regarding the sales process and the outcome thereof;
- Mississauga Meadows 1 & Mississauga Meadows 2 Projects – corresponding with priority lender’s legal counsel regarding the sale of the properties and requesting further details with respect to the completed transaction. Drafting and reviewing a notice to investors. Attempting to obtain information from the second priority mortgagee in connection with the Trustee’s review of the flow of funds from the sale transaction;
- Nobleton North Project - ongoing discussions with the borrower regarding a settlement offer (“**Settlement Offer**”). Ongoing discussions with a party interested



in taking an assignment of BDMC's debt ("**Assignment Offer**"). Extensive discussions internally and with Osler and Chaitons regarding the Settlement Offer and the Assignment Offer including meetings in respect of same. Drafting and finalizing a notice to the investors related to the Assignment Offer;

- North Project – drafting a notice to investors regarding the listing of the property for sale;
- Old Market Lane Project – drafting, reviewing and finalizing a notice to investors regarding the notice of sale issued by the priority lender;
- Peter Richmond Project – corresponding extensively with the borrower regarding a potential settlement offer including attending meetings and phone calls in respect of same. Requisitioning an updated appraisal of the property and discussing same with the Trustee's appraiser. Reviewing materials prepared by Osler in preparation for a focused solicitation process to all known parties who had previously expressed interest in the project and discussing same with Osler and Chaitons ("**Solicitation Letter**"). Sending the Submission Letter to interested parties and corresponding extensively with such parties in respect of the process and project;
- Port Place 2 Project – reviewing documentation provided by counsel to the priority lender regarding the relative priorities of the various charges on title to the Port Place 2 parcels of land and corresponding with Osler regarding same. Corresponding with the priority lender regarding a proposed sale transaction for one of the four parcels of land that comprise the Port Place 2 Project;
- Prescott Project - reviewing matters related to partial discharges, executing partial discharges, and corresponding with Osler regarding same;
- QEWN Project – preparing for a meeting with the borrower regarding a request to be removed from the Trusteeship. Corresponding with Osler and lenders regarding same;
- Rutherford Project - reviewing matters related to partial discharges, executing partial discharges, and corresponding with Osler regarding same;
- Treehouse Project – call with the listing agent to discuss the sales process and results. Discussions with the priority lender's legal counsel regarding a proposed transaction. Discussions with Osler regarding the same;
- Wellington House Project – discussions with the borrower related to the status of the project and the go forward plans in respect of same. Internal discussions regarding same;
- Whitby Commercial Park Project - discussions with the borrower regarding the



status of the project and the go forward plans in respect of the project. Review of agreement of purchase and sale received by the borrower for the property and discussions internally regarding same;

- Drafting and finalizing the Trustee's Eleventh and Twelfth Reports to Court each dated October 31, 2019 in respect of the motion returnable November 5, 2019 ("**November 5th Motion**"), and corresponding with Osler and Chaitons extensively regarding same;
- Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the November 5th Motion;
- Drafting, finalizing notices to investors, in respect of the November 5th Motions;
- Corresponding extensively internally and with Osler regarding the comprehensive report to the Court to be filed in November 2019. Drafting and updating the same;
- Updating the project status summary chart for comprehensive report to the Court;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Bauhaus notice dated October 8, 2019;
 - Old Market Lane notice dated October 8, 2019;
 - Nobleton North notice dated October 21, 2019;
 - Castlemore notice dated October 21, 2019; and
 - Kemp notice dated October 30, 2019.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;



- Corresponding with Computershare on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee’s office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee’s website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	171,207.10
HST		22,256.92
Total	\$	<u>193,464.02</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period October 1 to 31, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	102.25	48,568.75
Daniel Sobel	Managing Director	475	12.55	5,961.25
Shelby Draper	Senior Director	400	97.34	38,936.00
Naomi Leiberman	Manager	330	146.87	48,467.10
Nick Niktikakis	Manager	300	97.58	29,274.00
			<hr/>	<hr/>
			456.59	171,207.10



Invoice 019

November 30, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period November 1 to November 30, 2019

The Trustee’s activities for the period November 1 to November 30, 2019 (“Period”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific, including, but not limited to, the following:
 - Bauhaus Project – discussion with appraiser regarding a refresh of the appraisal previously commissioned by the Trustee and discussions with the borrower regarding value of the site;
 - Castlemore Project – responding to and considering the ongoing investor feedback in connection with the borrower’s settlement offer. Evaluating alternatives in light of the decline in investor support in favour of the settlement offer. Corresponding extensively with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the options available to the Trustee;
 - Capital Pointe – drafting a notice to investors regarding the status of the sale of the property;
 - CHAT Project – drafting a notice to investors regarding the outcome of the hearing. Pursuing collection of the remaining balance due from the purchaser in connection with the sale transaction and preparing for a distribution of the sale proceeds to investors;
 - King City/Eden Project – ongoing discussions with Osler on matters regarding the bankruptcy, specifically, the Trustee’s review of the bankrupt entity’s sources and uses of the funds advanced to the project (“**Funds Analysis**”). Dealing extensively with the bankruptcy trustee and with Osler on the Funds Analysis including attending several calls in respect of same. Responding to various requests for information from, among others, counsel to the title insurers. Discussions with the bankruptcy trustee regarding same;



- Solterra/Fusion Project – discussions with the borrower regarding the partial discharges requested in connection with closings from Phase IV of the project and the related flow of funds from these preliminary Phase IV closings;
- Jasper Project – reviewing and completing a notice to investors regarding the listing of the property for sale;
- King Square Project – drafting and reviewing a notice to investors regarding the partial discharges completed to date and overall status of the project. Corresponding with the first priority mortgagee regarding an update on the status of the project;
- Mississauga Meadows 1 & Mississauga Meadows 2 Projects – corresponding with second priority mortgagee regarding the sale of the properties and requesting further details including, among other things, loan documents. Drafting and reviewing a notice to investors regarding the sale transaction;
- Nobleton North Project – discussions with the borrower regarding a settlement offer (“**Settlement Offer**”). Ongoing discussions with a party interested in taking an assignment of BDMC’s debt (“**Assignment Offer**”) including meetings with Osler and Chaitons regarding same. Attending at Court on November 5, 2020 in respect of the Settlement Offer and the Assignment Offer. Drafting and finalizing a notice to investors related to the Settlement Offer approved by the Court. Preparing and reviewing a distribution schedule for the distribution to investors and drafting individual investor notices regarding same;
- North Project – completing a notice to investors regarding the listing of the property for sale;
- Old Market Lane Project – reviewing and discussing matters related to a potential sale transaction. Discussions with Trustee’ appraiser regarding the proposed sale transaction;
- Peter Richmond Project – corresponding extensively with parties that responded to the solicitation process letter sent by the Trustee regarding the property (“**Solicitation Process**”). Reviewing and circulating a form of offer to parties interested in a transaction in respect of the Peter Richmond loans. Responding to questions and requests for information from all parties involved in the Solicitation Process. Reviewing offers received by the offer deadline and engaging in discussions with all relevant parties in respect of same. Corresponding extensively with Osler and Chaitons regarding all offers received and the Solicitation Process generally;
- Prescott Project - reviewing matters related to postponements registered on title to the properties;



- QEWN Project – ongoing discussions internally and with Osler regarding a request to be removed from the Trusteeship. Corresponding with certain lenders to the QEWN project regarding same;
- Treehouse Project – call with Osler to discuss the status of sales process and results; and
- Wellington House Project – discussions with the borrower related to a refinancing opportunity. Discussions with the borrower and with representatives of Fortress Real Developments Inc. regarding a potential settlement offer for investors, status of the project and the go forward plans in respect of the project;
- Drafting, updating and finalizing the Trustee’s Thirteenth Report to Court dated November 22, 2019 (“**Thirteenth Report**”) in respect of the motion returnable December 2, 2019 (“**December 2nd Motion**”), and corresponding with Osler and Chaitons extensively regarding same;
- Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the December 2nd Motion;
- Drafting and finalizing notices to investors, in respect of the December 2nd Motion;
- Finalizing the project status summary chart for the Thirteenth Report and for the Trustee’s website;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Nobleton North notice dated November 1, 2019;
 - Castlemore notice dated November 1, 2019;
 - Castlemore notice dated November 8, 2019;
 - Jasper House notice dated November 15, 2019;
 - Nobleton North notice dated November 15, 2019;



- North notice dated November 18, 2019; and
- Castlemore notice dated November 29, 2019.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	160,187.00
HST		20,824.31
Total	\$	<u>181,011.31</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period November 1 to 30, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	104.75	49,756.25
Daniel Sobel	Managing Director	475	11.25	5,343.75
Shelby Draper	Senior Director	400	110.10	44,040.00
Naomi Leiberman	Manager	330	86.80	28,644.00
Nick Niktikakis	Manager	300	108.01	32,403.00
			<hr/>	<hr/>
			420.91	160,187.00



Invoice 020

December 31, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period December 1 to December 31, 2019

The Trustee’s activities for the period December 1 to December 31, 2019 (“Period”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - Bauhaus Project – ongoing discussions with the borrower regarding a possible settlement agreement. Review of a vote solicitation and feedback request issued by the borrower directly to the project investors on December 20, 2019 in respect of its settlement offer (“**Bauhaus Letter**”). Drafting, reviewing and finalizing a letter to the borrower in response to the Bauhaus Letter. Drafting, reviewing and finalizing a notice to investors in respect of the Bauhaus Letter. Extensive discussions with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the Bauhaus Letter and related responses;
 - Brookdale – reviewing and commenting on the case conference brief prepared by Osler and discussing same internally. Meeting with Osler to prepare for the mediation scheduled in respect of the construction lien holder claims (“**Mediation**”). Attending the mediation with Osler on December 12, 2019 and corresponding with Osler regarding next steps;
 - Castlemore Project – attending calls with the borrower regarding the settlement offer and next steps and corresponding extensively with Osler regarding same. Preparing for and attending a meeting with Osler, the borrower and the borrower’s counsel to discuss next steps as it relates to the End of Term Event Clause in the loan agreement. Drafting, reviewing and finalizing a notice to investors providing an update on the settlement offer;
 - Capital Pointe – finalizing a notice to investors regarding the status of the sale of the property and responding to queries from members of the media in response to the sale;



- CHAT Project – finalizing and reviewing the distribution schedule for the distribution to investors and finalizing individual investor notices in respect of same;
- Danforth Project – discussions with the borrower regarding the status of the project and the go forward plans in respect of same, including a possible settlement agreement;
- King City/Eden Project – ongoing discussions with Osler on matters regarding the bankruptcy, specifically, the Trustee’s review of the bankrupt entity’s sources and uses of the funds advanced to the project (“**Funds Analysis**”). Continuing to deal with the bankruptcy trustee and with Osler regarding the Funds Analysis including attending several calls in respect of same. Reviewing additional information provided by the bankruptcy trustee in respect of the Funds Analysis. Responding to various requests for information from, among others, counsel to the title insurers. Discussions with the bankruptcy trustee regarding same;
- Solterra/Fusion Project – discussions with the borrower regarding the partial discharges requested in connection with closings from Phase IV of the project and the related flow of funds from such closings;
- Harmony Village Lake Simcoe (The Kemp) Project – drafting and finalizing notice to investors outlining the residual proceeds remaining from the sale transaction. Preparing and reviewing a distribution schedule for a preliminary distribution to investors. Drafting, finalizing and distributing individual investor notices;
- King Square Project – finalizing a notice to investors regarding the partial discharges completed to date and overall status of the project. Ongoing discussions with the priority lender regarding the overall status of the project and the amounts owing under its loan;
- Mississauga Meadows 1 & Mississauga Meadows 2 Projects – finalizing a notice to investors regarding the sale of the properties;
- Nobleton North Project – finalizing a notice to investors in respect of the settlement agreement approved by the Court. Internal discussions and analysis in respect of the payment to certain investors. Reviewing a distribution schedule for distribution to the investors and finalizing and distributing individual investor notices;
- Old Market Lane Project – ongoing discussions with the priority lender’s legal counsel regarding the priority lender’s enforcement proceedings and a potential sale transaction for the Old Market Lane properties. Corresponding with a party interested in purchasing the Old Market Lane properties. Discussions with Osler and Chaitons on matters related to the potential sale transaction;



- Orchard Project – discussions with the borrower related to the status of the project and the go-forward plans in respect of the project;
- Peter Richmond Project – Ongoing review of offers received from parties who participated in the solicitation process and corresponding extensively with such parties regarding the terms and conditions included in the offers. Preparing a summary of estimated recoveries from the offers received and discussing same extensively with Osler and Chaitons. Drafting a notice to investors with respect to a transaction in respect of the Peter Richmond Loans with the Trustee and corresponding with Osler and Chaitons regarding same;
- QEWN Project – ongoing discussions internally and with Osler regarding a request to be removed from the Trusteeship. Corresponding with certain lenders to the QEWN project and with the Borrower regarding same;
- South Shore Project – Following up with the priority lender who issued a Notice of Sale under Mortgage regarding the enforcement proceedings and the proposed next steps in respect of the South Shore properties
- Wellington House Project – ongoing discussions with the borrower regarding a possible settlement agreement. Review of a vote solicitation and feedback request, issued by the borrower directly to the project investors on December 20, 2019, in respect of its settlement offer (“**Wellington Letter**”). Drafting, reviewing and finalizing a letter to the borrower in response to its issuance of the Wellington Letter. Drafting, reviewing and finalizing a notice to investors in response to the Wellington Letter. Extensive discussions with Osler and Chaitons regarding the Wellington Letter and related responses; and
- Whitby Project - discussions with the borrower regarding the status of the project and the need for bridge financing as the funds from the existing first priority mortgage are expected to be exhausted by early 2020. Discussions with the borrower regarding its proposed plans for the project and next steps in respect of same;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.



Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Capital Pointe notice dated December 2, 2019;
 - Mississauga Meadows 1 and Mississauga Meadows 2 notice dated December 5, 2019;
 - King Square notice dated December 17, 2019;
 - Bauhaus notice dated December 23, 2019;
 - Wellington House notice dated December 24, 2019;

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	116,792.00
HST		15,182.96
Total	\$	<u>131,974.96</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period December 1 to 31, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	43.05	20,448.75
Daniel Sobel	Managing Director	475	20.85	9,903.75
Shelby Draper	Senior Director	400	78.05	31,220.00
Naomi Leiberman	Manager	330	86.65	28,594.50
Nick Niktikakis	Manager	300	88.75	26,625.00
			<hr/>	<hr/>
			317.35	116,792.00



Invoice 021

January 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period January 1 to January 31, 2020

The Trustee’s activities for the period January 1 to January 31, 2020 (“Period”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific including, but not limited to, the following:
 - Bauhaus Project – review of decision released by the Local Planning Appeal Tribunal (“**LPAT Decision**”) in respect of both a zoning-by law amendment and site plan approval for the Bauhaus Project. Discussion with appraiser and planner regarding the LPAT Decision. Discussions with the borrower regarding a revised settlement offer and internal correspondence and review regarding same. Discuss the settlement offer with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors. Drafting a notice to investors;
 - Bowmanville Project – discussions with the Borrower regarding the status of the project. Discussions with the first priority mortgagee regarding its notice of sale and its intentions with respect to a sales process. Drafting and reviewing a notice to investors;
 - Bradford Project – receipt and review of materials filed by the Receiver in support of a sale approval motion for the property and internal correspondence regarding same. Discussions with Osler and Olympia Trust Company (“**Olympia**”) regarding the sale approval motion. Drafting, reviewing and finalizing a notice to investors;
 - Castlemore Project – engaging a new appraiser for the property and corresponding with the appraiser regarding the status of the project. Gathering information required by appraiser and providing it with same. Finalizing a notice to investors regarding developments with the borrower since the adjournment of the hearing that was intended to be held on November 14, 2019 but was subsequently withdrawn;
 - Capital Pointe – finalizing a notice to investors regarding the status of the sale of the



property. Reviewing an appeal filed by the second priority mortgagee and engaging in discussions with Osler regarding same;

- CHAT Project – reviewing a request for information from a lien claimant and corresponding internally and with Osler regarding same;
- Danforth Project – ongoing negotiations in respect of a settlement offer presented by the borrower. Reviewing and analysing the settlement offer and corresponding with Osler and Chaitons regarding same. Drafting and reviewing a notice to the investors seeking feedback in respect of the settlement agreement;
- King City/Eden Project – ongoing discussions with Osler on matters regarding the bankruptcy and the bankruptcy trustee’s review of the bankrupt entity’s sources and uses of funds advanced to the project. Discussions with the bankruptcy trustee regarding same. Corresponding with Osler regarding ongoing settlement discussions with the title insurers, Lawpro and the borrower. Attending a meeting with all parties regarding the settlement;
- Solterra/Fusion Project – preparing and reviewing investor notices in respect of the partial repayment of the BDMC Loan received from the completion of phase III of the project. Preparing and reviewing distribution calculations. Reviewing, finalizing, and distributing individual investor notices;
- Lake and East Project – reviewing documents provided by the first mortgagee’s legal counsel in respect of the proposed sale of the property and corresponding internally regarding same;
- Old Market Lane Project – ongoing discussions with the priority lender’s legal counsel in respect of the proposed sale transaction. Discussions with Osler and Chaitons on matters related to the sale transaction. Reviewing payout statements in connection with the closing of the sale transaction and negotiating certain costs related to the residual proceeds to be available for BDMC;
- Orchard Project – discussions with the borrower related to the status of the project and the go forward plans for same. Drafting, reviewing and finalizing a notice to investors regarding the listing of the property for sale;
- Peter Richmond Project – Ongoing review of offers received from parties who participated in the solicitation process. Ongoing discussions with the offering parties with respect to the terms and conditions included in their respective offers. Finalizing terms of the assignment agreement with the successful party. Extensive discussions with Osler and Chaitons with respect to all matters related to the solicitation process, the offers received, and the terms and conditions included in each offer including attending numerous phone calls in respect of same. Corresponding with Osler regarding the proposed allocation of the assignment



price amongst the LH2 and Peter Richmond Investors and preparing an analysis regarding same. Drafting a notice to investors with respect to the assignment transaction;

- South Shore Project – discussions with a party interested in the property and preparation of non-disclosure agreement;
- Wellington House Project – review of priority charges on title, and financing provided by the borrower to fund the carrying costs of the project. Ongoing discussions with the borrower regarding a possible settlement agreement;
- Whitby Commercial Park Project - discussions with the borrower related to the status of the project and the requirement for additional financing in the near term. Drafting and reviewing a notice to investors regarding the expectation for additional financing as well as a possible sale on the property;
- Drafting and finalizing the Trustee’s Fourteenth Report to Court dated January 23, 2020 in respect of the motion returnable January 30, 2020 (“**January 30th Motion**”), and corresponding with Osler and Chaitons extensively regarding same;
- Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the January 30th Motion;
- Drafting, finalizing notices to investors, in respect of the January 30th Motion;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Castlemore notice dated January 8, 2020;
 - Peter Richmond Land Assembly notice dated January 17, 2020;
 - Bradford notice dated January 20, 2020;
 - Peter Richmond Land Assembly notice dated January 24, 2020; and
 - Orchard notice dated January 29, 2020.



General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	140,175.95
HST		18,222.87
Total	\$	<u>158,398.82</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period January 1 to 31, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	56.10	29,452.50
Daniel Sobel	Managing Director	495	2.75	1,361.25
Shelby Draper	Senior Director	440	94.10	41,404.00
Naomi Leiberman	Manager	395	99.62	39,349.90
Nick Niktikakis	Manager	315	90.82	28,608.30
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			343.39	140,175.95



Invoice 022

February 29, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period February 1 to February 29, 2020

The Trustee’s activities for the period February 1 to February 29, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - Bauhaus Project – Review and analysis of the settlement agreement presented by the Borrower and extensive correspondence with Osler Hoskin Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding same. Reviewing and finalizing a notice to the investors seeking their feedback in respect of the settlement agreement and gathering and recording feedback from the investors in respect of same. Attending Court for the settlement approval motion;
 - Bowmanville Project – discussions with the Borrower and its legal counsel regarding the status of the project and the go-forward plans in respect of same. Corresponding with the first priority mortgagee regarding its intentions with respect to its loan. Drafting, reviewing and finalizing a notice to investors regarding the enforcement proceeding that was commenced by the first priority mortgagee;
 - Bradford Project – reviewing and finalizing a notice to investors regarding the Receiver’s sale approval motion;
 - Castlemore Project – ongoing discussions internally and with the Trustee’s appraiser regarding the property and the appraised value of same. Discussions with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the end of term clause in the BDMC loan agreement and the borrower’s triggering of same. Reviewing the affidavit filed by the borrower and corresponding extensively with Osler and Chaitons regarding next steps;
 - Capital Pointe – Reviewing the status of the sales process and related discussions with Magnetic Capital Group Inc. regarding its interest in purchasing the property;
 - Danforth Project – negotiating terms of a settlement agreement with the borrower.

- Continuing to review and analyze the potential settlement amounts and corresponding with Osler regarding same. Reviewing and finalizing a notice to the investors seeking their feedback in respect of the settlement agreement and gathering and recording feedback from the investors in respect of same;
- Solterra/Fusion Project – discussions with the borrower regarding a potential settlement offer and corresponding with Osler and Chaitons regarding same;
 - Jasper Project – internal discussions regarding the potential sale of the property by the borrower. Discussions with Osler regarding funding provided by the borrower to the project;
 - Lake and East Project – reviewing documents provided by first mortgagee’s legal counsel regarding a proposed sale of the property. Corresponding internally and with Osler regarding the sale of the property;
 - Old Market Lane Project – dealing with sale transaction closing considerations including the removal of the court order from title to the project. Drafting a notice to the investors regarding sale transaction;
 - Peter Richmond Project – managing considerations around closing of the assignment transaction and coordinating same with Osler. Ongoing review of assignment price allocation matters as amongst the two investor groups;
 - Wellington House Project – review of the decision released by the Local Planning Appeal Tribunal (“**LPAT Decision**”) in respect of its a zoning-by law amendment application and corresponding with the Trustee’s appraiser and planner regarding same. Corresponding with the borrower regarding the LPAT Decision and ongoing settlement discussions;
 - Whitby Commercial Park Project - reviewing a postponement request from the borrower with respect to additional financing required for the project;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
 - Providing project specific updates to the investors upon request.
 - Drafting and finalizing the Trustee’s Fifteenth Report to Court dated February 24, 2020 in respect of the motion returnable February 28, 2020 (“**February 28th Motion**”), and corresponding with Osler and Chaitons extensively regarding same;
 - Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the February 28th Motion;
 - **Drafting, finalizing notices to investors, in respect of the February 28th Motion;**



Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Whitby Commercial Park notice dated February 4, 2020;
 - Bradford Bond Head notice dated February 7, 2020;
 - Bauhaus notice dated February 14, 2020;
 - Bauhaus notice dated February 25, 2020;
 - Bowmanville notice dated February 27, 2020; and
 - Danforth notice dated February 27, 2020.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.



Total fees per attached time summary	\$	111,462.85
HST		14,490.17
Total	\$	<u>125,953.02</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period February 1 to 29, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	49.50	25,987.50
Daniel Sobel	Managing Director	495	2.85	1,410.75
Shelby Draper	Senior Director	440	70.56	31,046.40
Naomi Leiberman	Manager	395	65.96	26,054.20
Nick Niktikakis	Manager	315	85.60	26,964.00
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			274.47	111,462.85



Invoice 023

March 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period March 1 to March 31, 2020

The Trustee’s activities for the period March 1 to March 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - Bauhaus Project – coordinating discharge matters with Osler Hosking & Harcourt LLP (“**Osler**”), the Trustee’s counsel. Preparing and reviewing the distribution schedule in respect of the distribution to investors and facilitating payment of same. Reviewing, finalizing, and distributing individual investor notices;
 - Bowmanville Project – ongoing discussions with the borrower and the first priority mortgagee regarding its enforcement proceedings;
 - Castlemore Project – reviewing motion materials filed by the borrower seeking a court order that, among other things, releases all security interest being held by the Trustee on behalf of the Castlemore investors (“**Castlemore Proceeding**”). Extensive discussions with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the Castlemore Proceedings, including discussing the litigation strategy, reviewing certain information provided by the borrower regarding the sources and uses of funds, and preparing materials in respect of the litigation. Corresponding with the Trustee’s appraiser. Reviewing the Trustee’s Seventeenth Report dated March 27, 2020 and corresponding extensively internally, with Osler and with Chaitons regarding same. Drafting of notice to investors regarding Castlemore Proceedings and the filing of the Trustee’s Seventeenth Report;
 - Capital Pointe – drafting notice to investors regarding the status of sale transaction in respect of the property;
 - Danforth Project – Preparing and reviewing feedback from investors regarding the settlement agreement;

- King City/Eden Project – ongoing discussions with Osler and Chaitons with respect to the status of a potentially settlement as amongst the title insurers, Lawpro and the borrower;
- Solterra/Fusion Project – ongoing review of a revised settlement offer received from the borrower and discussing same with Osler;
- Jasper Project – ongoing discussions with the borrower regarding funding provided to the project by the borrower;
- King Square Project – review of the Notice of Sale issued by the first priority mortgagee and discussions with the first priority mortgagee and Osler regarding same. Drafting, reviewing and finalizing a notice to investors regarding Notice of Sale;
- Nobleton South Project - review of the Notice of Sale issued by the first priority mortgagees and discussions with the first priority mortgagees and Osler regarding same. Discussion with the Trustee’s planner regarding the development status of the project. Drafting, reviewing and finalizing a notice to investors regarding the Notice of Sale;
- Old Market Lane Project – corresponding internally regarding distribution considerations for the residual proceeds from the sale transaction and preparing an analysis regarding same. Corresponding with Osler and Chaitons regarding the distribution considerations. Reviewing and finalizing a notice to investors regarding the completion of the sale transaction;
- Peter Richmond Project – continuing discussions with Osler and Chaitons regarding the distribution alternatives for the assignment transaction proceeds. Finalizing a notice to investors regarding the assignment transaction;
- Rutherford Project – discussions with the Borrower regarding its request for a postponement and preparing an analysis regarding same. Reviewing the analysis internally and corresponding with Osler regarding same;
- Wellington House Project – reviewing and analysing the comments provided by the Trustee’s planner regarding the unfavourable decision received by the borrower from the Local Planning Appeal Tribunal (“**LPAT Decision**”) in respect of its a zoning-by law amendment application. Discussions with the Trustee’s appraiser regarding the impact of LPAT Decision on the value of the property. Drafting, reviewing and finalizing a notice to investors regarding the LPAT Decision and a fire that erupted at the property;
- Whitby Commercial Park Project - discussions with the borrower regarding a postponement and subordination agreement and a conditional sale agreement.



Corresponding with Osler regarding the postponement and subordination agreement;

- Internal discussions with Chaitons and Osler regarding investor requests for the release of copies of project related tax opinions issued by certain tax providers;
- Drafting and finalizing the Trustee's Sixteenth Report to Court dated March 10, 2020 in respect of the motion returnable March 17, 2020 ("**March 17th Motion**"), and corresponding with Osler and Chaitons extensively regarding same;
- Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the March 17th Motion;
- Drafting and finalizing notice to investors in respect of the March 17th Motion;
- Drafting and finalizing the Trustee's Seventeenth Report to Court dated March 27, 2020 ("**Seventeenth Report**") in respect of the Castlemore Proceeding, and corresponding with Osler and Chaitons extensively regarding same;
- Drafting and finalizing a notice to investors in respect of the Trustee's Seventeenth Report;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Castlemore notice dated March 6, 2020;
 - Nobleton South notice dated March 17, 2020;
 - Danforth notice dated March 11, 2020;
 - Old Market Lane notice dated March 19, 2020;
 - Peter Richmond notice dated March 24, 2020;
 - King Square notice dated March 25, 2020;
 - Castlemore notice dated March 31, 2020; and
 - Wellington House notice dated March 31, 2020.



General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	132,266.20
HST		17,194.61
Total	\$	<u>149,460.81</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period March 1 to 31, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	51.25	26,906.25
Daniel Sobel	Managing Director	495	2.50	1,237.50
Shelby Draper	Senior Director	440	90.25	39,710.00
Naomi Leiberman	Manager	395	91.72	36,229.40
Nick Niktikakis	Manager	315	89.47	28,183.05
			<hr/>	
			325.19	132,266.20



Invoice 024

April 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period April 1 to April 30, 2020

The Trustee’s activities for the period April 1 to April 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - 6th and 10th Project – review and analysis of postponement request from the borrower and corresponding internally and with Osler Hoskin & Harcourt (“**Osler**”), the Trustee’s counsel, regarding same;
 - Bowmanville Project – ongoing discussions with the Borrower and its legal counsel regarding the status of the project. Discussions with the Trustee’s appraiser (“**Appraiser**”) regarding updated market information with respect to the property. Review of motion materials filed by the first priority mortgagee in connection with its receivership application. Drafting a notice to the investors regarding same;
 - Castlemore Project – ongoing discussions internally and with Osler regarding the preparation of materials for ongoing litigation and upcoming cross examination of a representative of the borrower;
 - Capital Pointe – drafting, reviewing and finalizing a notice to investors regarding the sale of the property and the impact to investors;
 - Charlotte Adelaide Project – drafting a letter to the purchaser of the property requesting a progress report regarding its efforts to obtain approval from the City of Toronto in respect of its development application;
 - Danforth Project – discussions with the borrower regarding matters related to the closing of the settlement transaction. Preparing and reviewing the distribution schedule in respect of the distribution amount to investors and facilitating payment of same. Drafting, reviewing and finalizing individual investor notices;
 - Solterra/Fusion Project – ongoing discussions with the borrower regarding a



settlement offer and internal review and analysis regarding same;

- Glens of Halton Hills (Georgetown) Project – drafting a notice to investors regarding the status of the Georgetown borrower’s bankruptcy proceedings and the resulting loss to investors;
- Jasper Project – discussion with the project’s real estate broker regarding the status of the sale process commenced by borrower;
- Harmony Village Lake Simcoe (The Kemp) Project – corresponding with Osler regarding the claim submitted by Fortress Real Development Inc. (“**Fortress**”) on behalf of itself and the borrower and consideration of next steps;
- Lake and East Project – corresponding with priority lender’s counsel regarding closing matters in respect of the sale transaction;
- King Square Project – corresponding internally regarding the notice of sale issued by Firm Capital, the first priority mortgagee, and discussions with Firm Capital regarding same;
- Nobleton South Project - discussion with counsel to the first priority mortgagee regarding the notice of sale and next steps in the proceedings;
- North Project – reviewing and analysing details regarding the proposed sale transaction by the borrower. Corresponding internally and with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the proposed sale transaction and the requirement to discharge the BDMC mortgage. Discussions with the real estate broker regarding the sale process and drafting a notice to investors regarding same;
- Old Market Lane Project – continuing to correspond internally and with Osler regarding distribution considerations with respect to the residual proceeds from the sale transaction (“**Residual Proceeds**”). Drafting a report to Court regarding a distribution of the Residual Proceeds as amongst the BDMC mortgages;
- Peter Richmond Project – continuing discussions with Osler and Chaitons regarding distribution considerations with respect to the assignment proceeds among the two BDMC mortgages (“**Assignment Proceeds**”). Drafting a report to Court regarding the distribution of the Assignment Proceeds as amongst the BDMC mortgages;
- Rutherford Project – ongoing discussions with the Borrower regarding funds it has advanced to the project and the priority thereof. Reviewing the project forecasts and preparing an analysis regarding same. Corresponding with Osler regarding the Trustee’s analysis;
- South Shore Project – discussions with Osler regarding next steps with respect to



the notice of sale and the lack of a formal sale process being commenced by the enforcing creditor;

- Treehouse Project – discussions with the enforcing creditor’s legal counsel regarding status of the sale of the property;
- Wellington House Project – ongoing discussions with the Trustee’s appraiser and with the borrower regarding the property’s value in light of the unfavourable decision on the borrower’s development application as well as the impact of the pandemic;
- Whitby Commercial Park Project – corresponding with the borrower regarding next steps with respect the property and interim financing;
- Winnipeg Project – corresponding with Osler regarding the claim submitted by Fortress on behalf of the borrower, a Fortress related entity;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Providing project specific updates to the investors upon request;
- Corresponding with Osler regarding requests being received from investors for copies of the tax opinions prepared by third party firms in respect of the projects; and
- Corresponding with a consultant acting as a bare trustee for certain international investors and related discussion with Osler.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee’s website;



- Corresponding with Chaitons on a periodic basis regarding matters not specifically noted above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically noted above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	147,942.70
HST		19,232.55
Total	\$	<u>167,175.25</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period April 1 to 30, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	56.55	29,688.75
Daniel Sobel	Managing Director	495	18.45	9,132.75
Shelby Draper	Senior Director	440	107.60	47,344.00
Naomi Leiberman	Manager	395	94.65	37,386.75
Nick Niktikakis	Manager	315	77.43	24,390.45
			<hr/>	<hr/>
			354.68	147,942.70



Invoice 025

May 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period May 1 to May 31, 2020

The Trustee’s activities for the period May 1 to May 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - 6th and 10th Project – corresponding with Olympia Trust Company (“**Olympia**”) regarding discharge issues and matters related to a postponement request from the borrower and discussions with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding same;
 - Bowmanville Project – discussions with the Receiver regarding the sale process for the property and reviewing and finalizing notices to the investors regarding same;
 - Brookdale Project – ongoing discussions with counsel to the bondholder group regarding its claim to the Brookdale residual proceeds and next steps in respect of same;
 - Charlotte Adelaide Project – drafting a letter to the purchaser of the property requesting progress reports regarding its efforts to obtain approval from the City of Toronto in respect of its development application;
 - Solterra/Fusion Project – ongoing discussions with the borrower regarding its settlement offer. Reviewing and analysing the settlement offer and corresponding with Osler regarding same. Drafting a notice to the investors seeking their feedback in respect of the settlement agreement;
 - Glens of Halton Hills (Georgetown) Project – continuing to draft a notice to investors regarding the status of the Georgetown borrower’s bankruptcy proceedings;
 - King Square Project – reviewing and analysing discharge requests in connection with unit closings. Reviewing a notice with respect to liens filed by the project’s condominium corporation on account of unpaid condominium fees by the borrower



and drafting and finalizing a notice to the investors regarding same;

- Lake and East Project – corresponding with the priority lender’s counsel regarding the sale transaction and closing considerations;
- Nobleton South Project – continuing to correspond with counsel to the first mortgagee regarding the sale of property and next steps in respect of same. Corresponding with a party interested in purchasing the property;
- North Project – continuing to review and analyse a proposed sale transaction and corresponding internally and with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding same. Corresponding with Osler and Chaitons regarding a claim to the sale proceeds asserted by parties related to the Borrower;
- Old Market Lane Project – continuing to correspond internally and with Osler regarding distribution considerations with respect to the residual proceeds from the sale transaction (“**Residual Proceeds**”). Correspondence with respect to the borrower’s entitlement to any of the Residual Proceeds and reviewing the project records in respect of same. Continuing to drafting a report to Court regarding a distribution of the Residual Proceeds as amongst the various BDMC mortgages;
- Peter Richmond Project – ongoing discussions with Osler and Chaitons regarding the allocation methodology with respect to the distribution of assignment proceeds. Continuing to draft a report to Court regarding the distribution of the assignment proceeds as amongst the BDMC mortgages;
- Port Place 2 Project – ongoing correspondence with the priority lender regarding the sale of one of the parcels and successfully negotiating a reduction in respect of the fees being claimed by the priority lender;
- Rutherford Project – ongoing discussions with the Borrower regarding funds it has advanced to the project and the corresponding priority thereof. Continuing to review the project forecasts and to complete a sensitivity analysis in respect of same. Corresponding with Osler regarding the Trustee’s analysis;
- South Shore Project – discussions with Osler regarding next steps with respect to the notice of sale and the lack of action taken by the enforcing creditor. Reviewing a letter drafted by Osler to the enforcing creditor regarding same;
- Whitby Commercial Park Project – continuing to correspond with the borrower regarding next steps in respect of a potential sale of the property, postponement and subordination agreement and interim financing. Drafting and reviewing a notice to investors;



- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Providing project specific updates to the investors upon request;
- Discussions with Osler regarding requests being received from Investors for copies of the tax opinions and drafting letters to the providers of the tax opinions regarding same; and
- Retrieving and uploading of electronic files to shared database related to a class action lawsuit filed against certain of the projects and corresponding with counsel to the class action claimants regarding same.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Bowmanville notice dated May 1, 2020;
 - Bowmanville notice dated May 8, 2020; and
 - King Square notice dated May 20, 2020.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and



- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	120,585.80
HST		15,676.15
Total	\$	<u>136,261.95</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period May 1 to 31, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	48.50	25,462.50
Daniel Sobel	Managing Director	495	11.00	5,445.00
Shelby Draper	Senior Director	440	77.65	34,166.00
Naomi Leiberman	Manager	395	86.82	34,293.90
Nick Niktikakis	Manager	315	67.36	21,218.40
			<hr/>	<hr/>
			291.33	120,585.80



Invoice 026

June 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period June 1 to June 30, 2020

The Trustee’s activities for the period June 1 to June 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific including, but not limited to, the following:
 - Bowmanville Project – corresponding with the Receiver regarding the status of sales process. Reviewing the project’s general ledger;
 - Castlemore Project – continuing to correspond and with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding preparation of materials for the litigation including the cross examination;
 - Capital Pointe – finalizing a notice to investors regarding the sale of the property;
 - Dunsire Guelph – corresponding with the Receiver regarding the status of its HST claim and the timing of receipt of same. Drafting of notices to investors in respect of the interim distribution;
 - Solterra/Fusion Project – ongoing discussions with the borrower regarding a settlement offer. Drafting and reviewing a settlement agreement. Drafting a notice to investors seeking their feedback in respect of the settlement agreement. Reviewing discharge requests;
 - Glens of Halton Hills (Georgetown) Project – reviewing and finalizing a notice to investors regarding the status of the Georgetown borrower’s bankruptcy proceedings. Discussions with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding same;
 - Lake and East Project – corresponding with the priority lender’s counsel regarding sale transaction closing matters. Drafting and reviewing a notice to investors;
 - North Project – ongoing review and analysis of the proposed sale transaction.



Addressing matters related to the discharge of the BDMC mortgage and working with Osler to address other closing considerations;

- Old Market Lane Project – drafting and reviewing a report to Court regarding the distribution to the investors;
 - Peter Richmond Project – drafting and reviewing a report to Court regarding the distribution to the investors;
 - Port Place 2 Project – ongoing correspondence with the priority lender regarding the sale of one of the parcels. Discussions with Osler regarding subordination considerations;
 - Rutherford Project – ongoing discussions with the borrower regarding funds it advanced to the project and the corresponding priority thereof. Discussions with Osler regarding its analysis of the loan agreement, and review of proposed responses to the borrower’s counsel;
 - Union Waterfront Project – corresponding with Osler regarding legal action brought forth by one of the former priority lenders to the project;
 - Whitby Commercial Park Project – continuing to correspond with the borrower regarding next steps in respect of a potential sale of the property, postponement and subordination agreement and the advance of the interim financing and finalizing a notice to investors regarding same;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
 - Providing project specific updates to the investors upon request; and
 - Finalizing letters to the providers of the tax opinions regarding requests received from investors for copies of the tax opinions and corresponding with Osler regarding same.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Capital Pointe notice dated June 4, 2020;
 - Whitby (Rosewater) dated June 18, 2020; and
 - Glens of Halton Hills (Georgetown) dated June 26, 2020.



General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	105,050.60
HST		13,656.58
Total	\$	<u>118,707.18</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period June 1 to 30, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	48.20	25,305.00
Daniel Sobel	Managing Director	495	4.50	2,227.50
Shelby Draper	Senior Director	440	64.45	28,358.00
Naomi Leiberman	Manager	395	66.48	26,259.60
Nick Niktikakis	Manager	315	72.70	22,900.50
			<hr/>	
			256.33	105,050.60



Invoice 027

July 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period July 1 to July 31, 2020

The Trustee’s activities for the period July 1 to July 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters, including, but not limited to, the following:
 - 6th and 10th Project – corresponding with Olympia Trust Company (“**Olympia**”) regarding discharge issues and matters related to the postponement request from the borrower;
 - Castlemore Project – corresponding with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s Counsel, regarding various litigation matters including further consideration of certain provisions in the Castlemore loan agreement;
 - Solterra/Fusion Project – negotiating terms of a settlement agreement with the borrower and corresponding with Osler regarding same. Reviewing and finalizing a notice to the investors seeking their feedback in respect of the settlement agreement and gathering and recording feedback from the investors in respect of same;
 - Harmony Village Lake Simcoe (The Kemp) Project – discussing matters related to the claim by Fortress Real Developments Inc. (“**Fortress**”) with Osler;
 - Lake and East Project – finalizing a notice to the investors regarding the closing of the sale transaction pursuant to the enforcement proceeding commenced by the first priority mortgagee;
 - North Project – drafting and reviewing a notice to investors regarding the sale transaction;
 - Nobleton South Project – corresponding with Osler and with counsel to the first priority mortgagee regarding the sale process pursuant to the enforcement proceedings commenced by the first priority mortgagee;



- Old Market Lane Project – drafting and reviewing of report to Court regarding the distribution to the investors;
 - Port Place 2 Project – drafting and reviewing a notice to investors and related discussions with Osler;
 - Rutherford Project – ongoing discussions with the borrower regarding funds it advanced to the project and the corresponding priority thereof. Continuing to correspond with Osler regarding its analysis of the loan agreement, and review of proposed responses to the Borrower’s counsel;
 - South Shore Project – corresponding with a party interested in participating in the sale process. Calls with the enforcing creditor regarding steps being undertaken in respect of its sales process; and
 - Winnipeg Project – corresponding with the listing agent retained by the borrower to list the property for sale.
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
 - Providing project specific updates to the investors upon request;
 - Corresponding with Tax Opinion Providers regarding requests being received from Investors for copies of the Tax opinions and related discussions with Osler; and
 - Drafting, reviewing and finalizing Trustee’s update to investors in respect of the next Omnibus Report.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Trustee’s General Notice dated July 8, 2020;
 - Lake & East Notice dated July 21, 2020; and
 - Solterra (Fusion) Notice dated July 24, 2020.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia on a periodic basis regarding various matters related to the BDMC loans;



- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee’s website;
- Corresponding with Chaitons LLP, Representative Counsel to the Investors, on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	89,987.10
HST		11,698.32
Total	\$	<u>101,685.42</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period July 1 to 31, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	56.00	29,400.00
Daniel Sobel	Managing Director	495	0.00	-
Shelby Draper	Senior Director	440	49.35	21,714.00
Naomi Leiberman	Manager	395	42.00	16,590.00
Nick Niktikakis	Manager	315	70.74	22,283.10
			<hr/>	<hr/>
			218.09	89,987.10



Invoice 028

August 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period August 1 to August 31, 2020

The Trustee’s activities for the period August 1 to August 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters, including, but not limited to, the following:
 - Castlemore Project – coordinating and participating in calls with the Trustee’s appraiser and Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding the appraisal completed for the property in connection with the ongoing litigation with the borrower;
 - Dunsire Guelph (White Cedar) Project – drafting distribution letters to the investors;
 - Solterra/Fusion Project – reviewing and summarizing investor feedback with respect to the proposed settlement. Corresponding with Osler regarding various matters including among other things, investor feedback on the settlement, matters relating to the Court report and tax considerations with respect to the distribution to the investors;
 - Jasper House Project – corresponding with the listing agent regarding the sale process including the offers received. Reviewing the related party claim advanced by the borrower and corresponding internally and with Osler regarding same;
 - King Square Project – reviewing and analyzing the flow of funds from pending unit closing and executing partial discharges in respect of same. Corresponding with the first priority lender regarding the status of unsold inventory;
 - North Project – ongoing review and analysis of the flow of funds from the proposed sale transaction. Corresponding internally and with Osler and Chaitons LLP (“**Chaitons**”), Representative Counsel to the Investors, regarding the proposed sale transaction and related notice to the investors. Drafting and reviewing a notice to the investors;



- Old Market Lane Project – continuing to review the report to Court regarding the distribution to investors;
- Orchard Project – corresponding with the listing agent regarding the marketing process in respect of the sale of the property. Discussions internally, with Osler and with Chaitons regarding the distribution of the remaining sale proceeds among the BDMC mortgages and seeking court approval for the distribution. Discussions with the borrower regarding closing considerations. Drafting and reviewing a notice to investors regarding the sale transaction;
- Port Place 2 Project – corresponding with Chaitons regarding the subordination and postponement agreement. Drafting and reviewing a notice to investors;
- Rutherford Project – ongoing discussions with the borrower regarding funds it advanced to the project and the corresponding priority thereof. Continuing to correspond with Osler regarding its analysis of the loan agreement and responses to the borrower’s counsel;
- South Shore Project – corresponding with a party interested in participating in a sale process for the property;
- Union Waterfront Project – reviewing correspondence drafted by Osler in response to a legal action brought forth by one of the former senior lenders to the project;
- Drafting and finalizing the Trustee’s Eighteenth Report to Court dated August 19, 2020 in respect of the motion returnable August 27, 2020 (“**August 27th Motion**”), and corresponding with Osler and Chaitons extensively regarding same;
- Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the August 27th Motion;
- Drafting and finalizing a notice to investors, in respect of the August 27th Motion;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Providing project specific updates to the investors upon request; and
- Corresponding with Tax Opinion Providers regarding requests being received from investors for copies of the Tax Opinions and related discussions with Osler.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;



- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	80,024.25
HST		10,403.15
Total	\$	<u>90,427.40</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period August 1 to 31, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	39.80	20,895.00
Daniel Sobel	Managing Director	495	4.30	2,128.50
Shelby Draper	Senior Director	440	38.15	16,786.00
Naomi Leiberman	Manager	395	51.88	20,492.60
Nick Niktikakis	Manager	315	62.61	19,722.15
			<hr/>	<hr/>
			196.74	80,024.25



Invoice 029

September 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Building & Development Mortgages Canada Inc. (“BDMC”)**

Invoice for the period September 1 to September 30, 2020

The Trustee’s activities for the period September 1 to September 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters including, but not limited to, the following:
 - Bowmanville Project – corresponding with the Receiver regarding the outcome of sale process and discussions with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, regarding same;
 - Brookdale Project – drafting a notice to the investors regarding the settlement with the construction lien claimants and corresponding with Osler regarding the residual funds remaining in respect of the project and next steps in respect of settling the remaining claims to such funds;
 - Castlemore Project – continuing to correspond with Osler regarding various matters in respect of the litigation. Drafting and finalizing a notice to investors regarding the scheduling of the hearing;
 - Charlotte Adelaide (CHAT) Project – reviewing and analysing email correspondence from the purchaser’s legal counsel and reviewing the memorandum of understanding;
 - Dunsire Guelph Project – preparing and reviewing the distribution schedule in respect of the distribution to the investors and facilitating payment of same. Drafting, reviewing and finalizing individual investor notices;
 - Solterra/Fusion Project – corresponding with Osler regarding tax considerations with respect to the distribution to the investors. Preparing and reviewing the distribution schedule in respect of the settlement and facilitating payment to the investors. Drafting individual investor notices;
 - Jasper House Project – ongoing discussions with the listing agent regarding the sale



process. Internal review and analysis of the statement of adjustments in preparation for the closing of the sale transaction. Ongoing discussions with the Borrower regarding its related party claim. Drafting, reviewing and finalizing a notice to the investors;

- Harmony Village Lake Simcoe (The Kemp) Project – discussing the proposed settlement of the claim by the borrower;
- King Square Project – review of the protective disbursements being made by the priority lender in connection with the adjacent property. Discussions with the priority lender and with Osler regarding same including reviewing a letter prepared by Osler;
- North Project – finalizing a notice to investors regarding the sale transaction;
- Old Market Lane Project – drafting and reviewing the report to Court regarding the distribution of the sale proceeds;
- Orchard Project – ongoing discussions internally and with Osler and Chaitons LLP (“Chaitons”), Representative Counsel to the Investors, regarding the sale transaction and the proposed distribution of the remaining proceeds among the project investors;
- Peter Richmond Land Assembly Project – drafting and reviewing a report to Court and a notice to investors regarding the distribution of assignment proceeds;
- Rutherford Project – ongoing discussions internally and with Osler regarding funds advanced to the project by the borrower and the corresponding priority thereof. Drafting a response to borrower’s counsel regarding the Trustee’s considerations in respect of the borrower’s position;
- South Shore Project - corresponding with a party interested in participating in the sale process for the property. Calls and follow up correspondence with the enforcing creditor regarding steps being undertaken in respect of its sales process;
- Winnipeg Project – drafting, reviewing and finalizing a notice to Investors regarding the listing of property for sale;
- Drafting and finalizing the Trustee’s Nineteenth Report to Court dated September 15, 2020 in respect of the motion returnable September 22, 2020 (“**September 22nd Motion**”), and corresponding with Osler and Chaitons, representative counsel, extensively regarding same;
- Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the September 22nd Motion;



- Drafting, finalizing notices to investors, in respect of the September 22nd Motion;
- Attending calls with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Providing project specific updates to the investors upon request; and
- Corresponding with Tax Opinion Providers regarding requests being received from investors for copies of the Tax Opinions and drafting report to court seeking approval to distribute Tax Opinions.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - North Notice dated September 8, 2020;
 - Orchard Notice dated September 15, 2020;
 - Jasper House Notice dated September 22, 2020;
 - Winnipeg (Sky City) Notice dated September 23, 2020; and
 - Castlemore Notice dated September 29, 2020;

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company of Canada on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;
- Corresponding with Chaitons on a periodic basis regarding matters not specifically referenced above;



- Attending meetings, calls and exchanging numerous emails with Osler regarding matters not specifically referenced above; and

Total fees per attached time summary	\$	121,910.10
HST		<u>15,848.31</u>
Total	\$	<u>137,758.41</u>



FAAN Mortgage Administrators Inc.
Building & Development Mortgages
Canada Inc.

Time Summary

For the Period September 1 to 30, 2020

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	525	42.65	22,391.25
Daniel Sobel	Managing Director	495	6.65	3,291.75
Shelby Draper	Senior Director	440	61.30	26,972.00
Naomi Leiberman	Manager	395	118.43	46,779.85
Nick Niktikakis	Manager	315	71.35	22,475.25
			<hr/>	<hr/>
			300.38	121,910.10

THIS IS **EXHIBIT “B”** REFERRED TO IN THE AFFIDAVIT OF NAVEED MANZOOR SWORN BEFORE ME over video teleconference this 16th day of November, 2020. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



A Commissioner for Taking Affidavits

Ferial Fekri,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 14, 2022.

EXHIBIT B

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.

Invoice Summary
(Unaudited; \$C)

Invoice No.	Date	Billing Period	Fees	HST	Total
018	31-Oct-19	October 1 to 31, 2019	171,207.10	22,256.92	193,464.02
019	30-Nov-19	November 1 to 30, 2019	160,187.00	20,824.31	181,011.31
020	31-Dec-19	December 1 to 31, 2019	116,792.00	15,182.96	131,974.96
021	31-Jan-20	January 1 to 31, 2020	140,175.95	18,222.87	158,398.82
022	29-Feb-20	February 1 to 29, 2020	111,462.85	14,490.17	125,953.02
023	31-Mar-20	March 1 to 31, 2020	132,266.20	17,194.61	149,460.81
024	30-Apr-20	April 1 to 30, 2020	147,942.70	19,232.55	167,175.25
025	31-May-20	May 1 to 31, 2020	120,585.80	15,676.15	136,261.95
026	30-Jun-20	June 1 to 30, 2020	105,050.60	13,656.58	118,707.18
027	31-Jul-20	July 1 to 31, 2020	89,987.10	11,698.32	101,685.42
028	31-Aug-20	August 1 to 31, 2020	80,024.25	10,403.15	90,427.40
029	30-Sep-20	September 1 to 30, 2020	121,910.10	15,848.31	137,758.41
Total			<u>1,497,591.65</u>	<u>194,686.91</u>	<u>1,692,278.56</u>

THIS IS **EXHIBIT “C”** REFERRED TO IN THE AFFIDAVIT OF NAVEED MANZOOR SWORN BEFORE ME over video teleconference this 16th day of November, 2020. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.

Ferial Fekri

A Commissioner for Taking Affidavits

Ferial Fekri,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 14, 2022.

EXHIBIT C

FAAN Mortgage Administrators Inc.
Buiding & Development Mortgages Canada Inc.
Summary of Hours and Fees by Staff Member
(Unaudited; \$C)

Professional	Role	Rate (\$)	Hours	Amount (\$)
Naveed Manzoor	Managing Director	475-525	616.15	354,262.50
Daniel Sobel	Managing Director	475-495	86.70	47,443.75
Shelby Draper	Senior Director	400-440	839.45	401,696.40
Naomi Lieberman	Manager	330-395	867.57	389,141.80
Nick Niktikakis	Manager	300-315	848.46	305,047.20
Total			<u>3,258.33</u>	<u>1,497,591.65</u>
Average Hourly Rate				<u>459.62</u>

THIS IS **CONFIDENTIAL EXHIBIT “D”** REFERRED TO IN THE AFFIDAVIT OF NAVEED MANZOOR SWORN BEFORE ME over video teleconference this 16th day of November, 2020. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.

Ferial Fekri

A Commissioner for Taking Affidavits

Ferial Fekri,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 14, 2022.

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF NAVEED MANZOOR
(sworn November 16, 2020)

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Phone: 416-362-2111
Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)
Jeremy Dacks (LSO# 41851R)

Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee

Appendix 24:
De Lellis Affidavit

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

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

**AFFIDAVIT OF MICHAEL DE LELLIS
(sworn November 12, 2020)**

I, Michael De Lellis, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Osler, Hoskin & Harcourt LLP (“**Osler**”), counsel for FAAN Mortgage Administrators Inc., in its capacity as Court-Appointed Trustee (the “**Trustee**”), without security, of all of the assets, undertakings and properties of the Respondent in these proceedings and as such have knowledge of the matters hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. I make this affidavit in support of a motion by the Trustee for, among other things, approval of the fees and disbursements of the Trustee and its counsel.

3. Attached hereto as Exhibit “A” is a copy of each invoice issued by Osler for the period between October 1, 2019 and September 30, 2020 (the “**Approval Period**”) setting out Osler’s fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by Osler in connection with such invoice. I confirm that these accounts accurately reflect the services provided by Osler in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit “B” is a schedule of the accounts rendered by Osler to the Trustee for the fees and disbursements incurred by Osler in connection with the activities summarized in Exhibit “A” undertaken in these proceedings during the Approval Period.

5. Attached hereto as Exhibit “C” is a schedule summarizing the respective years of call and billing rates of each of the professionals at Osler that rendered services to the Trustee, the hours worked by each such individual and a blended hourly rate for fees incurred during the Approval Period.

6. Confidential Exhibit “D” (the “**Confidential De Lellis Exhibit**”) hereto contains true copies of the full accounts rendered by Osler to the Trustee for activities undertaken during the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler’s detailed invoices includes privileged and commercially sensitive information regarding the projects and Building & Development Mortgages Canada Inc., generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to investors in these proceedings.

7. To the best of my knowledge, the rates charged by Osler throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe that the total hours, fees and disbursements incurred by Osler for the period between October 1, 2019 and September 30, 2020 are reasonable and appropriate in the circumstances.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario on November 12,
2020



Commissioner for Taking Affidavits

Jeremy Dack



Michael De Lellis

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 12TH DAY OF NOVEMBER, 2020

Jeremy Dack

A Commissioner for Taking Affidavits

Jeremy Dack

Exhibit A

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12340753**
Date: **November 29, 2019**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	549,966.92
REIMBURSABLE EXPENSES *	4,753.43
HST @ 13%	72,085.60
TOTAL (CAD):	626,805.95

* Includes non-taxable expenses of 215.70 CAD

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12340753**
Client No.: 232833
Amount: 626,805.95 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	86.71
On-line Database Services	21.75
Printing Costs	1,008.15
Special Supplies Costs	35.75
Telecommunications - External	34.18
Travel Expenses	769.24
OnCorp Fees for Searches/Certificates/Filings	152.60
Teraview Search Charges	32.25
Title-Related Searches-Toronto	2,397.10
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	193.20
Wire Transfer Charges	22.50
TOTAL (CAD):	4,753.43

Invoice dated November 29, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between October 1, 2019 to October 31, 2019:

- 6th & 10th: Attending on partial discharge matters;
- Bauhaus: Attending on postponement matters;
- Brookdale: Attending on various matters relating to ongoing construction lien litigation; attending on document production matters relating to same;
- Castlemore: Attending on settlement matters; drafting documents relating to same; drafting Trustee's report and approval order relating to same;
- CHAT: Attending on various matters relating to ongoing litigation; revising written and oral submissions relating to same;
- Danforth: Attending on postponement and discharge request matters;
- Eden: Attending on matters relating to third party claim; drafting written and oral submissions relating to same; preparing for and attending case conference;
- Humberstone: Attending on matters relating to subordination agreement; attending on real property discharge matters; reviewing various documents in connection with closing;
- Kemp: Attending on matters relating to power of sale process and transaction; reviewing loan and security documentation;
- King Square: Attending on partial discharge matters, non-disturbance agreement and other acknowledgements;
- Nobleton North: Drafting and reviewing Trustee's report; attending on various matters relating to assignment agreement; drafting documents relating to same;
- Peter: Attending on matters relating to potential transactions; drafting sales process letter and related documentation; drafting settlement agreement;
- Solterra: Attending on closing matters;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating corporate searches; attending on PPSA searches and registration.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12350313**
Date: **December 16, 2019**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	551,622.92
REIMBURSABLE EXPENSES *	3,759.54
HST @ 13%	72,023.08
TOTAL (CAD):	627,405.54

* Includes non-taxable expenses of 1,358.71 CAD

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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12350313**
Client No.: 232833
Amount: 627,405.54 CAD

Email payment details to payments@osler.com,
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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Accommodation Expenses	300.29
Corporate Search Charges	7.00
Courier Expenses	23.83
Printing Costs	887.25
Special Supplies Costs	6.62
Telecommunications - External	3.54
Telecopy Charges	1.80
OnCorp Fees for Searches/Certificates/Filings	616.70
Teraview Search Charges	43.20
Title-Related Searches-Toronto	510.60
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	336.21
Notice of Motion	960.00
Wire Transfer Charges	62.50
TOTAL (CAD):	<u><u>3,759.54</u></u>

Invoice dated December 16, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between November 1, 2019 to November 30, 2019:

- Brookdale: Attending on various matters relating to ongoing construction lien litigation; attending on various communications with counsel to interested parties relating to same; attending on document production matters; attending on mediation matters;
- Castlemore: Attending on settlement matters; drafting and revising documents and notices relating to same; preparing for and attending at Court; attending on investor notice matters;
- CHAT: Attending on matters relating to the memorandum of understanding; attending on matters relating to subordination agreement;
- Eden: Preparing for and attending all counsel meeting; attending on matters relating to third party claim; drafting responding materials in connection with same;
- Kemp: Attending to inquiries from counsel to borrower;
- Nobleton North: Drafting and reviewing Trustee's report; attending on various matters relating to assignment agreement and drafting documents relating to same; attending on various communications with counsel to interested parties; preparing for and attending at Court; attending on closing and post-closing matters;
- Peter: Attending on matters relating to assignment transactions; revising documentation in connection with same; attending on communications with the bidder and other stakeholders relating to same;
- Port Place 2: Attending on subordination matters;
- QEWN: Attending on communications with counsel to certain investors relating to loan administration matters; attending on communications with other stakeholders relating to same;
- Solterra: Attending on postponement matters and corresponding on same;
- General: Drafting omnibus report to Court; engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating corporate searches; attending on PPSA searches and registration; corresponding with FSRA.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12360526**
Date: **January 21, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	260,391.92
REIMBURSABLE EXPENSES *	30,209.34
HST @ 13%	37,777.52
TOTAL (CAD):	328,378.78

* Includes non-taxable expenses of 5.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12360526**
Client No.: 232833
Amount: 328,378.78 CAD

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
On-line Database Services	107.25
Printing Costs	4,055.85
Special Supplies Costs	90.38
Telecopy Charges	1.80
Agent's Fees & Expenses	25,084.46
OnCorp Fees for Searches/Certificates/Filings	403.30
Title-Related Searches-Toronto	461.30
<u>EXPENSES - NON-TAXABLE</u>	
Wire Transfer Charges	5.00
TOTAL (CAD):	<u>30,209.34</u>

Invoice dated January 21, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between December 1, 2019 to December 31, 2019:

- Bauhaus: Attending on investor notice matters;
- Brookdale: Attending on various matters relating to ongoing construction lien litigation; attending on various communications with counsel to interested parties relating to same; attending on document production matters; attending on mediation matters;
- Castlemore: Attending on correspondence with counsel to borrower;
- CHAT: Attending on various matters relating to the Trustee's motion to approve a proposed distribution; revising investor notice relating to same;
- Eden: Reviewing security matters; reviewing title in connection with same; reviewing bankruptcy order;
- Kemp: Attending to inquiries from counsel to borrower;
- King Square: Attending on partial discharge matters;
- Old Market Lane: Attending on matters relating to potential transactions;
- Peter: Attending on matters relating to assignment transactions; revising documentation in connection with same; attending on communications with the bidder and other stakeholders relating to same;
- QEWN: Attending on communications with counsel to certain investors relating to loan administration matters;
- Solterra: Attending on partial discharge matters and correspondence in connection with same; attending on distribution matters;
- Wellington House: Attending on investor notice matters and correspondence relating to same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating litigation and title searches; attending on PPSA searches and registration.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12369626**
Date: **February 21, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	285,492.92
REIMBURSABLE EXPENSES *	8,575.09
HST @ 13%	38,187.24
TOTAL (CAD):	332,255.25

* Includes non-taxable expenses of 320.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12369626**
Client No.: 232833
Amount: 332,255.25 CAD

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	90.46
Postage/Registered Mail Costs	0.89
Printing Costs	741.75
Special Supplies Costs	11.84
Agent's Fees & Expenses	5,990.25
Title-Related Searches-Toronto	768.90
Transcripts for Court/Tribunal	651.00
<u>EXPENSES - NON-TAXABLE</u>	
Notice of Motion	320.00
TOTAL (CAD):	8,575.09

Invoice dated February 21, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between January 1, 2020 to January 31, 2020:

- Bauhaus: Attending on various matters relating to potential settlement;
- Brookdale: Attending on various matters relating to ongoing construction lien mediation; attending on communications with counsel relating to same;
- CHAT: Attending on various matters relating to construction lien issue and correspondence relating to same; attending on legal research relating to various issues;
- Danforth: Attending on various matters relating to potential settlement;
- Eden: Attending on various matters relating to ongoing litigation; preparing for and attending counsel meeting;
- Old Market Lane: Attending on matters relating to a potential transaction;
- Peter: Attending on matters relating to assignment transaction; revising documentation in connection with same; attending on communications with the bidder and other stakeholders relating to same; attending on investor notice matters and correspondence relating to same; drafting Trustee's report;
- QEWN: Attending on communications with counsel to certain investors relating to loan administration matters;
- Solterra: Attending on partial discharge matters and correspondence in connection with same; attending on distribution matters;
- Union Waterfront: Attending on matters relating to statement of claim;
- Wellington House: Attending on investor notice matters; attending on various matters relating to potential settlement;
- Whitby: Attending on investor notice matters;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating title searches.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12379196**
Date: **March 25, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	241,818.92
REIMBURSABLE EXPENSES *	7,704.40
HST @ 13%	32,379.52
TOTAL (CAD):	281,902.84

* Includes non-taxable expenses of 450.10 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12379196**
Client No.: 232833
Amount: 281,902.84 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Printing Costs	262.35
Special Supplies Costs	23.68
Agent's Fees & Expenses	5,483.97
OnCorp Fees for Searches/Certificates/Filings	188.60
Teraview Search Charges	21.70
Title-Related Searches-Toronto	1,274.00
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	130.10
Notice of Motion	320.00
TOTAL (CAD):	7,704.40

Invoice dated March 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between February 1, 2020 to February 29, 2020:

- Bauhaus: Attending on various matters relating to potential settlement; drafting motion materials relating to same; revising investor notice relating to same; preparing for and attending at Court; attending on closing matters;
- Bowmanville: Attending on investor notice matters;
- Brookdale: Preparing for and attending meeting with construction lien claimants;
- Castlemore: Attending on matters relating to appraisal; attending on matters relating to potential litigation;
- Colliers: Attending to inquiries from counsel to certain stakeholders;
- Danforth: Attending on various matters relating to potential settlement, including drafting settlement agreement; attending on investor notice matters;
- Jasper: Attending on postponement matters and correspondence relating to same;
- Old Market Lane: Attending on partial discharge matters;
- Peter: Attending on matters relating to the closing of assignment transaction; attending on correspondence and documents relating to same;
- Port Place 2: Attending on matters regarding acknowledgment;
- SkyCity: Attending on various correspondence with counsel to first mortgagee; conducting due diligence on loan documents;
- Solterra: Attending on partial discharge matters;
- Wellington House: Attending on various matters relating to potential settlement; drafting and revising forms of settlement and assignment agreements;
- Whitby: Attending on investor notice matters; attending on postponement matters;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating corporate and title searches.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12388864**
Date: **April 30, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	249,602.42
REIMBURSABLE EXPENSES *	2,187.31
HST @ 13%	32,596.43
TOTAL (CAD):	284,386.16

* Includes non-taxable expenses of 1,048.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12388864**
Client No.: 232833
Amount: 284,386.16 CAD

Email payment details to payments@osler.com,
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Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	17.49
Printing Costs	242.10
Special Supplies Costs	10.60
Telecommunications - External	27.72
Land Titles Search	150.00
Litigation Search	95.00
OnCorp Fees for Searches/Certificates/Filings	122.50
Title-Related Searches-Toronto	473.90
<u>EXPENSES - NON-TAXABLE</u>	
Filing Fees	162.00
Issuing Court Documents	229.00
Notice of Motion	640.00
Wire Transfer Charges	17.00
TOTAL (CAD):	2,187.31

Invoice dated April 30, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between March 1, 2020 to March 31, 2020:

- Averton Rutherford: Attending on partial discharge matters and postponement of security requests;
- Bauhaus: Attending on post-closing settlement matters and drafting related materials;
- Bowmanville: Attending to issues raised by priority mortgagee and borrower's counsel;
- Brookdale: Attending on various matters relating to ongoing construction lien litigation; attending on document production matters; attending on legal research relating to various issues; attending on preparation of statement of defence; preparing for case conference;
- Castlemore: Attending on various matters relating to ongoing litigation; addressing inquiries regarding draft order and investor notice; drafting Trustee's report, factum and motion materials; crafting cross-examination strategy;
- Danforth: Drafting Trustee's report; preparing for and attending Court for settlement approval order; finalizing and serving motion materials;
- Eden: Attending on various matters relating to ongoing litigation, settlement and bankruptcy process;
- King Square: Reviewing notice of sale; attending on investor notice matters;
- Old Market Lane: Preparing motion materials; considering distribution options and priority analysis;
- Peter: Attending on investor notice matters; drafting Trustee's report;
- QEWN: Attending to closing of administration settlement;
- SkyCity: Preparing and considering loan priority analysis; drafting related correspondence;
- Union Waterfront: Attending on various matters relating to litigation and appeal issues; reviewing statement of claim and related letters exchanged between counsel;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses, and tax opinions; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating corporate, litigation and title searches; reconsidering Court strategy due to COVID-19 delays.

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1 First Canadian Place
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Toronto ON M5X 1B8
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FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12398306**
Date: **May 28, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	199,683.92
REIMBURSABLE EXPENSES	354.99
HST @ 13%	26,005.06
TOTAL (CAD):	226,043.97

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12398306**
Client No.: 232833
Amount: 226,043.97 CAD

Email payment details to payments@osler.com,
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Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Corporate Search Charges	7.00
Courier Expenses	16.71
Printing Costs	0.90
Telecommunications - External	15.48
Agent's Fees & Expenses	151.00
Land Titles Search	10.00
OnCorp Fees for Searches/Certificates/Filings	17.50
Title-Related Searches-Toronto	136.40
TOTAL (CAD):	354.99

Invoice dated May 28, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between April 1, 2020 to April 30, 2020:

- 6th and 10th: Attending to postponement matters;
- Averton Rutherford: Attending to partial discharge matters;
- Bowmanville: Drafting and reviewing receivership order; attending on matters relating to same;
- Brookdale: Drafting and reviewing correspondence regarding construction lien actions; attending on matters relating to same; attending on matters relating to ongoing construction lien litigation;
- Capital Pointe: Attending on investor notice matters; engaging with co-mortgagee;
- Castlemore: Attending to various matters relating to ongoing litigation; conducting legal research; drafting Trustee's report, factum, and motion materials; crafting cross-examination strategy;
- Kemp: Attending to various matters relating to litigation analysis; reviewing security and loan documentation; attending to priority issues;
- North: Reviewing loan documentation; reviewing financial analysis; attending to issues relating to same;
- QEWN: Engaging with proposed replacement administrator and counsel to investors; attending to transfer documentation and assignment agreement;
- SkyCity: Reviewing loan documentation; analyzing same; considering priority analysis;
- South Shore: Conducting due diligence relating to loan agreement; analyzing same;
- Union Waterfront: Attending to various matters relating to ongoing litigation;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses, and tax opinions; attending on communications with stakeholders, including investors; attending on status updates and meetings; reviewing loan and transaction documentation; engaging with representative counsel regarding various matters; conducting legal research and due diligence; analyzing distribution options; coordinating closing documents; drafting Trustee's reports; engaging with counsel to the City of Toronto; coordinating corporate and title searches; reconsidering Court strategy due to COVID-19 delays.

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FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12406774**
Date: **June 25, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	186,695.42
REIMBURSABLE EXPENSES	512.94
HST @ 13%	24,337.08
TOTAL (CAD):	211,545.44

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12406774**
Client No.: 232833
Amount: 211,545.44 CAD

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	94.53
Printing Costs	23.70
Telecommunications - External	21.21
OnCorp Fees for Searches/Certificates/Filings	76.60
Title-Related Searches-Toronto	296.90
TOTAL (CAD):	512.94

Invoice dated June 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between May 1, 2020 to May 31, 2020:

- 6th and 10th: Attending to postponement matters;
- Averton Rutherford: Attending to partial discharge matters;
- Bowmanville: Attending to matters relating to receivership proceedings;
- Brookdale: Drafting construction lien settlement order; attending to proposed settlement; discussing potential litigation issues;
- Castlemore: Attending to matters relating to factum; conducting legal research and analyzing same; crafting cross-examination strategy; attending to litigation strategy issues;
- Lake & East: Attending to matters relating to potential transaction;
- Nobleton South: Considering strategic issues; reviewing form of purchase agreement;
- Old Market Lane: Drafting Trustee's report;
- QEWN: Attending to matters regarding transfer of administration of the loan;
- Peter: Drafting Trustee's report;
- Port Place 2: Attending on matters relating to subordination agreements; attending on matters relating to title; drafting undertaking regarding same;
- South Shore: Reviewing loan documentation; drafting notice of defaults and related documentation; engaging with priority mortgagee;
- Whitby: Attending to matters relating to potential postponement;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, and financial analyses; attending to issues regarding class actions, insurance, disclosure, and tax opinions; attending on communications with stakeholders, including investors; attending on status updates and meetings; reviewing loan and transaction documentation; engaging with representative counsel regarding various matters; conducting legal research and due diligence; drafting Trustee's reports; attending to partial discharge matters; analyzing distribution options; coordinating closing documents; preparing for and appearing at Court; coordinating corporate and title searches.

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1 First Canadian Place
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Toronto ON M5X 1B8
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FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12415785**
Date: **July 17, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	350,224.42
REIMBURSABLE EXPENSES *	357.80
HST @ 13%	45,575.04
TOTAL (CAD):	396,157.26

* Includes non-taxable expenses of 5.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12415785**
Client No.: 232833
Amount: 396,157.26 CAD

Email payment details to payments@osler.com,
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Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	70.40
Land Titles Search	150.00
OnCorp Fees for Searches/Certificates/Filings	76.60
Title-Related Searches-Toronto	55.80
<u>EXPENSES - NON-TAXABLE</u>	
Wire Transfer Charges	5.00
TOTAL (CAD):	357.80

Invoice dated July 17, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between June 1, 2020 to June 30, 2020:

- Averton Rutherford: Conducting document review; conducting legal analysis regarding same; attending to postponement issue; discussing strategic options for outstanding loan;
- Brookdale: Attending to matters relating to construction lien settlement order; considering consent and litigation issues;
- Castlemore: Responding to written interrogatories concerning Trustee's report; attending to postponement of security; revising request to admit; crafting cross-examination strategy; finalizing and serving notice of examination;
- Nobleton South: Attending to matters relating to purchase agreement;
- Old Market Lane: Reviewing and revising Trustee's report; analyzing distribution options;
- Port Place 2: Attending to matters relating to subordination agreements;
- QEWN: Attending to settlement arrangements;
- Solterra: Attending to settlement and related documentation;
- South Shore: Finalizing borrower and lender letters; coordinating execution of same;
- Woodbridge: Drafting memorandum; engaging with the City of Toronto;
- Union Waterfront: Engaging with counsel to first and second mortgagees; considering issues relating to outstanding litigation;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, and financial analyses; attending on various matters regarding insurance, disclosure, and tax opinions; attending on communications with stakeholders, including investors; attending on status updates and meetings; reviewing loan and transaction documentation; attending to partial discharge matters; conducting legal research and due diligence; analyzing distribution options; coordinating title searches; attending on PPSA searches and registration; coordinating closing documents; drafting Trustee's reports.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12424473**
Date: **August 25, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	264,870.42
REIMBURSABLE EXPENSES *	356.62
HST @ 13%	34,462.96
TOTAL (CAD):	299,690.00

* Includes non-taxable expenses of 127.31 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12424473**
Client No.: 232833
Amount: 299,690.00 CAD

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cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	23.95
On-line Database Services	94.00
Telecommunications - External	4.76
Title-Related Searches-Toronto	106.60
<u>EXPENSES - NON-TAXABLE</u>	
Filing Fees	50.00
Registration Fees	77.31
TOTAL (CAD):	356.62

Invoice dated August 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between July 1, 2020 to July 31, 2020:

- Brookdale: Attending to matters relating to construction lien settlement; engaging with carriage counsel; attending to trust claimant issue; engaging with counsel to other stakeholders; finalizing draft consent order;
- Castlemore: Attending to litigation strategy, scheduling and procedural issues; crafting cross-examination strategy; conducting legal research;
- King Square: Reviewing loan documentation; conducting legal research regarding priority issue;
- North: Reviewing statement of trust and receipts and disbursements; reviewing trust package and funds; reviewing proposed offers;
- Old Market Lane: Reviewing and revising Trustee's report;
- Solterra: Attending to settlement and related documentation; engaging with representative counsel; attending to distribution issues;
- Woodbridge: Attending to matters regarding production motion; engaging with City of Toronto;
- Union Waterfront: Reviewing stay and insurance issues;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on various matters regarding insurance, disclosure, and tax opinions; attending on communications with stakeholders, including investors; attending on status updates and meetings; reviewing loan and transaction documentation; attending to partial discharge matters; conducting legal research and due diligence; analyzing distribution options; coordinating closing documents; drafting Trustee's reports; coordinating title searches.

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1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12432961**
Date: **September 25, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	199,365.92
REIMBURSABLE EXPENSES	4,150.35
HST @ 13%	26,457.11
TOTAL (CAD):	229,973.38

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12432961**
Client No.: 232833
Amount: 229,973.38 CAD

Email payment details to payments@osler.com,
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Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	16.71
On-line Database Services	16.25
Printing Costs	20.70
Telecommunications - External	106.69
Agent's Fees & Expenses	147.00
Title-Related Searches-Toronto	3,843.00
TOTAL (CAD):	4,150.35

Invoice dated September 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between August 1, 2020 to August 31, 2020:

- Averton Rutherford: Preparing for and attending meeting with counsel to the borrower; attending on matters relating to loan agreement; attending on partial discharge matters;
- Brookdale: Preparing for and attending at Court regarding construction lien settlement; attending on correspondence with counsel relating to same;
- Castlemore: Attending on various matters relating to ongoing litigation; reviewing transcripts of cross-examinations; reviewing and revising factum; attending on communications with counsel;
- Jasper: Reviewing and analyzing loan agreement;
- King Square: Attending on partial discharge matters;
- North: Attending on investor notice matters and correspondence relating to same;
- Orchard: Reviewing and analyzing loan agreement; attending on postponement matters;
- Port Place 2: Attending on investor notice matters and correspondence relating to same;
- Solterra: Attending on various matters relating to investor feedback; attending on motion materials and correspondence relating to same; preparing oral submissions for settlement hearing; preparing for and attending at Court relating to same;
- Union Waterfront: Attending on various correspondence with counsel to second mortgagee;
- General: Attending on various matters relating to tax opinion issues; engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; coordinating title searches.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
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Toronto ON M5X 1B8
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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12442292**
Date: **October 30, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	386,274.92
REIMBURSABLE EXPENSES *	1,724.76
HST @ 13%	50,353.84
TOTAL (CAD):	438,353.52

* Includes non-taxable expenses of 662.50 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12442292**
Client No.: 232833
Amount: 438,353.52 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

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EXPENSE SUMMARY

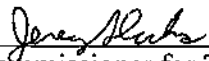
DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	53.85
PPSA Costs	6.00
Telecommunications - External	76.08
Land Titles Search	192.00
OnCorp Fees for Searches/Certificates/Filings	17.83
Title-Related Searches-Toronto	716.50
<u>EXPENSES - NON-TAXABLE</u>	
Notice of Motion	640.00
Wire Transfer Charges	22.50
TOTAL (CAD):	1,724.76

Invoice dated October 30, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between September 1, 2020 to September 30, 2020:

- Averton Rutherford: Attending to document review;
- Bauhaus: Attending to distribution matters;
- Brookdale: Attending to various matters relating to ongoing litigation; engaging with counsel to lien claimants; attending on investor notice matters;
- Castlemore: Drafting court letter; attending to issues relating to case conference; analyzing key provisions of loan agreement; drafting and revising factum; attending to various matters relating to ongoing litigation including logistics of hearing;
- Eden: Attending to various matters relating to ongoing litigation and next steps;
- Jasper: Attending on investor notice matters; attending on trust package;
- Kemp: Drafting letter and considering distribution options;
- Old Market Lane: Attending to various matters relating to Trustee's report and loan documentation; finalizing Trustee's report and distribution motion materials;
- Orchard: Attending to various matters relating to the settlement proposal and discharge approval order; attending on investor notice matters and Trustee's report; finalizing and serving court materials; preparing oral submissions for court;
- Peter: Drafting Trustee's report; finalizing distribution motion materials;
- Port Place 2: Considering status of transactions; drafting Trustee's report;
- Sky City: Attending on investor notice matters;
- Solterra: Attending to distribution matters; attending on closing matters;
- South Shore: Attending to various matters related to sale process;
- General: Attending on various matters relating to tax opinion issues; engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters;; conducting legal research and due diligence; coordinating title searches; attending on PPSA searches and registration; reviewing loan and transaction documentation; reconsidering Court strategy due to COVID-19 delays.

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 12TH DAY OF NOVEMBER, 2020



A Commissioner for Taking Affidavits


Jeremy Dactr

EXHIBIT B

Date of Account	For Billing Period Ending	Fees	Expenses / Disbursements*	Taxes	Total
November 29, 2019	October 31, 2019	\$549,966.92	\$4,753.43	\$72,085.60	\$626,805.95
December 16, 2019	November 30, 2019	\$551,622.92	\$3,759.54	\$72,023.08	\$627,405.54
January 21, 2020	December 31, 2019	\$260,391.92	\$30,209.34	\$37,777.52	\$328,378.78
February 21, 2020	January 31, 2020	\$285,492.92	\$8,575.09	\$38,187.24	\$332,255.25
March 25, 2020	February 29, 2020	\$241,818.92	\$7,704.40	\$32,379.52	\$281,902.84
April 30, 2020	March 31, 2020	\$249,602.42	\$2,187.31	\$32,596.43	\$284,386.16
May 28, 2020	April 30, 2020	\$199,683.92	\$354.99	\$26,005.06	\$226,043.97
June 25, 2020	May 31, 2020	\$186,695.42	\$512.94	\$24,337.08	\$211,545.44
July 17, 2020	June 30, 2020	\$350,224.42	\$357.80	\$45,575.04	\$396,157.26
August 25, 2020	July 31, 2020	\$264,870.42	\$356.62	\$34,462.96	\$299,690.00
September 25, 2020	August 31, 2020	\$199,365.92	\$4,150.35	\$26,457.11	\$229,973.38
October 30, 2020	September 30, 2020	\$386,274.92	\$1,724.76	\$50,353.84	\$438,353.52
Total	-	\$3,726,011.04	\$64,646.69	\$492,240.48	\$4,282,898.09

*Includes non-taxable expenses

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 12TH DAY OF NOVEMBER, 2020



A Commissioner for Taking Affidavits

Jeremy Duck

EXHIBIT C

Billable Rates for October 1, 2019 to December 31, 2019

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing rate</u>	<u>Hours Worked</u>
Buchanan, Elizabeth	N/A	\$ 245	0.5
Calvaruso, Martino	2009	\$ 725	113
Dacks, Jeremy	1999	\$ 905	321.9
De Lellis, Michael	2003	\$ 900	403.2
Diamond, Adriana	N/A	\$ 200	13.4
Dick, Marleigh	2020	\$ 280	30.5
Erickson, Justine	2016	\$ 535	292.5
Farkas, Elie	2018	\$ 450	71.5
Firestone, Sarah	2020	\$ 280	0.6
Gidari, Lisa	N/A	\$ 380	12
Gillott, Roger	1996	\$ 905	66.7
Harper, Lauren	2016	\$ 535	16
Hay, Sandy	2017	\$ 495	48.9
Herceg, Suzanne	N/A	\$ 450	0.3
Hirsh, Adam	2008	\$ 750	33.5
Jubas-Bernstein, Sarah	N/A	\$ 200	3.9
MacEachern, Kevin	N/A	\$ 190	7.5
Margeson, Adam	2020	\$ 280	2.2
Mishra, Vin	2018	\$ 450	3.7
Nanfara, Chloe	2020	\$ 280	31.9

Nielsen, Ryan	2009	\$ 750	28.1
Obal, Shelley	1985	\$ 1045	8.8
Poysa, Sven	2006	\$ 800	1.6
Schmidt, Jake	2019	\$ 450	21.8
St. Aubin, Jeff	2014	\$ 595	203.9
Stidwill, Sean	2016	\$ 535	191.3
Storm, Lorna	N/A	\$ 250	34.1
Thompson, Jennifer	2009	\$ 500	4
Whitlock, Riley	2014	\$ 620	3.6
Williams, David	2020	\$ 280	0.9
Williams, Martina	N/A	\$ 210	0.9
Yow, Jessica	N/A	\$ 225	7.5
		Total:	1,980.2

Blended Rate (excluding expenses / disbursements and HST) $\$1,361,981.76 \div 1,980.2 =$	\$687.80
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Billable Rates for January 1, 2020 to September 30, 2020

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing rate</u>	<u>Hours Worked</u>
Biringer, Monica	1986	\$ 1185	0.3
Calvaruso, Martino	2009	\$ 770	88.5
Code, Jacqueline	1998	\$ 945	9.5
Dacks, Jeremy	1999	\$ 945	651.6
Davis, Hannah	N/A	\$230	6.8
De Lellis, Michael	2003	\$ 940	641.7
Disenhouse, Joshua	2014	\$675	1.6
Erickson, Justine	2016	\$ 590	690.2
Fekri, Ferial	N/A	\$285	12.7
Gillott, Roger	1996	\$ 945	97.2
Habib, Jessica	2019	\$ 490	110
Harper, Lauren	2016	\$ 590	15.6
Hirsh, Adam	2008	\$ 795	19.1
Kustra, Bryce	2012	\$ 705	0.1
MacEachern, Kevin	N/A	\$ 205	15.5
Malik, Waleed	2015	\$ 590	54.2
Muise, Sam	N/A	\$230	5.8
Nanfara, Chloe	2020	\$490	14.9
Nauth, Reba	N/A	\$285	20.3
Nielsen, Ryan	2009	\$ 795	22.3
Obal, Shelley	1985	\$ 1105	5.1
Paterson, Mary	2005	\$ 845	177.4

Powell, Samantha	N/A	\$ 250	3.7
Popovski, Nik	N/A	\$230	13.2
Roberts, Nancy	1996	\$1,035	0.3
Rowe, Mary Angela	2015	\$ 635	5.6
Schmidt, Jake	2019	\$ 490	65.3
Scott, Lauren	N/A	\$230	42.0
St. Aubin, Jeff	2014	\$ 675	9
Stidwill, Sean	2016	\$ 590	216.1
Storm, Lorna	N/A	\$ 300	64.4
Sun, Tiffany	N/A	\$230	5.9
Timlick, Sean	N/A	\$230	4.5
Tran, Annie	N/A	\$ 350	2.1
Van Mierlo, Lynn	N/A	\$315	4.4
Whitlock, Riley	2014	\$ 675	50.9
Wylie, Greg	1992	\$ 1095	12.6
Yow, Jessica	N/A	\$ 225	11.4
		Total:	3,171.8

Blended Rate (excluding expenses / disbursements and HST) $\$2,364,029.28 \div 3,171.8 =$	\$745.33
Blended Rate for the Approval Period (excluding expenses / disbursements and HST) $\$3,726,011.04 \div 5,152.0 =$	\$723.22

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 12TH DAY OF NOVEMBER, 2020

Jeremy Dacks

A Commissioner for Taking Affidavits

Jeremy Dacks

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF MICHAEL DE LELLIS
(sworn November 12, 2020)**

OSLER, HOSKIN & HARCOURT LLP

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Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

**Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee**