

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**B E T W E E N:**

**FIRST SOURCE FINANCIAL MANAGEMENT INC.  
and KINGSETT MORTGAGE CORPORATION**

Applicants

- and -

**IDEAL (BC) DEVELOPMENTS INC., IDEAL (BC2) DEVELOPMENTS INC., IDEAL  
DEVELOPMENTS INC., 2490564 ONTARIO INC., 2490568 ONTARIO INC. and  
SHAJIRAJ NADARAJALINGAM**

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY  
ACT*, R.S.C., 1985 C, B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF  
JUSTICE ACT*, R.S.O. 1990, C. c.43, AS AMENDED

**RESPONDING APPLICATION RECORD**

July 5, 2019

**FRIEDMAN LAW  
PROFESSIONAL CORPORATION**  
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Toronto, Ontario M3C 3E5

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Lawyers for the Applicants

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Court File No.: CV-19-00622054-00CL

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**Affidavit of Shajiraj Nadarajalingam  
(Sworn July 3, 2019)**

I, Shajiraj Nadarajalingam, of the City of Markham in the Province of Ontario, MAKE OATH  
AND SAY AS FOLLOWS:

1. I am the principal of Ideal Developments Inc. and the related single purpose corporations (collectively, “**Ideal**”) which are the registered owners of the properties that are subject to the Applicants’ mortgage security (the “**Loan**”). I am also the personal guarantor of the Loan, and of the subordinate loans, as such have knowledge of the matters hereinafter deposed to, except where matters are stated to be based on information and belief, in which case the source of my information and belief is stated, and I do verily believe the same to be true.

2. I am in the real estate development and new home construction business. Ideal is a group of companies used to carry out such business and has been actively involved in the Greater Toronto Area for the last nine years.

3. The residential development land located at 8, 10, 12, 14, 16 and 18 Bostwick Crescent, and 2, 6, and 8 Bond Crescent, in the Town of Richmond Hill, (the “**Property**”) is a land assembly composed of 9 properties totaling approximately 3.56 acres, which individual lots were purchased by the respective respondent corporations from late 2014 and 2015 for the purpose of redevelopment into 71 units for a total GFA of 133,370 square feet. The proposed development would consist of 24 stacked townhouses and 47 front loaded townhouses.

4. On December 20, 2017, Cushman & Wakefield Ltd. provided a narrative appraisal of the Property for the purposes of the Loan and valued its current market value at \$26,400,000, making the loan to value ratio almost 50%. Attached as **Exhibit “A”** is a copy of the narrative appraisal of the Property.

5. Richmond Hill is one of the fastest growing Canadian communities. The Property is located on the north side of Bond Crescent, just west of Yonge Street, which is a major arterial roadway for the York Region.

6. From 2014 to date, Ideal has retained a number of consultants to assist with the development of the Property, including the urban planning and project managers Evans Planning Inc. who have been working with Ideal to obtain site plan approval. Consistent progress has been made to date, and the approvals process has moved along at a reasonable pace. We have also retained architects, curb engineers, traffic consultants and structural engineers. Both Phase 1 and 2 environmental studies have already been completed. Attached as **Exhibit “B”** is a copy of the consultant’s list for the Project.

7. On December 23, 2014 applications for Zoning by-law amendment and draft plan of subdivision were submitted to the City of Richmond Hill (the “**City**”) for the part of the Property owned by Ideal at that

time. The applications were deemed complete on March 5, 2015 and the statutory public meeting was held on June 17, 2015. The City then initiated an update to the Bond Crescent Neighbourhood Infill Study which was approved by Council on April 18, 2016. Since Ideal had to wait for the Infill Study to be completed, the development process was delayed during this time.

8. At the suggestion of the City, Ideal purchased additional lands which included 2, 6 and 8 Bond Crescent and 16 and 18 Bostwick Crescent, after which it amended its original application. The revised applications were deemed complete on August 16, 2016 and went to public meeting on November 9, 2016.

9. The proposed land use is consistent with the adopted guidelines of the infill study updated by the City.

10. The site plan application received conditional site plan approval, subject to entering into a site planning agreement.

11. A pre-submission meeting for the site plan control and draft plan of condominium applications was held on February 22, 2018 with City planning staff. A pre-submission response letter was prepared by the City to outline the submissions requirements relating to the applications for site plan control and draft plan of condominium.

12. On April 2, 2019, Ideal met with Evans Planning to review revision to the site development plans and to instruct it to consult with the City on the potential acquisition of all or some of the abutting City-owned lands in the right of way on Bostwick Crescent.

13. From our discussions with the City and with Evans Planning, my understanding and belief is that the City is in favour of Ideal's proposed development plan.

14. It is anticipated that a fully coordinated submission package for Zoning by-law amendment, draft plan of subdivision, site plan control and draft plan of condominium applications will be

submitted to the City late summer/early fall, allowing zoning for the land and draft plan of subdivision to be in place for late 2019. Attached as **Exhibit “C”** is a copy of the status update that was provided by Evans Planning to First Source Financial Management Inc. (“**First Source**”) in respect of the Property on or about May 8, 2019.

15. The development lands are vacant lands. The only existing improvement is one remaining home that the former owner is living in until developmental approvals are in place and excavation is scheduled to begin. All other dwellings that were existing when the properties were purchased have already been demolished in anticipation of the development.

16. Given that the Property is vacant land, there is negligible rental income and no upkeep related to the Property. The only carrying costs are the mortgage, realty taxes and insurance. There is no arrears of payment of any carrying costs other than under the mortgage with First Source, which we are in the process of refinancing.

17. In my view, the only purpose of appointing a Receiver is to conduct a sale of the Lands on an “as is” basis. A Receiver will not be able complete the site plan approval process and proceed with the development as planned and will not capitalize the extensive development work that has been completed to date.

18. Since the loan was registered on February 15, 2017, the Lender has been paid fees of \$405,000. From November 2018 to May 2019 alone, Lender’s fees totaled \$200,000 in relation to the three extension agreements.

19. In addition to the Lender's fees, we paid an interest bonus penalty of \$260,000 after the first mortgage extension. The interest rate has increased from 8% to 12% over the course of the 18 months of the Loan.

20. The following legal fees have also been paid on behalf of the Lender during the currency of the Loan:

- a. \$11,088.54 to Schneider Ruggiero; and
- b. \$13,263.221 to Lax O'Sullivan

21. A total of \$300,000 was held back as a reserve of the Loan, being \$200,000 for remediation and \$100,000 for site plan approval. The remediation holdback was to be released after a record of site condition was produced. We have provided all of the Phase 1 and Phase 2 studies and anticipate that the costs of remediation will not exceed \$50,000. Following delivery of the reports, we requested that First Source release some of the holdback. First Source refused to release any of the reserve. Attached as **Exhibit "D"** is a copy of an email chain between First Source and Ideal from February 15 - 20, 2019 dealing with the interest calculation errors and the holdback.

22. In or about October 2018 we began negotiating replacement financing with Marshall Zehr, which was supposed to close in December 2018. When this funding did not proceed, we ran into timing issues with the pending maturity of the Loan.

23. In or about March of 2019, we were negotiating with Feature Corp. ("**Feature**") for an increase in our loan facility that was subordinate in interest to First Source in order to pay down our indebtedness on the Loan and to allow us to obtain replacement financing on another Ideal Project called Pinnacle, which will be completed in July 2019.



24. Despite being aware that the funds were earmarked for payment of the Loan, and that the loan to value ratio was close to 50%, First Source insisted on a complete standstill whereby Feature would not receive any interest payments until the end of the standstill period even if the First Source mortgage was not in default. The insistence on a complete standstill caused delay and resulted in the loss of funding on the Pinnacle project.

25. On March 19, 2019, our lawyer William Friedman (“**Friedman**”) wrote to First Source to ask for a clarification of its calculation of amounts owing under the mortgage and documentary proof that the mortgage was transferred to First Source.

26. Our calculation of principal and interest owed at that time was \$13,263,221.00, while First Source was demanding \$13,364,633.44.

27. First Source has not responded to Friedman’s letter and has not provided the calculations of the amounts they say are owed. I do not know if the \$300,000 reserve has been credited towards the amount required to discharge the loan.

28. In the interim, we entered into negotiations with Romspen Investment Corporation (“**Romspen**”) in order to obtain replacement financing of the Loan.

29. We did receive a statement for May 31, 2019, showing that First Source charged four separate fees of \$350.00 related to 3 discharge statements and in person meeting. Attached as **Exhibit “E”** is a copy of First Source’s account closing statement for May 2019.

30. On June 24, 2019, First Source's lawyers delivered an application record via email to Friedmans. The application record was incomplete as it did not include the prayer for relief at page 4 of the application. However, First Source still insisted that they would proceed with their application on June 27, 2019, primarily because the standstill agreement with Feature was expiring on June 30, 2019.

31. On June 25, 2019, David Meirovici, the lawyer for Feature Corp, the second mortgagee confirmed his client's agreement to extend the standstill period to August 15, 2019. Attached as **Exhibit "F"** is a copy of the email from Feature's counsel dated June 25, 2019.

32. Following Feature Corp.'s agreement to standstill until August 15, 2019, our lawyer requested that First Source stay the application pending the closing of our refinancing with Romspen. First Source refused and insisted that it would proceed immediately with the application despite the extension of the standstill.

33. I have a signed commitment from Romspen pursuant to which funds are to be advanced to repay the Loan. The First Advance Date is scheduled to be before the end of July. Attached as **Exhibit "G"** is a copy of the signed commitment with Romspen.

34. From Ideal's Pinnacle development, Ideal is receiving approximately \$2,000,000 at the end of July when the project is completed.

35. In addition, Ideal will be receiving \$1,700,000 from a former business partner on or before August 25, 2019. I had previously anticipated receipt of this amount by February 4, 2019, but the payment was not

made and now it is to be made is August, 2019. As a result, Ideal had a cash flow shortage and delays in being able to complete our projects and secure financing extensions.

36. Romspen's loan advance and the two income streams will satisfy the amounts owing on the First Source mortgage and fund carrying costs.

37. If the receiver puts the vacant land up for sale without site plan approval, the listing and sale price will be significantly lower even though site plan approval is imminent. A sale under distress will result in proceeds well below appraised value. The appointment of a Receiver will have a chilling effect on our other development projects and funding for those projects. It is my belief that the appointment of a Receiver in the circumstances is not justified at this time.


38. First Source has not served a notice of power of sale under the mortgage.


39. I object to First Source circumventing my rights of redemption under the mortgage by appointing a Receiver to sell the Property.

40. The costs associated with a Receivership will no doubt be substantial even though there are no receivables to collect as the property is vacant land. Should the Property be sold under what is effectively a power of sale, there is a possibility that despite the value of the Property, my guarantee of the subordinate mortgages could be called upon if there is any shortfall from the proceeds of sale. I understand from the equity investors and the stakeholders of the two subordinate mortgages that they are agreeable to postponing to financing to allow Ideal to complete the construction of the development and that they are opposed to a receivership.


41. I make this affidavit in response to the application for a Receiver and for no other or improper purpose.

**SWORN BEFORE ME** at the City of  
Toronto, in the Province of Ontario, this  
*3rd* day of July, 2019

  
\_\_\_\_\_  
Commissioner for Taking Oaths, Etc.  
*Judy Hamilton*

}   
\_\_\_\_\_  
**Shajiraj Nadarajalingam**

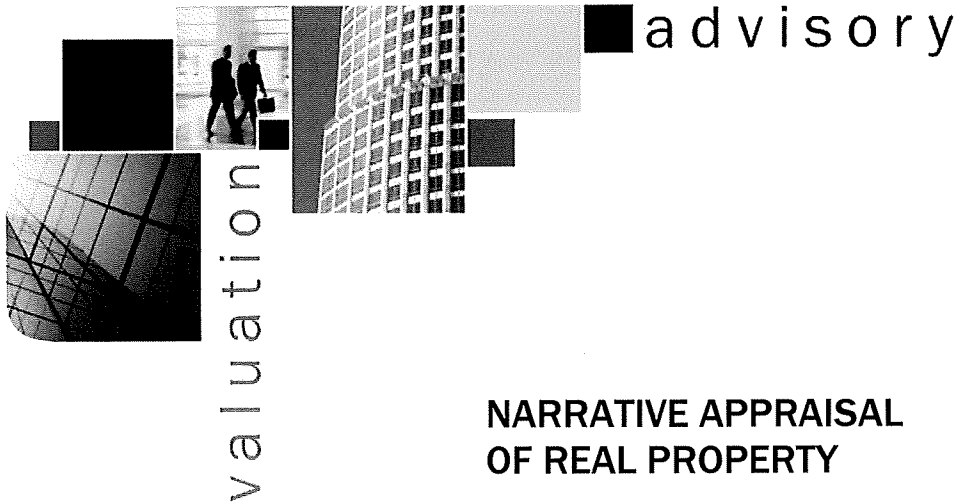
This is Exhibit "A" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.



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Commissioner for Taking Affidavits, etc.

Judy Hamilton



## **NARRATIVE APPRAISAL OF REAL PROPERTY**

**Fully Assembled Lands Located At:  
Northwest Corner of Bond Crescent & Yonge Street  
Richmond Hill, Ontario**

**IN A NARRATIVE APPRAISAL REPORT  
Effective Date: December 20<sup>th</sup>, 2017**

**Prepared For:  
Shaji Nada  
Ideal Developments Inc.  
1100 Rodick Road  
Markham, ON  
L3R 8C3**

**Prepared By:  
Cushman & Wakefield ULC  
Valuation & Advisory  
161 Bay Street, Suite 1500  
P.O. Box 602  
Toronto, ON M5J 2S1  
C&W File ID: 18-445-900009  
CONFIDENTIAL**

CUSHMAN & WAKEFIELD ULC  
VALUATION & ADVISORY  
161 BAY STREET, SUITE 1500  
P.O. BOX 602  
TORONTO, ONTARIO M5J 2S1

---



## RESIDENTIAL DEVELOPMENT

Northwest Corner of Bond Crescent & Yonge Street  
Richmond Hill, Ontario



Cushman & Wakefield ULC  
Valuation & Advisory  
161 Bay Street, Suite 1500  
P.O. Box 602  
Toronto, ON M5J 2S1  
(416) 862 0611 Tel  
(416) 359 2613 Fax  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

December 22, 2017

Shaji Nada  
**Ideal Developments Inc.**  
1100 Rodick Road  
Markham, ON  
L3R 8C3

**RE: NARRATIVE APPRAISAL REPORT OF DEVELOPMENT SITE LOCATED ON THE NORTHWEST CORNER OF YONGE STREET & BOND CRESCENT, RICHMOND HILL, ON**

**C&W File ID: 18-445-900009**

Dear Mr. Nada,

In accordance with your request, we have completed our investigation and analysis of the above noted property and are pleased to submit this report of our findings and conclusions.

The purpose of this narrative appraisal is to estimate the current market of the development site as at the effective date of December 20th, 2017, subject to the Assumptions and Limiting Conditions which form Addendum "A" to this report. The "subject property" is located at the northwest corner of Bond Crescent & Yonge Street in the Town of Richmond Hill.

It is our understanding that the intended use of the appraisal report is to assist with obtaining financing. This appraisal was prepared for Ideal Developments Inc., its subsidiaries, lender(s), and is intended only for its specified use.

This Narrative Appraisal Report was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). It contains an analysis of general and specific data deemed essential to support the estimate of value reported herein.

It may not be distributed to or relied upon by other persons or entities without written permission of the Appraiser. It is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without our prior written agreement. It is subject to the Assumptions and Limiting Conditions contained in Appendix A, in addition to any in the report.





## FINAL VALUE ESTIMATE

The current market value of the subject property located at the northwest corner of Bond Crescent & Yonge Street, Richmond Hill, ON, as at December 20th, 2017 is as follows:

**TWENTY SIX MILLION FOUR HUNDRED THOUSAND DOLLARS**

**\$26,400,000**

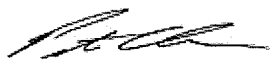
Exposure Time: 6 to 9 Months

## EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

*An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc. Certain extraordinary assumptions underlie the valuation analysis in this report and the resulting opinion of market value of the Subject property, namely:*

The market values is premised under the assumption that the subject is free and clear of any environmental contamination that would impede on future development. Should this not be true, the appraiser reserves the right to amend the value conclusion(s) accordingly.

Respectfully submitted,  
**CUSHMAN & WAKEFIELD ULC**



Digitally signed  
by Peter Chan

---

Peter Chan, AACI, P.App.  
Vice President  
Valuation & Advisory  
Peter.Chan@ca.cushwake.com  
Phone Office Direct 416.359.2432  
Fax 416.359.2613

## EXECUTIVE SUMMARY

### BASIC INFORMATION

<b>Property Addresses:</b>	Northwest corner of Bond Crescent and Yonge Street	<b>Effective Date of Valuation:</b>	December 20th, 2017
<b>Property Type:</b>	Residential Development Land	<b>Date of Inspection:</b>	December 28 <sup>th</sup> , 2016.
<b>Property Name:</b>	Ideal Bostwick	<b>Date of Transmittal Letter:</b>	December 29 <sup>th</sup> , 2016
<b>CW File Reference:</b>	18-445-900009	<b>Appraisal Type:</b>	Narrative Report
<b>Client:</b>	Ideal Developments Inc.	<b>Intended Appraisal Use:</b>	Assist in obtaining financing
<b>Intended Users:</b>	Ideal Developments Inc., its subsidiaries and lender(s).	<b>Value Appraised:</b>	Fee Simple Interest

### SITE/BUILDING INFORMATION

<b>Land Area:</b>	3.56 acres or 155,074 ft <sup>2</sup> *Subject size taken from GEO Warehouse	<b>Site Location:</b>	The site is located on the north side of Bond Crescent, just west of Yonge Street in the Town of Richmond Hill.
<b>Site Topography:</b>	The site is level and at grade with surrounding properties.	<b>Current Use:</b>	Vacant
<b>Site Shape:</b>	Irregular	<b>Improvements:</b>	Site is currently improved with residential/commercial dwellings. These improvements do not represent its Highest & Best Use.
<b>Site Utility:</b>	Good	<b>Visibility:</b>	Exposure along Bostwick Crescent and Bond Crescent

### MUNICIPAL INFORMATION

<b>Official Plan Designation:</b>	The property is designated as Neighbourhoods under the Town of Richmond Hill Official Plan	<b>Municipality Governing Zoning:</b>	"C" under Zoning By-Law 1275 RM1(35) under Zoning By-Law 313-96
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**Current Use Conformance:** The current use is considered a legal and conforming use.

**Future Development:** The owner of the subject lands is proposing to develop the lands into a residential development composed of 71 units. The development would have 24 stacked townhouses and 47 front loaded townhouses. The total GFA of the development will be 133,370 square feet. To our understanding, the development has received conditional Site Plan Approval subject to entering into a site planning agreement, which is planned to be signed in under a month.

### HIGHEST & BEST USE

<b>HBU - As Vacant</b>	<ul style="list-style-type: none"> <li>Considering the subject parcel's legally designated land uses, physical characteristics and location within the Town of Richmond Hill, it is our opinion that the Highest and Best Use As Vacant is for a development of a residential use to the maximum permitted density.</li> </ul>
------------------------	--

- HBU – As Improved**
- Considering the subject parcel's legally designated land uses, physical characteristics and location within the Town of Richmond Hill, it is our opinion that the Highest and Best Use As Improved is its current interim use pending approvals for legal assembly of the subject properties to be redeveloped into a residential use of a greater density.
- Conclusion**
- For purposes of this valuation and at the request of the client, we have determined the current market value based on its Highest & Best Use. The current improvements represent an interim use. The valuation will be based on the legally assembled redevelopment of the land to a higher order use.

### FINAL VALUE CONCLUSIONS

#### Direct Comparison Approach Conclusion

<b>Current Market Value:</b>	<b>HBU</b>
Gross Floor Area (Sq.Ft):	155,074
Unit Rate (P.S.F):	\$170
Estimated Market Value:	\$26,362,580
<b>Final Estimated Value (rounded):</b>	<b>\$26,400,000</b>

### EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

*An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc. Certain extraordinary assumptions underlie the valuation analysis in this report and the resulting opinion of market value of the Subject property, namely:*

The market values is premised under the assumption that the subject is free and clear of any environmental contamination that would impede on future development. Should this not be true, the appraiser reserves the right to amend the value conclusion(s) accordingly.



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# TERMS OF REFERENCE

## PURPOSE AND INTENDED USE OF REPORT

The purpose of this narrative report is to estimate the current market value of the fee simple interest of the subject properties.

It is our understanding that the intended use of the appraisal report is to assist in obtaining financing. This appraisal was prepared for Ideal Developments Inc., its subsidiaries, lender(s), and is intended only for its specified use. Use of this report by any other party or for any other purpose than that stated herein is completely unauthorized.

## DEFINITION OF MARKET VALUE

For the purposes of this valuation, market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of the specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider to be in their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## REASONABLE EXPOSURE TIME

Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

***"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."***

Based on discussions with various investors and real estate brokers familiar with land assets such as the subject, it is our estimate that an exposure time of six to nine months would be required.

## SCOPE OF VALUATION AND REPORTING PROCESS

During the course of preparing this valuation, the appraiser:

- Made an exterior inspection of the property and surrounding area;
- Reviewed available data regarding the local market;

- Verified current land use and zoning regulations;
- Reviewed sales and listing data on comparable properties;
- Interviewed market participants;
- Confirmed data relied upon in the valuation process, where possible; and
- Prepared a Narrative valuation report in accordance with the standards.

Additional supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated. The appraiser is not responsible for unauthorized use of this report.

## EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc. Certain extraordinary assumptions underlie the valuation analysis in this report and the resulting opinion of market value of the Subject property, namely:

The market values is premised under the assumption that the subject is free and clear of any environmental contamination that would impede on future development. Should this not be true, the appraiser reserves the right to amend the value conclusion(s) accordingly.

## LIMITING CONDITIONS

This report is subject to the Assumptions and Limiting Conditions set forth within the Addenda to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated herein and should be thoroughly read and understood before any reliance on this report is considered.

## PROPERTY RIGHTS APPRAISED

The property rights appraised within this report are those of the fee simple interest in the subject property; defined as absolute ownership unencumbered by any other interest of estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

## DATE OF INSPECTION

Peter Chan inspected the subject property on December 28<sup>th</sup>, 2016.

## EFFECTIVE DATE

The effective date of this valuation is December 20<sup>th</sup>, 2017.

## AERIAL PHOTOGRAPH AND SUBJECT PROPERTY PHOTOGRAPHS



*\* Property Aerials are an approximation and have been included solely to aid the reader in visualizing the location, configuration and boundaries of the Subject properties.*

### PHOTOGRAPHS OF SUBJECT PROPERTY



Subject Property Along Bostwick Cres



Subject Property Along Bostwick Cres



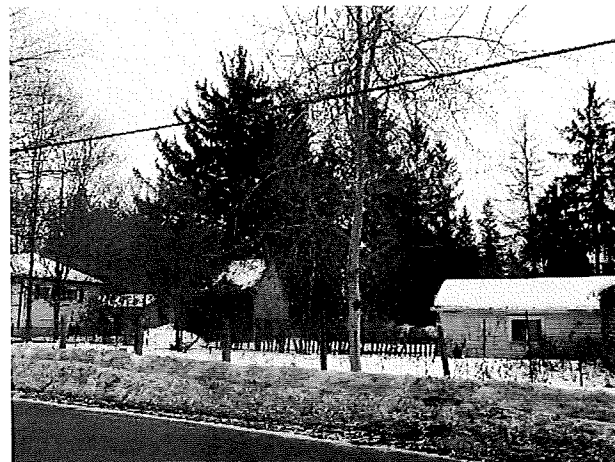
Bostwick Crescent



Subject Property Along Bond Cres



East Along Bond Cres



Subject Property Along Bond Cres



## PROPERTY DATA

### PROPERTY IDENTIFICATION NUMBERS (PIN'S)

8 Bostwick Crescent – 03196-0072

10 Bostwick Crescent – 03196-0073

12 Bostwick Crescent – 03196-0074

14 Bostwick Crescent – 03196-0075

16 Bostwick Crescent – 03196-0078

18 Bostwick Crescent – 03196-0079

2 Bond Crescent – 03196-0080

6 Bond Crescent – 03196-0077

8 Bond Crescent – 03196-0076

### LEGAL DESCRIPTIONS

8 Bostwick Crescent – Part Lot 1 Plan 136 King; Part Lot 62 Plan 136 King; Part Lot 63 Plan 136 King As In R504810; Town of Richmond Hill

10 Bostwick Crescent – Part Lot 63 Plan 136 King As In R209240 Town Of Richmond Hill

12 Bostwick Crescent – Part Lot 64 Plan 136 King As In R530013; Town of Richmond Hill

14 Bostwick Crescent – Part Lot 64 Plan 136 King; Part Lot 65 Plan 136 King As In R406345; Richmond Hill

16 Bostwick Crescent – Part Lot 66 Plan 136 King As In R690041; Town Of Richmond Hill

18 Bostwick Crescent – Part Lot 67 Plan 136 King As In R601987; Richmond Hill

2 Bond Crescent – Part Lot 67 Plan 136 King As In K122033 Except R135070, B54438B, & R601987; Town Of Richmond Hill

6 Bond Crescent – Part Lot 66 Plan 136 King; Part Lot 67 Plan 136 King As In B54438B; Richmond Hill

8 Bond Crescent – Part Lot 66 Plan 136 King; Part Lot 67 Plan 136 King As In R135070; Richmond Hill

## PROPERTY DESCRIPTION

### GENERAL DESCRIPTION

<b>Site Description</b>	<ul style="list-style-type: none"> <li>The site is located on the north side of Bond Crescent, just west of Yonge Street in the Town of Richmond Hill.</li> </ul>
<b>Site Areas</b>	<ul style="list-style-type: none"> <li>3.56 acres or 155,074 ft<sup>2</sup></li> <li><i>*Subject size taken from GEO Warehouse</i></li> </ul>
<b>Improvements</b>	<ul style="list-style-type: none"> <li>Site is currently improved with single family dwellings and several utility buildings.</li> </ul>
<b>Configuration</b>	<ul style="list-style-type: none"> <li>Irregular</li> </ul>
<b>Topography</b>	<ul style="list-style-type: none"> <li>The site is level and at grade with surrounding properties.</li> </ul>
<b>Access</b>	<ul style="list-style-type: none"> <li>The site is accessible from the north side of Bond Crescent and the west side of Bostwick Crescent.</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>Municipal Services are adequate for the current use. Changes to servicing and its capacity is assume to be possible for future development to a higher density.</li> </ul>
<b>Title Instruments</b>	<ul style="list-style-type: none"> <li>For the purposes of this analysis, the instruments registered against the title(s) to the property, if any, are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. Additionally, the property has been valued as if free and clear of any financing.</li> </ul>
<b>Conclusion</b>	<ul style="list-style-type: none"> <li>The subject site – as fully assembled – represent a total of 3.56 acres and suitable for development into a higher order use.</li> </ul>

## OWNERSHIP AND HISTORY

### CURRENT OWNERSHIP

8 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 8 Bostwick Crescent is registered under Ideal (BC) Developments Inc. The property was acquired on December 12th, 2014 for a total consideration of \$1,963,000. The Vendor was reported to be Bostwick Equities Ltd.

10 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 10 Bostwick Crescent is registered under Ideal (BC) Developments Inc. The property was acquired on October 27th, 2014 for a total consideration of \$1,100,000. The Vendor was reported to be Amneet Sandhu.

12 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 12 Bostwick Crescent is registered under Ideal (BC) Developments Inc. The property was acquired on December 2nd, 2014 for a total consideration of \$662,000. The Vendor was reported to be 866155 Ontario Limited.

14 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 14 Bostwick Crescent is registered under Ideal (BC) Developments Inc. The property was acquired on December 2nd, 2014 for a total consideration of \$1,175,000. The Vendor was reported to be Dora & Giraldi Salvatore.

16 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 16 Bostwick Crescent is registered under 2490564 Ontario Inc. The property was acquired on November 13th, 2015 for a total consideration of \$870,000. The Vendor was reported to be Mehran Eshaghebeygui.

18 Bostwick Crescent – According to land registry records (GeoWarehouse), the ownership of 18 Bostwick Crescent is registered under 2490564 Ontario Inc. The property was acquired on November 13th, 2015 for a total consideration of \$740,000. The Vendor was reported to be Fatemeh Anbouhi Abdi.

2 Bond Crescent – According to land registry records (GeoWarehouse), the ownership of 2 Bond Crescent is registered under 2490564 Ontario Inc. The property was acquired on November 13th, 2015 for a total consideration of \$610,000. The Vendor was reported to be Fatemeh Anbouhi Abdi & Javad Eshaghbaigi.

6 Bond Crescent – According to land registry records (GeoWarehouse), the ownership of 6 Bond Crescent is registered under Ideal (BC2) Developments Inc. The property was acquired on October 28th, 2015 for a total consideration of \$1,000,000. The Vendor was reported to be Iside Fermo.

8 Bond Crescent – According to land registry records (GeoWarehouse), the ownership of 8 Bond Crescent is registered under 2490564 Ontario Inc. The property was acquired on November 13th, 2015 for a total consideration of \$740,000. The Vendor was reported to be Eshaghbaigi.

### CURRENT CONTRACTS

We are not aware of any active contracts on the subject property as at the effective date, and the subject property was not listed on any Multiple Listing Service (MLS).

## EASEMENTS & LAND USE RESTRICTIONS

The property may be subject to easements and rights-of-way relating to the usual provision of servicing by public utilities and / or access for persons and vehicles. We are not aware of any easements or rights-of-way that would have an adverse impact on the Subject property; however, we have not carried out a title search of the Subject property.

## ASSESSMENT INFORMATION

According to MPAC, the subject property has the following assessment information:

<b>Municipal Address</b>	• 8 Bostwick Crescent
<b>Assessment Roll No.</b>	• 19-38-080-011-1980-00000
<b>Property Description</b>	• 301 - Single-family detached (not on water)
<b>Assessed Value</b>	• \$1,269,000
<b>Property Taxes</b>	• Not provided

<b>Municipal Address</b>	• 10 Bostwick Crescent
<b>Assessment Roll No.</b>	• 19-38-080-011-1960-00000
<b>Property Description</b>	• 301 - Single-family detached (not on water)
<b>Assessed Value</b>	• \$811,000
<b>Property Taxes</b>	• Not provided

<b>Municipal Address</b>	• 12 Bostwick Crescent
<b>Assessment Roll No.</b>	• 19-38-080-011-1940-00000
<b>Property Description</b>	• 100 - Vacant residential land not on water
<b>Assessed Value</b>	• \$592,000
<b>Property Taxes</b>	• Not provided

<b>Municipal Address</b>	• 14 Bostwick Crescent
<b>Assessment Roll No.</b>	• 19-38-080-011-1920-00000
<b>Property Description</b>	• 301 - Single-family detached (not on water)
<b>Assessed Value</b>	• \$1,059,000
<b>Property Taxes</b>	• Not provided

<b>Municipal Address</b>	• 16 Bostwick Crescent
<b>Assessment Roll No.</b>	• 19-38-080-011-1900-00000
<b>Property Description</b>	• 301 - Single-family detached (not on water)
<b>Assessed Value</b>	• \$780,000
<b>Property Taxes</b>	• Not provided

**Municipal Address** • 18 Bostwick Crescent  
**Assessment Roll No.** • 19-38-080-011-1850-00000  
**Property Description** • 301 - Single-family detached (not on water)  
**Assessed Value** • \$637,000  
**Property Taxes** • Not provided

**Municipal Address** • 2 Bond Crescent  
**Assessment Roll No.** • 19-38-080-010-9910-00000  
**Property Description** • 301 - Single-family detached (not on water)  
**Assessed Value** • \$554,000  
**Property Taxes** • Not provided

**Municipal Address** • 6 Bond Crescent  
**Assessment Roll No.** • 19-38-080-010-9920-00000  
**Property Description** • 301 - Single-family detached (not on water)  
**Assessed Value** • \$751,000  
**Property Taxes** • Not provided

**Municipal Address** • 8 Bond Crescent  
**Assessment Roll No.** • 19-38-080-010-9940-00000  
**Property Description** • 301 - Single-family detached (not on water)  
**Assessed Value** • \$712,000  
**Property Taxes** • Not provided

## SOIL CONDITIONS

We have not undertaken a detailed soil analysis and we are not qualified to comment on soil conditions. For the purposes of this report, we have assumed there are no contaminants affecting the site. However, a full environmental audit is required for certainty and any cost of remedy should be deducted from the reported value. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capabilities to support development.

## HAZARDOUS SUBSTANCES

We are not qualified to ascertain any toxic wastes or contaminated materials, soil / sub-soil conditions and environmental issues. Determination of such information was not part of our mandate and no funds were provided for such undertaking. No responsibility is assumed for the existence of any such substances or any costs associated with their removal, correction or treatment in the event they are found to exist on the subject property or on adjacent lands, or in close proximity to the subject property to materially affect value.

## MUNICIPAL DATA

Land use in Ontario may be controlled or directed by provincial restrictions through legislation such as the Planning and Development Act. Further, land use is also controlled by municipal restrictions such as Official Plans and Zoning By-Laws and / or other restrictive By-Laws. The subject property is located within the Town of Richmond Hill and contains the following planning information:

### LAND USE PLANNING

#### Town of Richmond Hill Official Plan

- The Town of Richmond Hill's Official Plan created in was adopted by Council on July 12, 2010 and subsequently appealed to the Ontario Municipal Board (OMB) on February 10, 2011 and later endorsed by the Regional Municipality of York on May 19, 2011. On April 5, 2012 the OMB issued an Order partially approving the Richmond Hill Official Plan (2010). This Order was subsequently amended by the OMB on April 26, 2012, June 29, 2012, October 23, 2012, December 20, 2012, April 26, 2013, June 17, 2013, September 26, 2013, November 6, 2013, January 31, 2014, March 21, 2014, July 4, 2014, August 26, 2014, October 17, 2014, March 6, 2015, April 29, 2015, June 22, 2015, October 13, 2015, January 19, 2016, March 23, 2016, April 13, 2016, May 25, 2016, and October 14, 2016. The OMB's partial approval Order and subsequent amending Orders have brought specific policies of the new Official Plan into effect, with the exception of those policies and map schedules that remain under appeal on a Town-wide, area-specific or site-specific basis.
- According to the Official Plan of the Town of Richmond Hill, the subject property is designated as "Neighbourhood".
  - 1) The predominant use of land within the Neighbourhood designation shall be for low-rise residential uses.
  - 2) The following uses shall be permitted in the Neighbourhood designation:
    - a. Low-density residential uses such as low-rise single detached, semi-detached and duplex dwellings;
    - b. Medium-density residential uses such as low rise townhouses and walk-up apartments in accordance with the policies of Section 4.9.1.2.
    - c. Neighbourhood commercial uses in accordance with the policies of Section 4.9.1.3.
    - d. Community uses in accordance with the policies of Section 4.1
    - e. Parks and urban open spaces in accordance with the policies of Section 3.4.4; and
    - f. Automotive service commercial in accordance with policy 3.4.1.47.
  - 3) Development shall be compatible with the character of the adjacent and surrounding area in accordance with policy 4.9.2.4.
  - 4) Development within the Neighbourhood designation shall have a maximum building height of 3-storeys, except on an arterial street where the maximum building height shall be 4-storeys;
  - 5) Existing buildings greater than 3-storeys which legally existed on the date of adoption of this Plan shall be permitted. New development greater than 3-storeys shall only be permitted in accordance with the policies of this Plan.
- 4.9.1.1 Priority Infill Areas - Priority Infill Areas are generally for low-density residential development. Development within a priority infill area shall be subject to the applicable infill

study listed in policies 4.9.1.1.1 and shall be assessed based on conformity with the infill and urban design guidelines which have been approved by Council for that area. The subject is not located within a Priority Infill Area.

- 4.9.1.2 Medium Density Residential - It is the policy of Council that:
  1. Existing medium density residential buildings which legally existed on the date of adoption of this Plan shall be permitted.
  2. Development of medium density residential uses may be permitted on lands that have frontage on:
    - a. An arterial street;
    - b. A collector street and is within walking distance to a public transit stop and as identified in a Tertiary Plan undertaken by the Town and approved by Council or identified as part of a priority infill area under policy 4.9.1.1(1); and
    - c. A local street and only in proximity to an existing medium density residential development as identified in a Tertiary Plan undertaken by the Town and approved by Council or identified as part of a priority infill area under policy 4.9.1.1(1)
  3. Medium density residential development shall have a maximum site density of 50 units per hectare (20 units per acre).
- See Index A below for the identification of the subject on the Official Plan land use map.

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**Oak Ridges Local Centre**

- The subject property is located within the Oak Ridges Local Centre Secondary Plan. This plan is in place to direct the growth of the hub. Permitted uses in this area include medium density residential, office, commercial, retail, automotive service commercial and open spaces.
- Development in this area shall have a maximum building height of 4 storeys, and a maximum density of 1.0 FSI.

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**Town of Richmond Hill  
Zoning By-Law**

- The subject property is designated as "C" under Zoning By-Law 1275, and RM1 (35) under Zoning By-Law 313-96.
- A map indicating the subject site and its by-law and surrounding sites can be referred to below under Index B.

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**Compliance – Current Use**

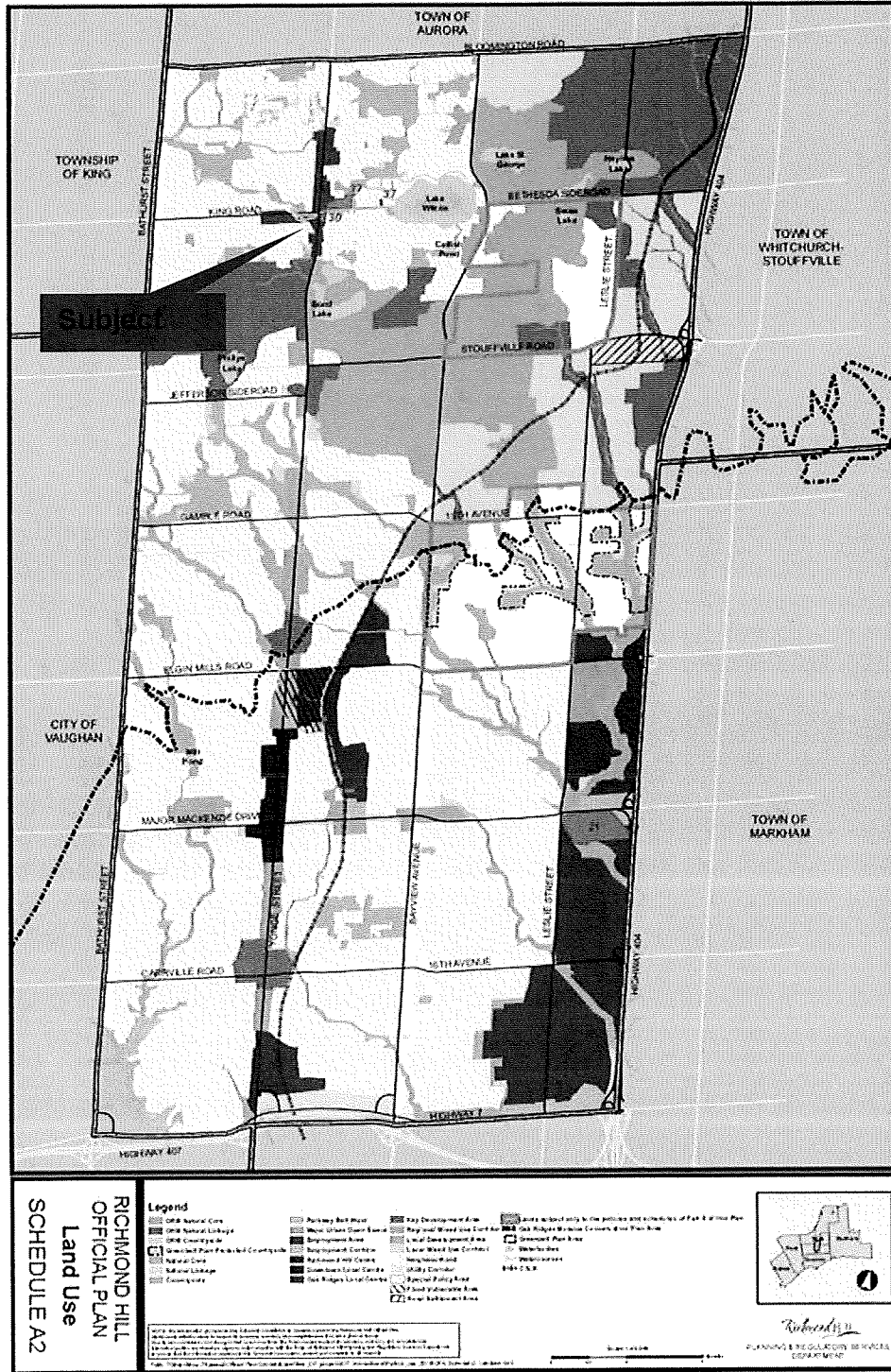
- The subject property is currently improved with residential dwellings are considered to be legally permissible.

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**Current Applications**

- As at the effective date, a Site Plan Application has received conditional Site Plan Approval subject to entering into a site planning agreement, which is planned to be signed in under a month.
-

# TOWN OF RICHMOND HILL - OFFICIAL PLAN (INDEX A)







## PROPOSED DEVELOPMENT



The owner of the subject lands is proposing to develop the lands into a residential development composed of 71 units. The development would have 24 stacked townhouses and 47 front loaded townhouses. The total GFA of the development will be 133,370 square feet. The underground garage area for the front loaded townhouses is 24,210 square feet, and the stacked townhouses have surface level parking.

## MARKET AND LOCATION ANALYSIS

### CANADIAN ECONOMIC OVERVIEW

#### KEY INDICATORS

- Canada's economy continued to roar ahead in Q2, as real GDP advanced at an annualized pace of 4.5%, making it the fastest growing G7 country in 2017 so far. The economy looks to be firing on all cylinders, with growth in most sectors except for residential investment (which exerted a slight drag). Factoring in the latest data, we now expect real GDP will post average growth of around 3.0% in 2017, much stronger than the average 1.2% pace of growth achieved in 2015 and 2016. However, on a quarterly basis, we forecast that growth will cool to around 2% over the coming quarters (more in line with potential output) – mainly due to our expectation of softer consumer spending.
- The Bank of Canada (BoC) raised the overnight rate by 25bp to 1.0% in September. With two rate hikes since early July, the BoC has undone the cumulative 50bp of policy easing put in place in the wake of the tumble in oil prices in 2014-15. The policy statement struck a bullish tone, but also made sure to highlight the downside risks.
- Going forward, we expect the BoC to proceed more cautiously. Policy makers will take their time and see how the impact of higher interest rates affects consumer and business spending – particularly in an environment of high household debt, resetting home prices in Toronto, and lingering uncertainty over trade.
- Tighter monetary policy has led the Canadian dollar to appreciate sharply, with the currency now about 10% stronger on a nominal trade-weighted basis since the start of May. A stronger currency is likely to hinder export competitiveness and dampen inflationary pressures, and the latter is particularly important for the Bank of Canada since inflation continues to run well below the 2% target.

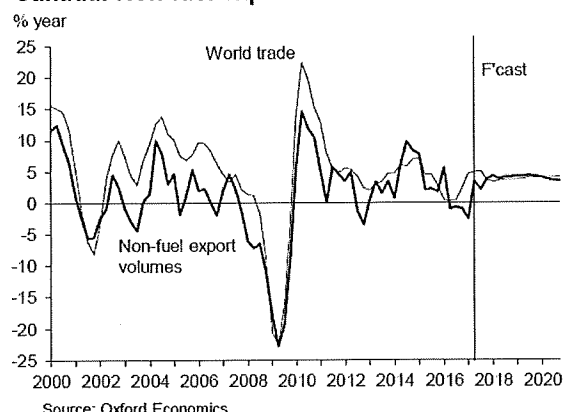
<b>Forecast for Canada</b>						
<b>(Annual percentage changes unless specified)</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>GDP</b>	0.9	1.5	3.0	1.9	2.0	1.8
Private Consumption	1.9	2.3	3.5	2.2	1.8	1.7
Fixed Investment	-4.6	-3.1	1.7	1.8	1.8	1.9
Stockbuilding (% of GDP)	0.2	0.0	0.5	0.1	0.1	0.0
Government Consumption	1.5	2.0	1.3	1.6	1.5	1.5
Exports of Goods and Services	3.4	1.0	2.8	3.3	3.3	2.9
Imports of Goods and Services	0.3	-0.9	3.5	2.3	2.6	2.6
<b>Industrial Production</b>	-1.3	-0.3	6.1	1.2	0.7	0.7
<b>Consumer Prices</b>	1.1	1.4	1.7	2.2	2.0	2.0
<b>Current Balance (% of GDP)</b>	-3.4	-3.3	-2.7	-2.4	-2.5	-2.4
<b>Government Budget (% of GDP)</b>	-0.1	-0.6	-0.9	-1.3	-1.4	-1.3
<b>Short-Term Interest Rates (%)</b>	0.84	0.83	1.05	1.54	1.93	2.32
<b>Long-Term Interest Rates (%)</b>	1.52	1.25	1.76	2.21	2.57	2.92
<b>Exchange Rate (Per US\$)</b>	1.28	1.33	1.30	1.28	1.28	1.28
<b>Exchange Rate (Yen per Can \$)</b>	94.6	82.0	85.9	87.9	90.4	91.1

## FORECAST OVERVIEW

### EXPORT GROWTH STARTING TO PICK UP

The performance of non-energy exports over the last 18 months has been disappointing, considering the benefit of a more competitive Canadian dollar. It probably reflects – at least some of the time – sluggish external demand. However, the external background is now stronger, and we expect overall export volume growth to edge up to 2.8% in 2017 from 1% last year – though President Trump's desire to rewrite the NAFTA framework could still pose a formidable drag on exports in the medium term. Imports meanwhile are projected to grow by 3.5% in 2017, reflecting strengthening domestic demand – though a still fairly weak C\$ (compared to the levels prevailing in 2010-14) will continue to act as a check on imports.

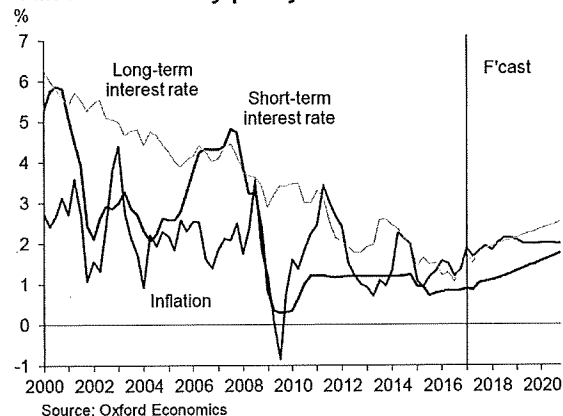
Canada: Non-fuel exports and world trade



### ADJUSTMENT TO LOW OIL PRICES COMPLETE

Business investment rose for a second consecutive quarter in Q2, up 7.1%, driven largely by broad-based gains in nonresidential structures, machinery & equipment and intellectual property. The latest developments stand in sharp contrast to recent years, when business investment declined in 2015 and 2016 as low oil prices undermined the profitability of capital spending in the oil and gas sector. Today, the structural adjustment in the energy sector to lower oil prices looks to be finished, though downbeat oil prices could still weigh on activity in the sector. In addition, slowly rising external demand will provide a mild boost in the coming quarters. We forecast total investment will grow by 1.7% this year, after falling 4.6% in 2015, and 3.1% in 2016. Overall, we expect that GDP growth will accelerate from an average 1.5% last year to 3.0% in 2017.

Canada: Monetary policy instruments



### MIXED OUTLOOK FOR KEY DRIVERS

Consumer spending was very strong in Q2, growing by 4.5%. However, we do not think that this pace will persist, given the mixed outlook for several key drivers.

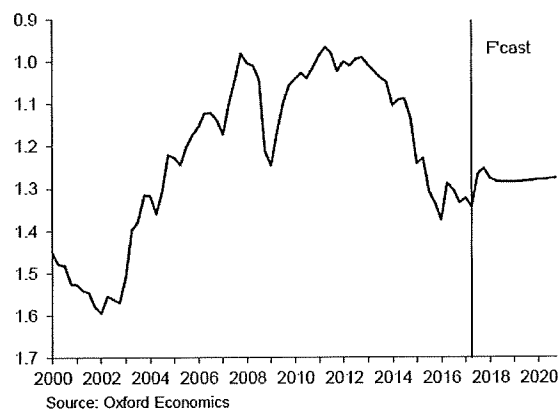
- **Labor market dynamics:** the 12-month moving average for monthly payroll growth remained very solid at +31,200 in August, but the pace of employment gains is likely to slow in the coming quarters as the labor market tightens.
- **Stagnating real earnings:** while employment has increased this year, nominal wage growth has remained subdued. With CPI inflation expected to average 1.7% this year, real wages will struggle to rise.

- **Interest rate risk:** the Bank of Canada hiked rates by 25bp in September to 1.00%, after an initial rise in July, thereby fully unwinding the easing put in place in 2015. Long-term interest rates have jumped as a result of the much more hawkish tilt in policy by the central bank, making it more expensive for Canadians to borrow.

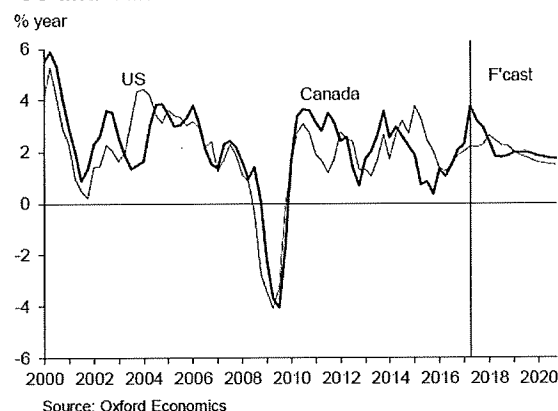
Over the medium term, growth will be influenced by:

- **Persistent drag from high household debt:** over-indebtedness will remain a concern. We expect household debt to start falling only in the medium term. Even then, it will stay well above the level of many other developed economies – the eventual deleveraging process will be protracted, and serve as a drag on consumer spending.
- **Housing sector checked, but not crushed:** although housing starts were relatively strong in 2016 and H1 2017, supported in part by the central bank's previous policy easing, we expect them to lose momentum during the rest of 2017, as reduced expectations for home price inflation weigh on builder activity.
- **Improving external backdrop:** while uncertainty surrounding the policies of the Trump administration will weigh on the outlook, US domestic demand should strengthen in 2017. As such, world trade weighted by Canadian export shares is expected to grow by about 4.5% in 2017, up from 0.9% in 2016.

Canada: Exchange rate per US\$



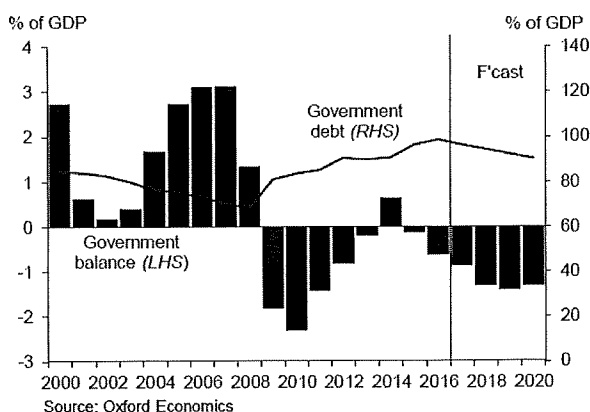
US and Canada: GDP



## KEY-LONG TERM ADVANTAGES

- **Energy sector opportunities:** Canada will benefit from rising shale gas and oil output in the longer term. However, a vast outstripping of global supply trends relative to demand will lead to less vigorous activity in Canada's energy sector in the short term.
- **Healthy government finances:** the budget deficit is small relative to most developed countries, at around 1% of GDP. The Trudeau government is increasing spending to stimulate the economy but government debt as a percentage of GDP should still fall over time.
- **Growing labor supply:** although slowing, the working age population is expected to grow at a faster rate than in most other advanced economies, supporting long-term potential growth.

Canada: Government balance and debt



## WHAT TO WATCH OUT FOR

**US policy uncertainty:** Donald Trump's Administration has injected a high degree of uncertainty surrounding the US economic outlook. In certain scenarios, Trump's policies could lead to weaker Canadian export growth, even if NAFTA remained intact.

**High household indebtedness:** multiple household debt metrics, including debt-to-disposable income, are at historic highs.

**Excessively high house prices:** there are signs that house price pressures are softening in the Greater Toronto area while prices in Greater Vancouver are rising again. Overall, prices remain very high in both metro areas by historical standards.

**Oil prices:** a renewed and persistent decline in oil prices could slow activity in the resources sector and hurt the growth outlook for the energy-intensive provinces.

**Financial sector stability:** Canada's banking system remains largely stable and well-fortified, although the real estate sector and high household debt are risks.

**Regional growth imbalances:** growth in Quebec, British Columbia, and Ontario, is expected to be solid in 2017, while the pace of activity in the energy-intensive provinces such as Alberta and Saskatchewan will slowly improve.

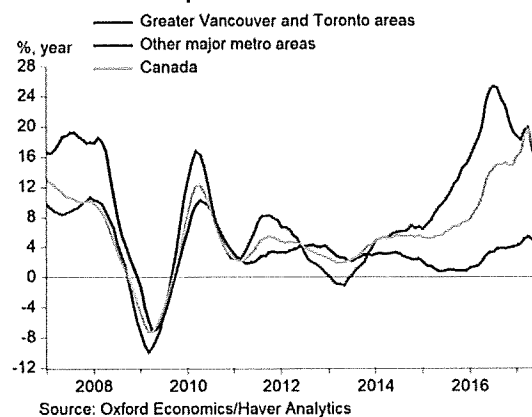
**Higher interest rates:** sharply higher interest rates could threaten to choke off Canada's economic recovery.

## EXPOSURE TO KEY GLOBAL RISKS

**Trump weighs on global growth:** in this scenario, we assume Trump adopts a highly protectionist stance, imposing high import tariffs on several key trading partners, which in turn lead to retaliatory measures. Given the strong financial and trade links with the US, this scenario would dampen Canadian GDP growth in both 2017 and, particularly, 2018.

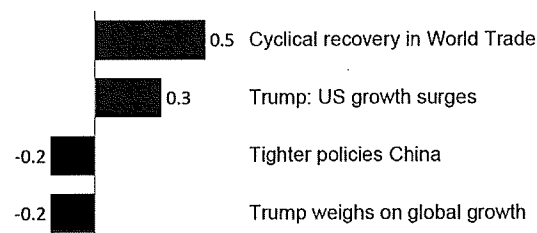
**Tighter policies in China:** if China's policymakers recognize the unsustainability of the current debt trajectory and decide to lower their ambitious growth targets and rein in the expansion of credit, supported by structural reforms to support activity over the longer term, then global growth and trade would be dampened.

### Canada: House prices

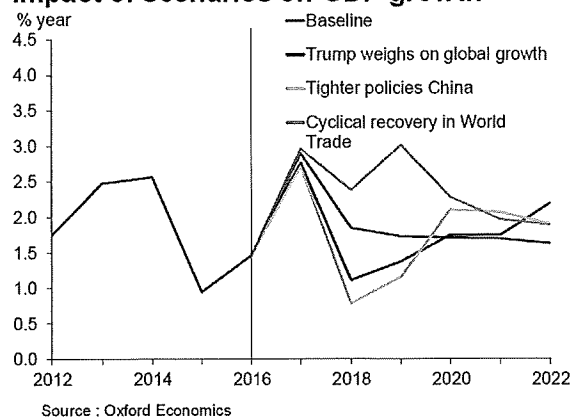


### Impact of scenarios on GDP growth

Average annual impact over the next 5 years (% points)



### Impact of scenarios on GDP growth



## BACKGROUND

### ECONOMIC DEVELOPMENT

Canada is a market economy, where most decisions are taken by private individuals and firms. However, while the economy is much freer in this respect than many other developed economies, there is more government regulation than in the US. The economy is diversified, though huge deposits of tar sands give Canada the second largest reserves of oil in the world, and have increased the importance of the country's energy sector in recent years (however, the price of oil has to remain quite high to make such production economically viable). Although commodities and manufacturing account for relatively small shares of total output and employment, they account for over half of exports.

### STRUCTURE OF THE ECONOMY

Canada has a reputation as a resource-based economy, but that is misleading. While it is certainly rich in resources, from energy commodities to lumber and minerals, the economy is actually service-based. About two-thirds of the nation's output originates in the services sector, and nearly three-quarters of workers are employed there. Key service sub-sectors include retail trade, business services (financial services, real estate and communications), education, and health services. The main manufacturing industry is motor vehicles and parts, which is centered in the province of Ontario. The manufacturing sector is responsible for less than 10% of total employment, while agriculture accounts for under 2%.

### BALANCE OF PAYMENTS AND STRUCTURE OF TRADE

Trade is a very important sector of the economy – both imports and exports represent more than a third of GDP. About 75% of exports go to the US, and over 60% of imports originate there, so changing economic conditions in the US economy can be critically important to Canada. Services are an increasingly important part of Canadian trade with foreign countries, stressing Canada's competitive advantage as a knowledge-based economy with a highly-skilled workforce.

### POLICY

The Bank of Canada, the country's central bank, first implemented the policy of inflation targeting in 1991. The current inflation target is to keep inflation at a 2 percent rate, with a range of 1 to 3 percent, over the medium term. The Bank of Canada's Governing Council meets eight times a year with the goal of achieving this objective. The primary policy tool to achieve this objective is the target the central bank sets for the overnight interest rate, the interest rate financial institutions charge each other for overnight loans. The central bank's mandate is reviewed every five years in conjunction with the federal government. The government in power – with the Prime Minister at the helm – has control over the federal budget. Importantly, Canada's federal constitution allows the provincial governments to pursue their own fiscal policy independent from policy set by Ottawa. This allows the federal and regional governments to pursue fiscal policies pertinent to the desires of their constituencies.

## SUMMARY

**Politics**

Head of state: Queen ELIZABETH II  
 Head of government: Prime Minister Justin TRUDEAU  
 Political system: Federal parliamentary democracy  
 Date of next legislative election: 2019  
 Currency: Canadian dollar (CAD), floating exchange rate

**Long-term economic & social development**

	1980	1990	2000	2015*
GDP per capita (US\$)	11135	21371	24124	43408
Inflation (%)	10.2	4.8	2.7	1.1
Population (mn)	24.54	27.68	30.85	35.82
Urban population (% of total)	75.7	76.6	79.5	81.8
Life expectancy (years)	75.1	77.4	78.0	82.1

Source : Oxford Economics & World Bank

**Structure of GDP by output**

	2016
Agriculture	1.6%
Industry	27.7%
Services	70.7%

Source : CIA World Fact Book

\* 2015 or latest available year

**Long-term sovereign credit ratings & outlook**

	Foreign currency	Local currency
Fitch	AAA (Stable)	AAA (Stable)
Moody's	Aaa (Stable)	Aaa (Stable)
S&P	AAA (Stable)	AAA (Stable)

**Structural economic indicators**

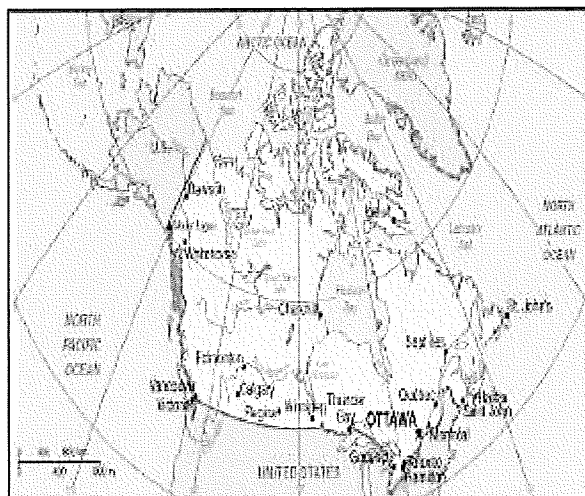
	1990	1995	2000	2015*
Current account (US\$ billion)	-20.3	-5.2	18.5	-52.9
Trade balance (US\$ billion)	9.4	25.6	44.4	-18.1
FDI (US\$ billion)	2.4	-2.2	21.7	-25.9
Govt budget (% of GDP)	-4.1	-4.9	2.8	-0.1
Govt debt (% of GDP)	73.2	102.4	84.8	96.5
Long-term interest rate	10.7	8.2	5.9	1.5
Oil production (000 bpd)	1215	1412	1547	2701
Oil consumption (000 bpd)	1722	1799	2008	2407

Source : Oxford Economics / World Bank / EIA

**Destination of goods' exports 2015**

United States	76.7%
European Union (28)	7.2%
China	3.9%
Japan	1.9%
Other	10.4%

Source : WTO



Source : CIA Factbook

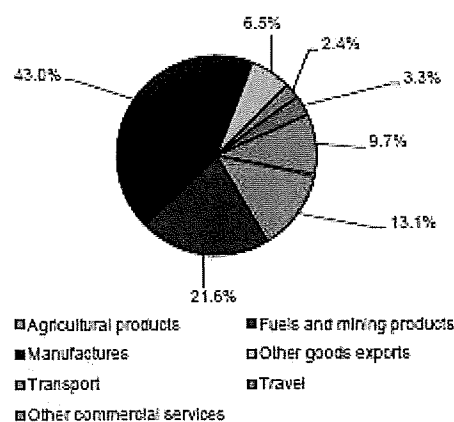
Location: Northern North America, bordering the North Atlantic Ocean on the east, North Pacific Ocean on the west, and the Arctic Ocean on the north, north of the conterminous US (CIA Factbook)

**Corruption perceptions index 2016**

	Score
Developed economies (average)	75.3
Emerging economies (average)	38.0
Canada	82.0

Source: Transparency International

Scoring system 100 = highly clean, 0 = highly corrupt

**Composition of goods & services exports 2015**

Source : WTO



## PROVINCIAL AND METRO MARKETS ECONOMIC OVERVIEW

### THE CANADIAN ECONOMY ROARS AHEAD IN Q2

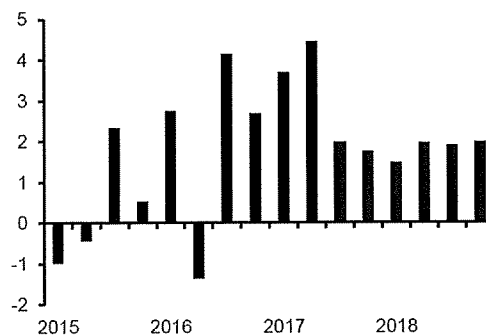
Canadian economic growth exceeded expectations during the first half of the year, and growth in the second quarter hit an annualized rate of 4.5%. We expect growth for year will be 3% – a notable uptick from the average low-1% pace in 2015 and soft first-half 2016. A promising aspect of this recent expansion is that it's founded on broad-based growth, and most Canadian regions are seeing some lift. In particular, business investment is growing again, which coincides with more stability in the commodity-driven Prairies (i.e. Alberta and Saskatchewan). A piece of the Canadian economy that has softened is residential investment, likely reflecting a slowdown in housing activity within the Greater Toronto Area (GTA) in recent quarters. But the Bank of Canada appears confident in the broader country's trajectory, as they raised the overnight twice this year, a total of 50 basis points, to 1%. This completely reverses the drop in rates since oil's plunge roughly three years ago, and signifies that the adjustment to lower oil prices is complete.

### TIGHTENING CAN HAVE CONSEQUENCES

Although a slight increase in rates is unlikely to reverse business investment in Western Canada, it does create an extra drag on credit-driven consumption. Despite an improving labor market and growing incomes, rising interest rates suggest that residential investment will remain subdued. This metric declined by an annualized 4.7% in Q2, strengthening our view that housing activity will slow in key markets, especially within Toronto and Vancouver. The Bank of Canada's latest Monetary Policy Report highlighted that we expect the pace of starts to slow here in coming years. Upside risk to this outlook could come from Ontario's Fair Housing Plan (FHP), which includes measures to streamline the permitting process. Further, the implementation of a 15% tax on non-resident foreign buyers may depress sales in the short-term, but as in Vancouver, the impact may only be transitory (home prices are accelerating again there).

### An upside surprise for the first half of 2017

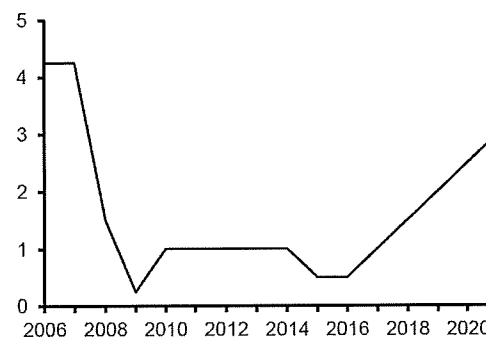
Annualized quarterly GDP growth (%)



Source : Oxford Economics, Statistics Canada

### Expect credit costs to trend upward

Bank of Canada Target Rate (%)

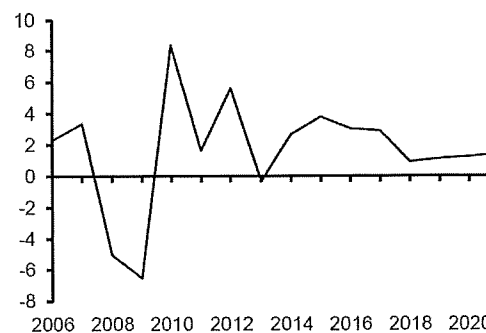


Source : Oxford Economics, Bank of Canada

housing activity in the GTA has slowed, and

### Residential investment is poised to slow

y/y (%)



Source : Oxford Economics, Statistics Canada

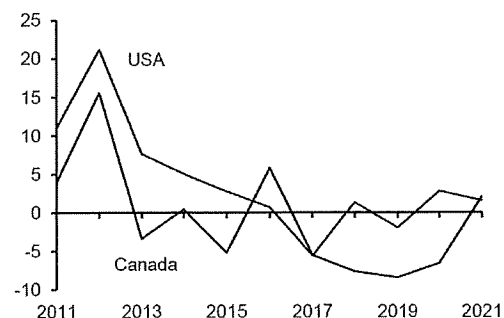
## PLANES, TRAINS, AND AUTOMOBILES

Ontario is a key anchor for Canada's consumer economy, but it also houses the bulk of the country's durable production industries. A key cause-for-concern here is the weakening fundamentals of the auto sector in the US market. Rising credit costs are poised to weigh on new car sales – especially for subprime borrowers. Further, a growing supply of lower-cost used cars is likely to weigh on sales of new vehicles. This will certainly be felt in Canada, as motor vehicle exports to the US are expected to decline by 11% this year, and auto parts should face a similar cut. Overcapacity partly explains why Fiat Chrysler will be shuttering an assembly line in Windsor for five weeks in the fourth quarter. Aside from weakening US demand, Canadian auto factories face the threat of President Trump's plans to renegotiate the North American Free Trade Agreement (NAFTA). Also, Canadian producers face increasing competition from Mexico, whose share of NAFTA production continues to grow at Canada's expense. Longer term, Ontario's labor market – along with other auto manufacturing hubs worldwide – will have to contend with the growth of electric cars, which will likely require less labor to assemble than conventional combustion engine powertrains. Also, the prospect of driverless cars and rideshare platforms suggests the rate of ownership may dwindle in coming decades.

Durable goods production also has a notable presence in Quebec, even though it has very limited exposure to auto production. Quebec has a sizable aerospace cluster, and accounts for 55% of Canada's roughly 9,000 aerospace manufacturing workers, according to Innovation, Science and Economic Development Canada. Competition and slack demand from emerging markets in recent years. Thus, overall output nationally has declined 11% from 2014-16, and Bombardier, one of the sector's largest firms, has made deep staff cuts in Montreal in recent years. Other prominent nearby aerospace firms include Bell Helicopter and Pratt & Whitney Canada. An improved global backdrop is poised to revive Canadian aerospace activity, but the pace of growth will be quite muted.

### The auto sector faces tough times

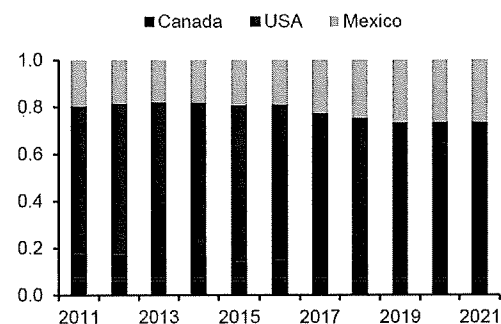
Car production, y/y (%)



Source : Oxford Economics, LMC Automotive

### Auto production is shifting away from CA

Share of North American auto production

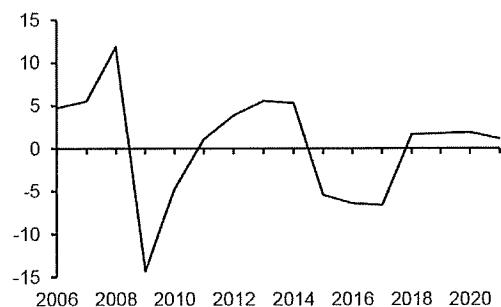


Source : Oxford Economics, LMC Automotive

But this industry has struggled with global

### Slower growth ahead for Quebec's aerospace cluster

Canadian aerospace output, y/y



Source : Oxford Economics, OECD/Statistics Canada

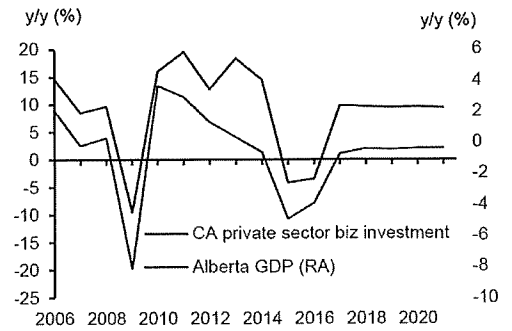
## ALBERTA HAS ABSORBED THE OIL PRICE SHOCK

A symbol of Canada's readjustment to lower oil prices is the emergence of "green shoots" within private non-residential structures investment (a proxy for energy capital investment), which posted consecutive quarterly growth during the first half of this year, the first time since 2014. While many multinational energy firms are divesting of the generally higher-cost Albertan Oil Sands, domestic firms, such as Cenovus and Athabasca Oil, are buying-up this capacity. Production activity is recovering as Canadian crude exports are expected to increase by 3% this year – more than twice the pace last year. Improving economic activity means that unemployment and commercial real estate vacancies are peaking, albeit at very high levels. The concern for Alberta's outlook is that US oil production is keeping global oil supplies heightened, and the outlook for WTI is poised to be in the \$40-50/bbl USD range through 2018. The upshot is that whilst Alberta's economy has historically witnessed pronounced boom-bust cycles, the province faces a muted recovery, growing by 2.8% annually through 2021, or about half the pace of annual growth experienced from 2011-14. Consequently, other metrics such as population growth should be subdued relative to past cycles. Saskatchewan is following a similar path, as growth is resuming this year and should remain in the upper-1% range through 2021.

### IN CONCLUSION: THE OUTLOOK IS DIVERSE

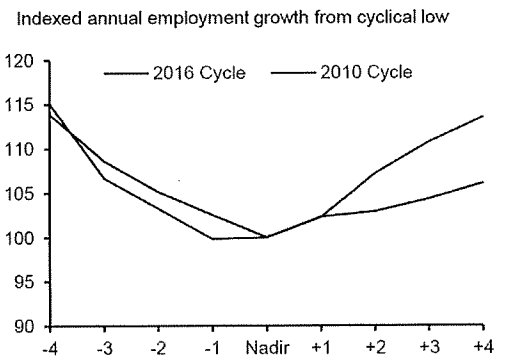
Canada is a multi-speed economy, with performance varying considerably by region and metropolitan area. Alberta's typical boom-bust economy is expected to post notable growth in coming years; however, this represents a bounce off of recessionary levels, as opposed to the local industry mix becoming more competitive. The Prairie region is expected to dominate growth in coming years, especially as the consumer and housing-driven economy in Ontario and British Columbia cools. The Maritimes should remain in slow growth mode, with persistent out-migration being a constraint for the region.

#### Biz investment will support a return to growth in Alberta



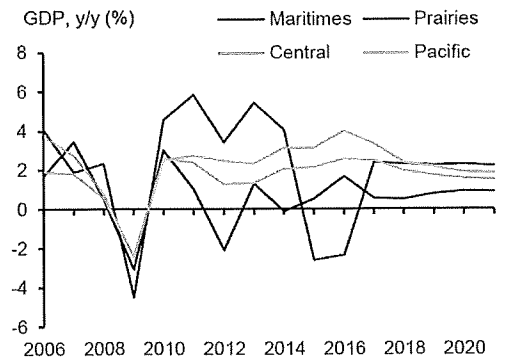
Source : Oxford Economics, Statistics Canada

#### Expect a subdued recovery in Calgary



Source : Oxford Economics, Statistics Canada

#### Growth will remain slow in the Maritimes



Source : Oxford Economics, Statistics Canada

### Forecasts for Canada and 10 metros

Annual % change	GDP				Total employment			
	2016	2017	2018	2017-21	2016	2017	2018	2017-21
<b>Canada</b>	<b>1.5</b>	<b>3.0</b>	<b>1.9</b>	<b>2.1</b>	<b>0.7</b>	<b>1.6</b>	<b>0.7</b>	<b>0.8</b>
<b>West</b>	<b>-0.2</b>	<b>3.6</b>	<b>2.3</b>	<b>2.5</b>	<b>0.5</b>	<b>1.9</b>	<b>0.8</b>	<b>1.1</b>
Calgary	-3.0	3.7	3.0	3.0	-1.9	3.4	1.7	2.0
Edmonton	-3.6	2.4	2.5	2.5	0.7	-1.0	0.9	1.0
Vancouver	4.3	3.1	2.6	2.5	5.0	2.3	1.7	1.5
Winnipeg	2.8	2.7	1.8	2.0	0.2	1.3	0.9	0.9
<b>East</b>	<b>2.5</b>	<b>2.7</b>	<b>1.7</b>	<b>1.8</b>	<b>0.9</b>	<b>1.4</b>	<b>0.6</b>	<b>0.7</b>
Montreal	3.0	2.8	1.6	1.9	1.3	3.7	1.0	1.2
Quebec City	0.9	1.9	1.4	1.6	-0.7	0.4	-0.6	0.3
Hamilton	-0.9	3.0	1.9	1.7	0.1	7.5	2.6	2.1
Ottawa	0.7	1.7	2.1	1.8	1.0	1.0	0.2	0.6
Toronto	3.6	3.8	2.3	2.5	1.7	1.4	1.3	1.1
Halifax	2.0	1.3	1.0	1.3	0.8	-0.5	0.6	0.3

Source : Statistics Canada / Oxford Economics

<b>Summary forecasts for Canada</b>								
Annual % change	GDP				Total employment			
	2016	2017	2018	2017-21	2016	2017	2018	2017-21
<b>Canada</b>	1.5	3.0	1.9	2.1	0.7	1.6	0.7	0.8
<b>West</b>	-0.2	3.6	2.3	2.5	0.5	1.9	0.8	1.1
Alberta	-3.6	3.8	2.7	2.8	-1.6	0.8	0.8	1.2
Calgary	-3.0	3.7	3.0	3.0	-1.9	3.4	1.7	2.0
Edmonton	-3.6	2.4	2.5	2.5	0.7	-1.0	0.9	1.0
British Columbia	4.0	3.7	2.2	2.4	3.1	3.5	0.9	1.3
Vancouver	4.3	3.1	2.6	2.5	5.0	2.3	1.7	1.5
Manitoba	2.6	2.7	1.8	2.0	-0.5	1.7	0.8	0.9
Saskatchewan	-0.7	2.3	1.9	1.9	-0.9	0.0	0.3	0.4
<b>East</b>	2.5	2.7	1.7	1.8	0.9	1.4	0.6	0.7
New Brunswick	1.6	1.5	0.9	1.1	-0.1	0.1	0.0	0.2
Newfoundland & Labrador	2.2	-1.0	-0.7	-0.1	-1.4	-3.8	-1.9	-1.5
Nova Scotia	1.1	1.4	0.9	1.0	-0.4	0.5	0.3	0.2
Ontario	2.9	3.1	2.0	2.0	1.1	1.3	0.7	0.7
Toronto	3.6	3.8	2.3	2.5	1.7	1.4	1.3	1.1
Ottawa	0.7	1.7	2.1	1.8	1.0	1.0	0.2	0.6
Prince Edward Island	2.6	1.9	0.8	1.4	-2.3	2.8	0.2	0.9
Quebec	2.0	2.5	1.5	1.7	0.9	1.9	0.7	0.8
Montreal	3.0	2.8	1.6	1.9	1.3	3.7	1.0	1.2
Annual % change	Office-based employment				Consumer spending			
	2016	2017	2018	2017-21	2016	2017	2018	2017-21
<b>Canada</b>	1.8	2.8	0.9	1.2	2.3	3.5	2.2	2.2
<b>West</b>	3.7	2.4	0.7	1.2	1.9	3.6	2.6	2.5
Alberta	1.9	0.2	0.6	1.0	0.6	3.7	2.9	2.8
Calgary	3.4	4.4	2.7	2.3	1.3	4.2	3.5	3.3
Edmonton	6.2	-2.9	-1.1	-0.1	1.4	3.8	3.1	2.9
British Columbia	6.6	3.9	0.7	1.4	3.0	3.7	2.5	2.4
Vancouver	5.1	2.9	1.5	1.6	3.5	3.8	2.8	2.7
Manitoba	1.4	4.8	0.7	1.3	2.6	3.5	2.2	2.1
Saskatchewan	-0.1	2.5	0.5	0.9	1.9	3.2	2.1	1.9
<b>East</b>	1.1	3.0	1.0	1.2	2.6	3.5	2.0	2.0
New Brunswick	-2.7	-0.1	0.1	0.4	2.3	2.4	1.1	1.2
Newfoundland & Labrador	-5.0	-5.4	-3.4	-2.0	2.0	0.4	-0.8	-0.2
Nova Scotia	-2.4	3.0	1.4	1.0	2.0	2.8	1.3	1.3
Ontario	1.6	2.8	1.1	1.2	2.9	3.6	2.3	2.2
Toronto	2.8	1.7	1.5	1.3	3.5	4.1	2.8	2.8
Ottawa	3.0	7.3	-0.1	1.8	2.8	3.5	2.5	2.4
Prince Edward Island	-0.5	-2.6	0.9	0.2	3.3	3.3	1.8	1.9
Quebec	1.2	4.1	1.0	1.4	2.1	3.5	2.0	1.9
Montreal	1.3	5.2	2.2	1.9	2.6	3.7	2.1	2.1

Source : Statistics Canada / Oxford Economics

## TORONTO ECONOMIC OVERVIEW

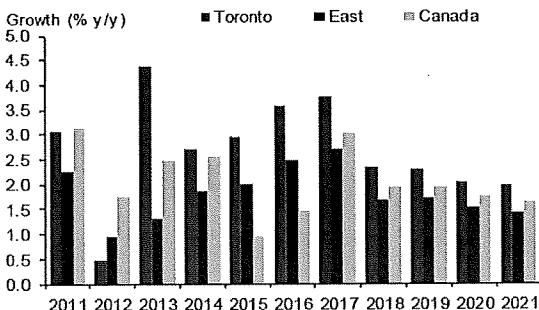
Annual % change (unless stated)	2016	2017	2018	2019	2020	2017-21
GDP	3.6	3.8	2.3	2.3	2.1	2.5
Employment	1.7	1.4	1.3	1.0	0.9	1.1
Unemployment rate (% of workforce)	7.0	6.7	6.2	6.1	6.1	6.3
Household disposable income	3.7	3.7	2.4	2.2	2.1	2.5
Population	1.8	1.8	1.5	1.5	1.5	1.6

Not only is the Greater Toronto Area (GTA) Canada's preeminent business and financial center, but it is one of North America's most important cities. Whilst the immediate metro area is home to 6.2 million, the broader 'Golden Horseshoe' region has a population of just over nine million.

The key driver of Toronto's population growth is immigration, as many domestic households struggling to gain a foothold in this high-cost housing market leave. According to Statistics Canada, 420,000 international newcomers moved to Toronto during 2011-16, whilst nearly 120,000 domestic persons left for another location within Ontario.

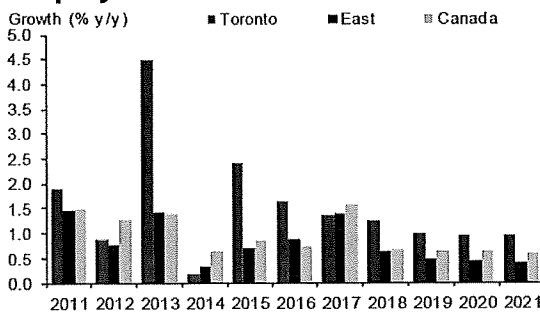
The inflow of international money (especially speculators as opposed to new residents) has been blamed for escalating housing costs here. Regardless, residential investment has been an important part of the economy during the past decade. But with central bankers taking a less dovish stance and many local households carrying high debt levels, an acceleration in activity is unlikely. Other concerns include soft auto market fundamentals, especially in the USA, and President Trump's desire to renegotiate NAFTA – all of which could compromise the region's manufacturing sector.

### GDP



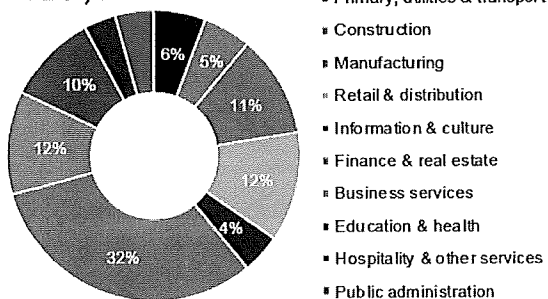
Source: Oxford Economics, Statistics Canada

### Employment



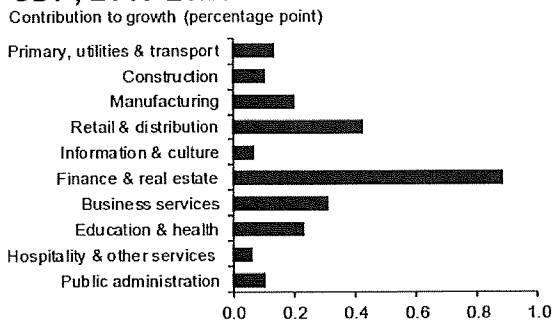
Source: Oxford Economics, Statistics Canada

### GDP, 2016



Source: Oxford Economics, Statistics Canada

### GDP, 2017-2021



Source: Oxford Economics

## LOCAL AREA OVERVIEW

### TOWN OF RICHMOND HILL OVERVIEW

Richmond Hill is a Town situated in Southern Ontario in the central part of York Region, Ontario. Located a short distance north of the City of Toronto, Richmond Hill is third most populous municipality in York Region with a population of 185,541 (2011 census), an increase of 14% since the 2006 census. This population size, the 28<sup>th</sup> most populous in Canada, is due in large part to Richmond Hill being one of Canada's fastest - growing communities over the past few years.

The Town is an emerging economic presence in Ontario with a youthful population - 63% of which is under the age of 45; while approximately 41% of the population holds a university degree. This has resulted in a market with a high percentage of skilled workers, and in turn has driven the demand for knowledge based businesses to the community. In addition, there has been an increase in household incomes, suggesting stronger purchasing power, which will ultimately translate into greater demand for retail, dining and entertainment and recreation experiences in the Town.

Along with the other municipalities of York Region, the close proximity to Toronto is an important role in the local economy. New transportation infrastructure will provide greater ease in commute to high demand jobs across the GTA and will help further advance the region's economy.

Below you will find information that describes the key facts and statistics for the Town of Richmond Hill, its residents and business community:

#### QUICK FACTS

<b>Estimated Population</b>	:	202,484 (2012)
<b>Land Area</b>	:	100.95 km <sup>2</sup>
<b>Location</b>	:	Central York Region – midway between City of Toronto and Lake Simcoe
<b>Major Industries and Commerce</b>	:	Finance & Insurance Professional, Scientific and Technical Services Information and Cultural Industries Health Care and Social Services
<b>Labour Force</b>	:	115,358 (2012)
<b>Unemployment Rate</b>	:	3.7% (2006)
<b>Average Household Income</b>	:	\$117,414 (2012)
<b>Total # of Occupied Dwellings</b>	:	65,578
<b>Development Charges (Built Boundary):</b>	:	Single & Semi Detached: \$61,691.00 per unit Multiples Housing: \$53,542.00 per unit Apartments (> = 650 sq.ft.): \$40,442.00 per unit Apartments (< 650 sq.ft.): \$27,895.00 per unit Retail: \$494.33 per Square Meter Non-Retail (Industrial, Office, Institutional): \$274.11 per Square Meter
<b>Transportation</b>	:	Highways: Highway No.'s 400, 407, 404, 427 and 7 Bus: YRT (York Region Transit) & Viva Rail: CNR, CPR & Go Transit Air: Pearson International Airport & Buttonville Airport

## NEIGHBOURHOOD OVERVIEW

### LOCATION

The subject property is located on the north side of Bond Crescent, just west of Yonge Street in the Town of Richmond Hill. The site also borders onto Bostwick Crescent.

### TRANSPORTATION SYSTEMS

The area is generally serviced by the York Region Transit (YRT), Viva and GO Transit. A Viva bus station is located 450 m to the north, and Richmond Hill GO Station is located 8.9 km south of the subject.

### PLANNED CHANGES IN ROAD NETWORK

None known as of the effective date of this valuation.

### NEARBY AND ADJACENT USES

The subject property and its adjacent uses are summarized below:

North: Residential Subdivision

East: Two restaurants

South: Low density residential

West: Auto centre

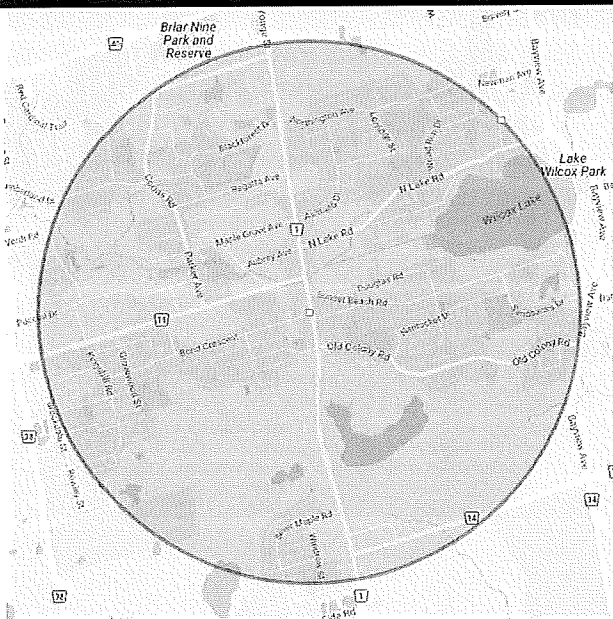
### SPECIAL HAZARDS OR ADVERSE INFLUENCES

We are unaware of any special hazardous/adverse influences pertaining to the subject site and its surrounding uses.

### LAND USE CHANGES

We are unaware of any planned land use changes as at the effective date.

### MARKET TRADE AREA



We have identified and detailed statistical data from the subject's Primary Trade Area (based on a 2 km radius). Data with this radius from the subject area summarized on the following page.



**DEMOGRAPHICS OVERVIEW**

Population		Daytime Population		Median Income		Median Age	
Trade Area:	<b>22.5K</b>	Trade Area (Daytime):	<b>10,897</b>	Trade Area:	<b>\$102,861 (142%)</b>	Trade Area:	<b>39</b>
York (Census Division):	<b>1.11M</b>	York (Census Division):	<b>945.8K</b>	York (Census Division):	<b>\$95,776 (132%)</b>	York (Census Division):	<b>41</b>
Ontario:	<b>13.45M</b>			Ontario:	<b>\$74,287 (102%)</b>	Ontario:	<b>41</b>
Canada:	<b>33.94M</b>			Canada:	<b>\$72,644 (100%)</b>	Canada:	<b>41</b>

\* Indices shown are the percent average values of the given region relative to the average national value.

**DEMOGRAPHICS POPULATION ANALYSIS**

Population	2010	2011	2016	2020	2025	Growth
Household	13,508	13,508	22,546	14,500	15,352	14%



**DEMOGRAPHICS HOUSEHOLD INCOME**

	Trade Area	York (Census Division)	Ontario	Canada
Median Income	\$107,236	\$95,776	\$74,287	\$70,336

**CONCLUSION**

The subject property is surrounded by both residential and commercial uses, and is in close proximity to Yonge Street, which is a major arterial roadway for the York Region.

## HIGHEST AND BEST USE

The principal of the "Highest and Best Use" of a property is fundamental to the concept of market value. Highest and Best Use is defined by the Appraisal Institute of Canada as:

*"The reasonably probable and legal use of vacant land or an improved property; which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."*

We have evaluated the sites Highest and Best Use both "as if vacant" and "as improved". The property's Highest and Best Use must meet the following four criteria: The use must be (1) legally permissible; (2) physically possible; (3) financially feasible and (4) maximally productive.

### ANALYSIS

#### Legally Permissible

- In determining the Highest and Best Use of a property, it is important for the appraiser to ascertain the range of uses that are legally permissible. In cases where modifications to the Official Plan or Zoning By-Law designations are likely, these uses must also be considered. Consideration should also be given to public planning initiatives and economic and political conditions that affect planning decisions. These considerations will assist the appraiser in determining whether amendments to the Official Plan and / or Zoning By-Law is likely.
- The subject property is located within the Town of Richmond Hill. The Official Plan designated the subject property as "Neighbourhoods". The predominant use of land within this designation is low-rise residential.
- The subject property is located within the Oak Ridges Local Centre Secondary Plan. This plan limits the maximum building height to 4 storeys, and allows a maximum density of 1.0 FSI.
- The subject property is designated as "C" under Zoning By-Law 1275, and RM1(35) under Zoning By-Law 313-96
- The owner of the subject lands is proposing to develop the lands into a residential development composed of 72 units. The development would have 23 stacked townhouses and 49 front loaded townhouses. The total GFA of the development will be 125,600 square feet. To our understanding, the development has received conditional Site Plan Approval subject to entering into a site planning agreement, which is planned to be signed in under a month.
- The owner of the subject lands is proposing to develop the lands into a residential development composed of 71 units. The development would have 24 stacked townhouses and 47 front loaded townhouses. The total GFA of the development will be 133,370 square feet. To our understanding, the development has received conditional Site Plan Approval subject to entering into a site planning agreement, which is planned to be signed in under a month.
- The subject is currently improved with residential dwellings, which is considered legally permissible.

#### Physically Possible

- Any development for a site cannot be considered the Highest and Best Use unless that use is physically and functionally possible and adaptable to the characteristics of the site. The size, shape, area, topography and soil conditions may affect the potential uses that can be developed. The

physical possibility of development for the subject property also reasonably expects that development can occur without additional costs above those of a typical vacant site. In cases where there are unusual costs associated with a development (i.e. soil clean, demolition, external costs, etc.) these costs should be deducted from the market value estimate.

- The subject is a land assembly of nine lots for the purpose of a residential development. If legally assembled, the subject property will have a total area of approximately 3.56 acres or 155,074 ft<sup>2</sup>. Based on this area / configuration / topography, it is assumed a residential development would be physically possible.

#### Financially Feasible

- The estimate of Highest and Best Use is based on the market demand for the intended use, reasonably expecting that purchasers have rationalized a positive financial benefit. Further, in order to be financially feasible, there must be demand or a market for the intended use.
- The current residential market in the Town of Richmond Hill is in a state of continued growth. A future development built out to the maximum permitted density would be feasible and marketable, based on the market demand, subject's location, site size, and shape.

#### Maximally Productive

- A use cannot be considered a site's Highest and Best Use unless its anticipated earnings ability is sufficient to generate a reasonable return on costs of acquisition and development. This aspect of Highest and Best Use inherently involves a cost benefit analysis whereby the use that generates the highest profit or greatest return logically represents the Highest and Best Use.
- Given the current residential market conditions, location, surrounding uses, a mixed use development (to a maximally permitted lot/units) would most likely generate the highest returns to a potential investor.

### HIGHEST & BEST USE CONCLUSION

#### HBU - As Vacant

- Considering the subject parcel's legally designated land uses, physical characteristics and location within the Town of Richmond Hill, it is our opinion that the Highest and Best Use As Vacant is for a development of a residential use to the maximum permitted density.

#### HBU – As Improved

- Considering the subject parcel's legally designated land uses, physical characteristics and location within the Town of Richmond Hill, it is our opinion that the Highest and Best Use As Improved is its current interim use pending approvals for legal assembly of the subject properties to be redeveloped into a residential use of a greater density.

#### Conclusion

- For purposes of this valuation and at the request of the client, we have determined the current market value based on its Highest & Best Use. The current improvements represent an interim use. The valuation will be based on the legally assembled redevelopment of the land to a higher order use.

## VALUATION

### VALUATION METHODOLOGY

Below is a summary of the following accepted methods of valuing real property:

- Direct Comparison Approach;
- Cost Approach; and
- Income Approach

The selection of the relevant methodology depends on the characteristics of the real estate being analyzed.

- 1) **The Direct Comparison Approach** considers the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, configuration, planning and size.
- 2) **The Land Residual Approach** to value is based on a proposed development of the land, where the costs of construction and development are estimated / known and deducted from the expected market value of the completed project. A Land Residual method can provide support for market value in tandem with a Direct Comparison Approach.
- 3) **The Cost Approach** to value is based on the economic principle of substitution, which states that the value of a property should not be more than the amount by which one can develop (by purchase of a site and construction of a building without undue delay) a property of equal desirability and utility.
- 4) **The Income Approach** to value is used to estimate real estate value based on property income generating capabilities using the Direct Capitalization Method or the Discounted Cash Flow method.

### SELECTION OF VALUATION METHODOLOGY

The Direct Comparison Approach is the preferred method when sales of comparable properties are available. The Cost Approach and Income Approach were not developed in this report, as they were not considered relevant in the valuation of the subject property (vacant land). Consequently, the valuation methodology employed in this report was limited to the Direct Comparison Approach.

## DIRECT COMPARISON APPROACH

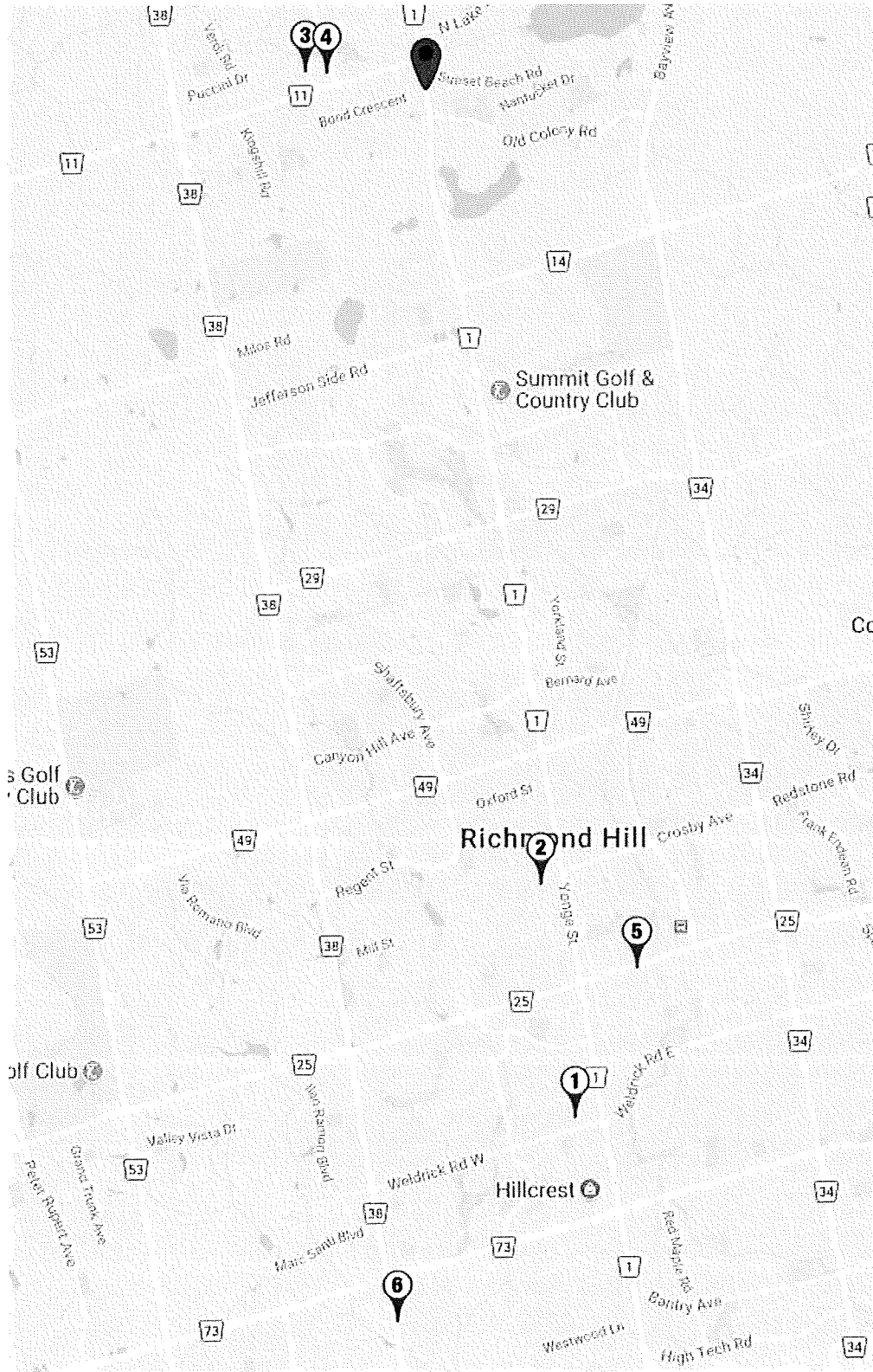
Since the Highest and Best Use of the subject property is concluded to be a legally assembled redevelopment site to be developed to a higher order use, we have analysed sales purchased for a similar future use within the immediate and surrounding areas. For this approach, we have analyzed the sales on the basis of the indicated rate per unit of projected dwellings. Consideration has also been given to the size of the property, the location and site characteristics (i.e. access) of the real estate. Since the subject is located in Richmond Hill, we have searched for similar transactions of redevelopment land sales in the subject area.

The subject property is a land assembly composed of nine properties. The owner of the subject lands is proposing to develop the lands into a residential development composed of 71 units. The development would have 24 stacked townhouses and 47 front loaded townhouses. The total GFA of the development will be 133,370 square feet.

A search in the market for similar type properties indicated 6 comparable transactions sold between August 17, 2016 and November 23, 2017. The sale prices ranged from \$8,058,000 to \$23,000,000 - an average of \$11,810,500. When converted into a unit rate, the sales range from \$106 psf to \$179 psf - an average of \$150 psf of site area.

Comparable Sales Transactions					
No	Address	Sale Date	Sale Price	Site Size (Sq. Ft.)	Sale Price Per Sq.Ft.
1	20-30 Weldrick Road West, Richmond Hill	November 23, 2017	\$23,000,000	136,125	\$169
2	107 Hall Street, Richmond Hill	March 23, 2017	\$10,750,000	63,031	\$171
3	3-9 McCachen Street, Richmond Hill	September 16, 2016	\$8,705,000	81,980	\$106
4	4-8 Parker Avenue & 272-298 King Road, Richmond Hill	August 23, 2016	\$12,000,000	102,976	\$117
5	185, 191, 197, 203, 209, 215 Major Mackenzie Drive East, Richmond Hill	August 17, 2016	\$8,350,000	46,609	\$179
6	9113-9125 Bathurst Street, Richmond Hill	September 29, 2017	\$8,058,000	50,747	\$159
	<b>Minimum:</b>	<b>August 17, 2016</b>	<b>\$8,058,000</b>	<b>46,609</b>	<b>\$106</b>
	<b>Maximum:</b>	<b>November 23, 2017</b>	<b>\$23,000,000</b>	<b>136,125</b>	<b>\$179</b>
	<b>Average:</b>	<b>February 20, 2017</b>	<b>\$11,810,500</b>	<b>80,245</b>	<b>\$150</b>

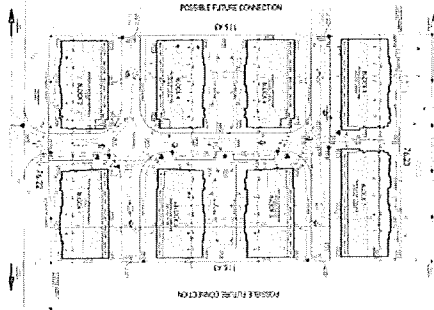
### COMPARABLE SALES MAP



**COMPARABLE TRANSACTION**

**INDEX 1**

20-30 Weldrick Road West, Richmond Hill



**SALE DATA**

<b>Sale Status:</b>	Final
<b>Address:</b>	20-30 Weldrick Road West, Richmond Hill
<b>Location:</b>	North of Sixteenth Avenue, west of Yonge Street
<b>Sale Date:</b>	November 23, 2017
<b>Sale Price:</b>	\$23,000,000
<b>Sale Price Per Sq.Ft:</b>	\$169
<b>Percentage Transferred:</b>	100%
<b>Sale Type:</b>	Market
<b>Vendor Name:</b>	Town Square Homes
<b>Purchaser Name:</b>	Silver Stream Homes

**PRICE STRUCTURE**

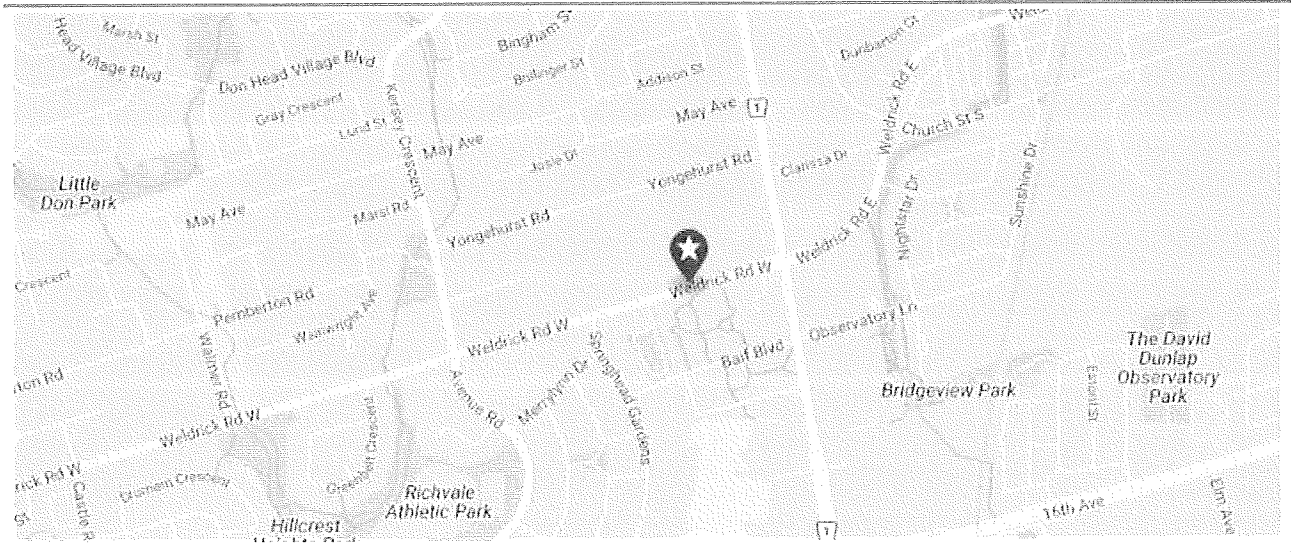
<b>Cash Down:</b>	\$23,000,000	100.00%
<b>VTB/Assumed:</b>	\$0	0.00%
<b>Total Price:</b>	\$23,000,000	100.00%
<b>Price Notes:</b>	Cash	

**PROPERTY CHARACTERISTICS**

<b>General Description:</b>	Residential Land
<b>Planning (OP/Zoning):</b>	Key Development Area / R3
<b>Site Area (sq. ft.):</b>	136,125
<b>Site Area (acres):</b>	3.125

**TRANSACTION COMMENTS**

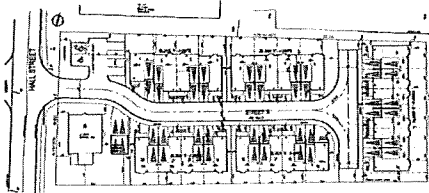
The property is a land assembly of 5 parcels. At the time of sale, the property was improved with five single family detached residential dwellings. A Rezoning Application (No. D02-16039) and a Site Plan Application (No. D06-16094) were submitted on December 9, 2016 pertaining to the land in this transaction. The Applications proposed the development of 41 street townhouses. The development would have a total gross floor area of approximately 88,764 square feet, and would have 88 parking spaces. As of November, 2017, the Applications were still in circulation.



**COMPARABLE TRANSACTION**

**INDEX 2**

107 Hall Street, Richmond Hill



**SALE DATA**

<b>Sale Status:</b>	Final
<b>Address:</b>	107 Hall Street, Richmond Hill
<b>Location:</b>	North of Major Mackenzie Drive West, west of Yonge Street
<b>Sale Date:</b>	March 23, 2017
<b>Sale Price:</b>	\$10,750,000
<b>Sale Price Per Sq.Ft:</b>	\$171
<b>Percentage Transferred:</b>	100%
<b>Sale Type:</b>	Market
<b>Vendor Name:</b>	Fortress Real Developments
<b>Purchaser Name:</b>	LiVante Developments

**PRICE STRUCTURE**

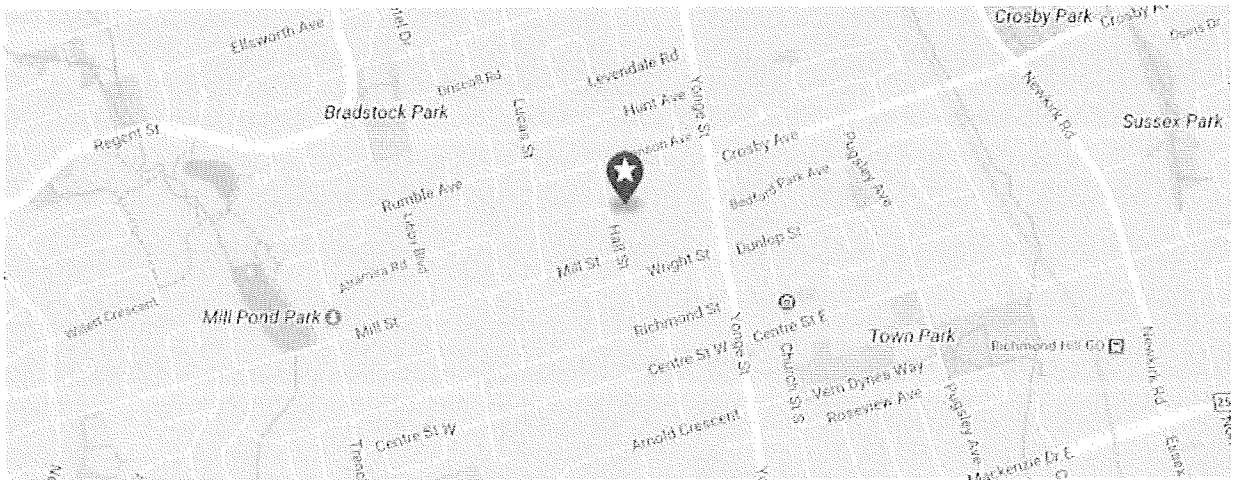
<b>Cash Down:</b>	\$10,750,000	100.00%
<b>VTB/Assumed:</b>	\$0	0.00%
<b>Total Price:</b>	\$10,750,000	100.00%
<b>Price Notes:</b>	Cash	

**PROPERTY CHARACTERISTICS**

<b>General Description:</b>	Residential Land
<b>Planning (OP/Zoning):</b>	Neighbourhood / R2
<b>Site Area (sq. ft.):</b>	63,031
<b>Site Area (acres):</b>	1.447

**TRANSACTION COMMENTS**

At the time of sale, the property was improved with a single family detached residential dwelling. A Rezoning Application (No. D02-15017) and a Draft Plan of Subdivision Application (No. D03-15005) were submitted on May 21, 2015, and then a revised development submission on July 28, 2016 pertaining to the land in this transaction. The Applications proposed the development of 22 street townhouses. The development would have a total gross floor area of approximately 56,531 square feet and would have 50 parking spaces. As of August, 2017, the Applications had been appealed to the OMB.





**COMPARABLE TRANSACTION**

**INDEX 3**

3-9 McCachen Street, Richmond Hill



**SALE DATA**

Sale Status:	Final
Address:	3-9 McCachen Street, Richmond Hill
Location:	North of King Road, west of Yonge Street
Sale Date:	September 16, 2016
Sale Price:	\$8,705,000
Sale Price Per Sq.Ft:	\$106
Percentage Transferred:	100%
Sale Type:	Market
Vendor Name:	Individual(s)
Purchaser Name:	Fifth Avenue (King North) Inc.

**PRICE STRUCTURE**

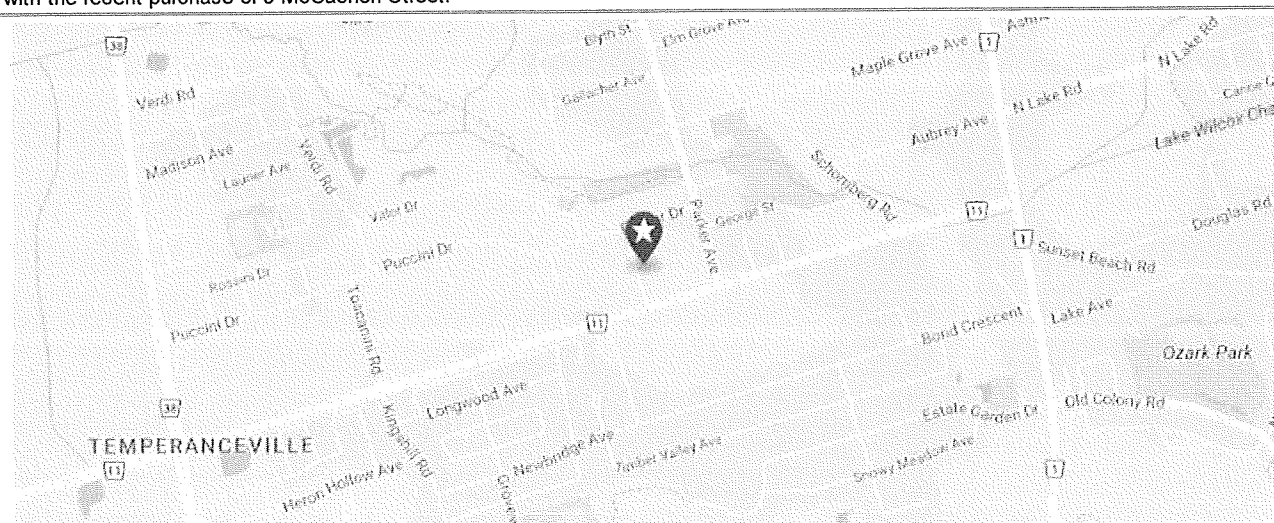
Cash Down:	\$8,705,000	100.00%
VTB/Assumed:	\$0	0.00%
Total Price:	\$8,705,000	100.00%
Price Notes:	Cash	

**PROPERTY CHARACTERISTICS**

General Description:	Residential Land
Planning (OP/Zoning):	Residential / RU
Site Area (sq. ft.):	81,980
Site Area (acres):	1.882

**TRANSACTION COMMENTS**

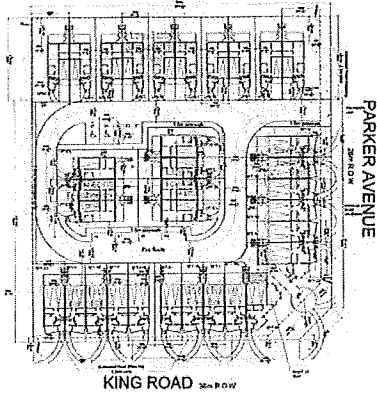
At the time of sale, the property was improved with four single family detached residential dwellings. The subject property is a land assembly of four parcels by the Purchaser. A Rezoning Application (No. D02-16037) and a Draft Plan of Subdivision Application (No. D03-16011) were submitted in November, 2016 pertaining to the land in this transaction. The Applications proposed the development of two semi-detached lots, with one medium density development block. The development would have a total of 33 units and would have a common element condominium road. As of March, 2017, the Applications were still in circulation, but are expected to be resubmitted with the recent purchase of 9 McCachen Street.



**COMPARABLE TRANSACTION**

**INDEX 4**

4-8 Parker Avenue & 272-298 King Road, Richmond Hill



**SALE DATA**

<b>Sale Status:</b>	Final
<b>Address:</b>	4-8 Parker Avenue & 272-298 King Road, Richmond Hill
<b>Location:</b>	North of King Road, west of Yonge Street
<b>Sale Date:</b>	August 23, 2016
<b>Sale Price:</b>	\$12,000,000
<b>Sale Price Per Sq.Ft:</b>	\$117
<b>Percentage Transferred:</b>	100%
<b>Sale Type:</b>	Market
<b>Vendor Name:</b>	Individual(s)
<b>Purchaser Name:</b>	Stateview Homes

**PRICE STRUCTURE**

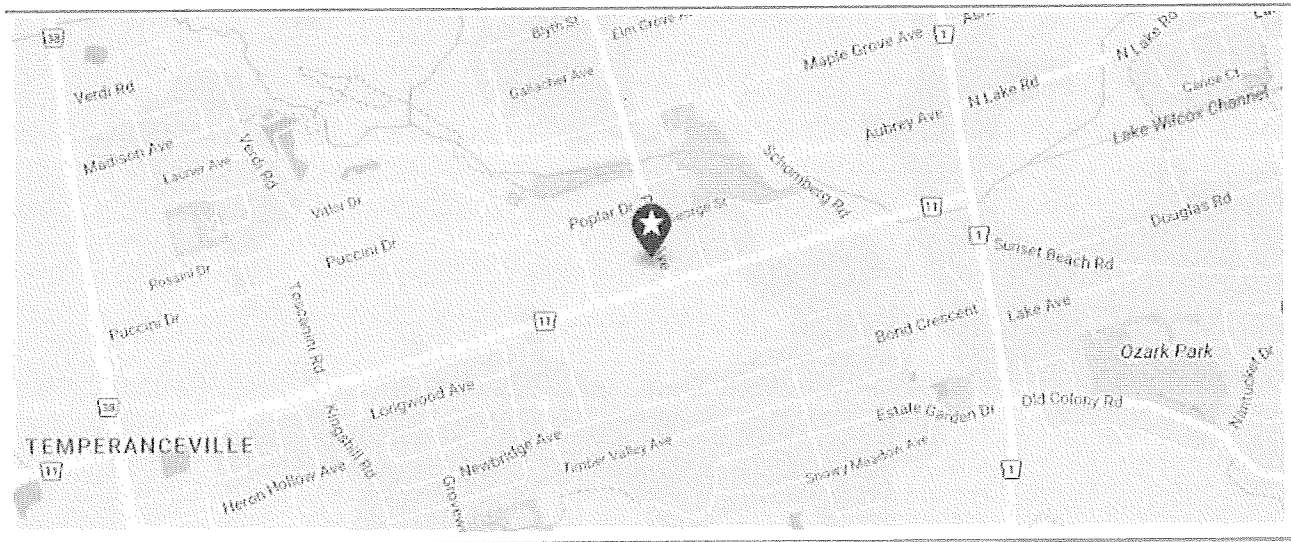
<b>Cash Down:</b>	\$12,000,000	100.00%
<b>VTB/Assumed:</b>	\$0	0.00%
<b>Total Price:</b>	\$12,000,000	100.00%
<b>Price Notes:</b>	Cash	

**PROPERTY CHARACTERISTICS**

<b>General Description:</b>	Residential Land
<b>Planning (OP/Zoning):</b>	Residential / RU
<b>Site Area (sq. ft.):</b>	102,976
<b>Site Area (acres):</b>	2.364

**TRANSACTION COMMENTS**

At the time of sale, the property was improved with 7 single-family detached residential dwellings. An Official Plan Amendment (No. D01-15002), a Rezoning Application (No. D02-15010), a Site Plan Application (No. D06-15028) and a Draft Plan of Subdivision Application (No. Do-03-15001) were submitted on March 13, 2015 pertaining to the land in this transaction and adjacent parcels. The Applications proposed the development of 23 street townhouses and 10 semi-detached houses. As of August, 2016, the Applications were still in circulation.



**COMPARABLE TRANSACTION**

**INDEX 5**

185, 191, 197, 203, 209, 215 Major Mackenzie Drive East, Richmond Hill



**SALE DATA**

<b>Sale Status:</b>	Final
<b>Address:</b>	185, 191, 197, 203, 209, 215 Major Mackenzie Drive East, Richmond Hill
<b>Location:</b>	South side of Major Mackenzie Drive E, East of Yonge St.
<b>Sale Date:</b>	August 17, 2016
<b>Sale Price:</b>	\$8,350,000
<b>Sale Price Per Sq.Ft:</b>	\$179
<b>Percentage Transferred:</b>	100%
<b>Sale Type:</b>	Market
<b>Vendor Name:</b>	Individuals
<b>Purchaser Name:</b>	Capital Build (Go-To Major Mackenzie South Block Inc.)

**PRICE STRUCTURE**

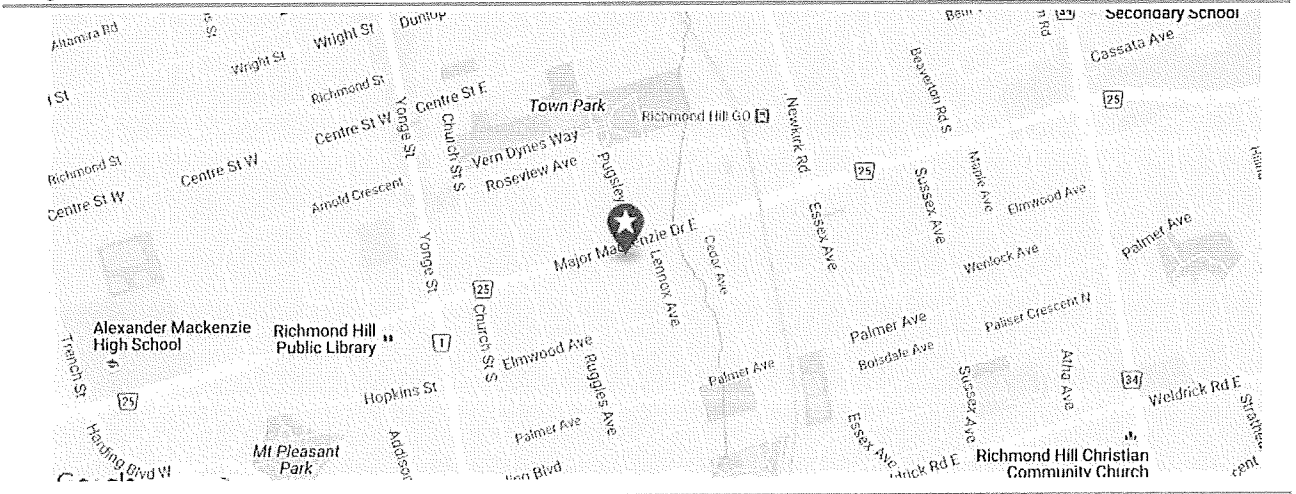
<b>Cash Down:</b>	\$8,350,000	100.00%
<b>VTB/Assumed:</b>	\$0	0.00%
<b>Total Price:</b>	\$8,350,000	100.00%
<b>Price Notes:</b>	Cash	

**PROPERTY CHARACTERISTICS**

<b>General Description:</b>	Residential Land
<b>Planning (OP/Zoning):</b>	Local Mixed Use Corridor / RM3
<b>Site Area (sq. ft.):</b>	46,609
<b>Site Area (acres):</b>	1.070

**TRANSACTION COMMENTS**

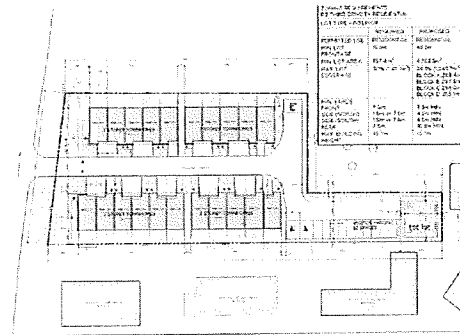
The transaction is a land assembly of 6 properties located on the south side of Major Mackenzie Drive East. All of the sites are improved with single family detached dwellings. It is our understanding that the acquisition is for the development of a medium density residential development. No applications had been submitted to the Town of Richmond Hill prior to the transaction. The Town of Richmond Hill designates the lands as Residential. The zoning by-law classifies the site as RM3 a residential classification.



**COMPARABLE TRANSACTION**

**INDEX 6**

9113-9125 Bathurst Street, Richmond Hill



**SALE DATA**

<b>Sale Status:</b>	Final
<b>Address:</b>	9113-9125 Bathurst Street, Richmond Hill
<b>Location:</b>	East of Bathurst Street, south of Carville Road
<b>Sale Date:</b>	September 29, 2017
<b>Sale Price:</b>	\$8,058,000
<b>Sale Price Per Sq.Ft:</b>	\$159
<b>Percentage Transferred:</b>	100%
<b>Sale Type:</b>	Market
<b>Vendor Name:</b>	Central Park Homes
<b>Purchaser Name:</b>	Highyon Accredited Realty Partners

**PRICE STRUCTURE**

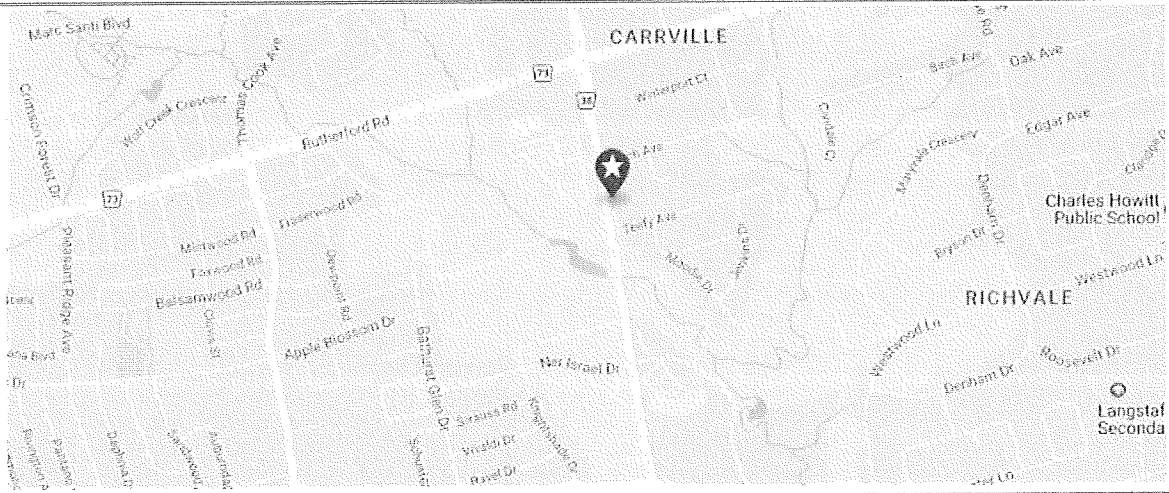
<b>Cash Down:</b>	\$8,058,000	100.00%
<b>VTB/Assumed:</b>	\$0	0.00%
<b>Total Price:</b>	\$8,058,000	100.00%
<b>Price Notes:</b>	Cash	

**PROPERTY CHARACTERISTICS**

<b>General Description:</b>	Residential Land
<b>Planning (OP/Zoning):</b>	Neighbourhood / R3
<b>Site Area (sq. ft.):</b>	50,747
<b>Site Area (acres):</b>	1.165

**TRANSACTION COMMENTS**

At the time of sale, the property was improved with a single family detached residential dwelling. A Rezoning Application (No. D03-16012) and a Draft Plan of Subdivision Application (No. D02-16016) were submitted on June, 2017 pertaining to the land in this transaction. The Applications proposed the development of 21 street townhouses. The development would have 12 visitor parking spaces. As of October, 2017, the Applications were still in circulation subject to conditions.



## ANALYSIS OF COMPARABLE SALES

Since no two properties are completely alike, adjustments must be made to compensate for differences between the comparable sales and the subject property. The major elements of comparison for an analysis of the Subject type of property include:

- Date of Sale - changes in market conditions since the sale
- Property rights conveyed
- Financial terms of the transaction
- Conditions or motivations surrounding the sale
- Location of the real estate
- Size of site area
- Site utility
- Planning Status
- Site Servicing/Improvements

Downward adjustments will be made to those comparables considered superior to the Subject. Conversely, upward adjustment will be made to those comparables considered to be inferior. In this regard a summary of the relevant details is presented in the following table:

### ANALYSIS

Sale Date	<ul style="list-style-type: none"> <li>• Where the market is changing, it may be necessary to adjust prices to reflect the time difference between the date of sale of a comparable property and the date of valuation. The demand for infill development sites in the Greater Toronto Area has It is difficult to apply a time adjustment for vacant lands due to the infrequency of similar vacant land parcels trading within the area and the unique features of each parcel. Further, the subject is location in rural location on the northern border of the Greater Toronto Area.</li> <li>• For the purpose of this analysis, we have chosen 7.50% per annum as our time adjustment for the comparable properties.</li> </ul>
Property Rights Conveyed	<ul style="list-style-type: none"> <li>• When real property rights are sold, they may be the sole subject of the contract or the contract may include other rights. In the sales comparison analysis, it is pertinent that the property rights of the comparable sale be similar to the property rights of the Subject property. All the sales considered were fee simple transfers, therefore no adjustments were deemed necessary.</li> </ul>
Financing Terms	<ul style="list-style-type: none"> <li>• The transaction price of one property may differ from that of a similar property due to different financing arrangements. For example, more favourable financing might include a VTB (Vendor Take Back) mortgage at a lower than market interest rate, which tends to have a positive influence on the price. No VTB adjustments were required.</li> </ul>
Conditions of Sale	<ul style="list-style-type: none"> <li>• Adjustments for conditions of sale usually reflect the motivations of the purchaser and vendor. In some cases the conditions of sale significantly affect transaction prices. Sales that reflect unusual situations require an appropriate adjustment for motivation or sale condition. For example, power-of-sale conditions involve a certain degree of urgency on part of the lender - leading to a somewhat lower sale price than what would otherwise be expected. On the other hand, transactions to create a land assembly may result in higher motivation by the buyer which often leads to a higher sale price than would be expected.</li> </ul>

Location	<ul style="list-style-type: none"> <li>An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the Subject property. Excessive locational differences may disqualify a property from use as a comparable. Although no location is inherently desirable or undesirable, the market recognizes that one location is better than, similar to, or worse than another. Locational adjustments were based on both geographic and neighbourhood location.</li> </ul>
Site Area (Square Feet)	<ul style="list-style-type: none"> <li>The price per square foot of site area is expected to vary with the size of the site. Generally the price per square foot decreases as size increases where all other features are similar. This is typically referred to as diminishing marginal utility.</li> </ul>
Site Utility	<ul style="list-style-type: none"> <li>A site's utility is determined by its size, shape, accessibility and development potential. For example, larger and rectangular sites have higher site utility than smaller irregular sites; therefore adjustments must be made to account for differences in site utility. Based on the size and infill development foot print of the Subject site, adjustments are required for the comparable sites that differ in size and shape.</li> </ul>
Land Use Policy / Development Potential	<ul style="list-style-type: none"> <li>As outlined by the land use policy and the development concept plan outlined herein, the Subject site is envisioned for future medium density residential development uses. As at the effective date, a Site Plan Application has received conditional Site Plan Approval subject to entering into a site planning agreement, which is planned to be signed in under a month.</li> <li>Indices 3 and 5 have not submitted development applications. Therefore, an upward adjustment was required for these comparables.</li> </ul>
Site Servicing / Improvements	<ul style="list-style-type: none"> <li>Sites having full access to municipal services are superior then those only with rural services. Additionally, sites improved with residential dwelling, farm related buildings or an industrial building are considered superior due to the income potential of the site while planning applications are submitted.</li> </ul>

The chart below outlines the percentage adjustments that we have applied to the comparable sales analysis (It is noted that the quantitative adjustments are presented for informational purposes only, and are intended to allow the reader to understand the thought process of the appraiser, when arriving at a concluded value estimate. A matched-pairs analysis, while acceptable in theory, is highly limited due to the fact that no two properties are exactly alike):

# ADJUSTMENT TABLE

Adjustment Summary Table		Index 1	Index 2	Index 3	Index 4	Index 5	Index 6
Property Description	Subject Property						
Address:	Northwest corner of Bond Crescent and Yonge Street, Richmond HI	20-30 Widdick Road West, Richmond Hill	107 Hall Street, Richmond Hill	3-9 McCaheen Street, Richmond Hill	4-8 Parker Avenue & 272-288 King Road, Richmond Hill	185, 191, 197, 203, 209, 215 Major Mackenzie Drive East, Richmond Hill	9113-9125 Bahurst Street, Richmond Hill
Sale Date/Effective Date:	December 20, 2017	November 23, 2017	March 23, 2017	September 16, 2016	August 23, 2016	August 17, 2016	September 29, 2017
Site Area:	2.00	3.13	1.45	1.88	2.36	1.07	1.17
Building Area:	155,074	136,125	63,031	81,980	102,976	46,609	50,747
Sale Price:	-	\$23,000,000	\$10,750,000	\$6,705,000	\$12,000,000	\$8,350,000	\$6,058,000
Sale Rate \$/SF:	-	\$169	\$171	\$106	\$117	\$179	\$159
Value Adjustments		Description	Adj.	Description	Adj.	Description	Adj.
Property Rights Conveyed	-	Fee Simple	Similar	Fee Simple	Similar	Fee Simple	Similar
Financing Terms	-	Cash	Similar	Cash	Similar	Cash	Similar
Conditions of Sale	-	Normal	Similar	Normal	Similar	Normal	Similar
Time/Market Condition	December 20, 2017	Inferior	0.50%	Inferior	9.50%	Inferior	10.20%
Comparable Growth Rate: 7.5%							
Time/Market Adjusted Price:		\$170	\$180	\$116	\$128	\$197	\$161
Location	Yonge Street and Bond Crescent	16th Avenue & Yonge Street	Yonge & Major Mackenzie / West of Yonge	Yonge Street and King Road	Yonge Street and King Road	Yonge & Major Mackenzie / East of Yonge	Bahurst Street & Rutherford Road
Site Size	155,074	136,125	63,031	81,980	102,976	46,609	50,747
Site Utility	2.00 Acres	3.13 Acres	1.45 Acres	1.88 Acres	2.36 Acres	1.07 Acres	1.17 Acres
Planning (OP/Zoning)	Site Plan Application Received Conditional Approval	ZBA & SPA Submitted	Revised Development Application Submitted	No Applications	ZBA, SPA & Draft Plan Submitted	No Applications	ZBA & Draft Plan Submitted
Servicing/Improvements	Single-Detached Dwellings	Single-Detached Dwellings	Single-Detached Dwellings	Single-Detached Dwellings	Single-Detached Dwellings	Single-Detached Dwellings	Single-Detached Dwellings
Overall Adjustments:		Slightly Superior to the Subject	Similar to the Subject	Inferior to the Subject	Inferior to the Subject	Similar to the Subject	Similar to the Subject

## DIRECT COMPARISON APPROACH CONCLUSION

We have researched six comparables from the Town of Richmond Hill, all of which are intended for development of medium-density residential uses. The transacted rates ranged from \$106 psf to \$179 psf – an average of \$150 psf.

Index 3 transacted at a rate of \$106 psf – the low end of the range. The property is similar in size to the subject, with 81,980 square feet, but no applications have been submitted. Although close in location to the subject, Index 3 is located further to the west and doesn't have the same access to Yonge Street. Due to the current planning status of Index 3, it is reasonable to conclude it to be significantly inferior to the subject.

Index 5 is most similar to the subject, transacting at a rate of \$179 psf – the high end of the range. The site is located in a superior area to the subject, but is significantly smaller (1.07 acres). However, no applications have been submitted for Index 5. As such, we have concluded the subject to be similar to Index 5.

The subject is a 2.00 acre parcel of land located just west of Yonge Street in the north area of Richmond Hill. The Site Plan Application has received conditional approval for the development of 71 units (24 stacked townhouses and 47 front loaded townhouses) with a total gross floor area of 133,370 square feet. Overall, we believe a unit rate in the upper end of the comparables to be reasonable.

Therefore, we believe the current market value of the subject property based on its Highest & Best Use will reasonably achieve the following market value estimate:

Direct Comparison Approach Conclusion	
Current Market Value:	HBU
Gross Floor Area (Sq.Ft):	155,074
Unit Rate (P.S.F):	\$170
Estimated Market Value:	\$26,362,580
<b>Final Estimated Value (rounded):</b>	<b>\$26,400,000</b>

**TWENTY SIX MILLION FOUR HUNDRED THOUSAND DOLLARS**

**\$26,400,000 (rounded)**

Exposure Time: 6 to 9 Months

The market values is premised under the assumption that the subject is free and clear of any environmental contamination that would impede on future development. Should this not be true, the appraiser reserves the right to amend the value conclusion(s) accordingly.



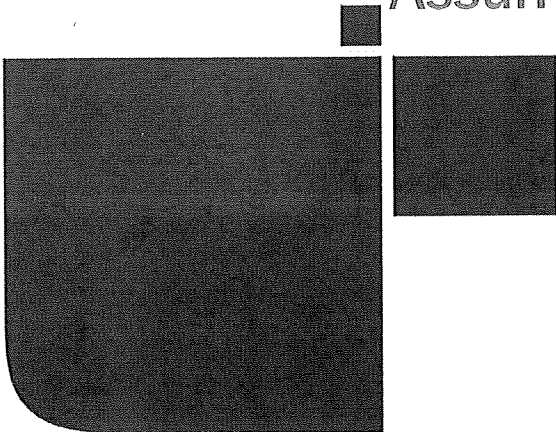
## **ADDENDA CONTENTS**

**ADDENDUM A: ASSUMPTIONS AND LIMITING CONDITIONS**

**ADDENDUM B: CERTIFICATION OF APPRAISAL**

**ADDENDUM C: GLOSSARY OF TERMS AND DEFINITIONS**

## Assumptions and Limiting Conditions



## ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Subject Property" means the property located at **northwest corner of Bond Crescent & Yonge Street, Richmond Hill, ON.**

"C&W" means Cushman & Wakefield ULC or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

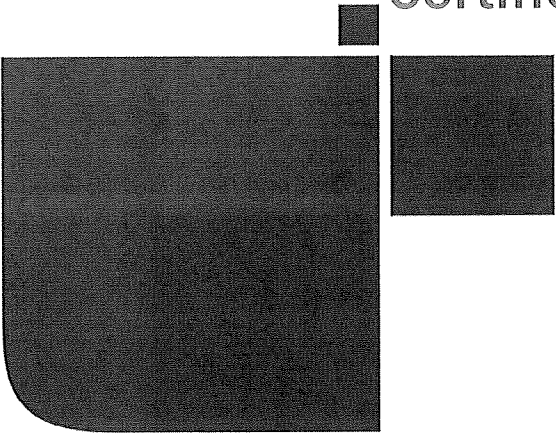
The Report has been made subject to the following assumptions and limiting conditions:

- This appraisal report has been prepared at the request of **Shaji Nada of Ideal Developments Inc.** for the purpose of estimating the current market value based on its "Highest & Best Use" for the subject lands located at the northwest corner of Gamble Street and Yonge Street, Richmond Hill, ON. It is our understanding that the intended use of the appraisal report is to assist with financing. It is not reasonable for any persons other than **Ideal Developments Inc., its subsidiaries and lender(s)** to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
- This report has been prepared at the request of **Ideal Developments Inc.** and for the exclusive (and confidential) use of the recipients as named herein for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference.
- Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- The estimated current market value of the real property which is appraised in this report pertains to the value of the fee simple estate in the real estate as vacant and available for development "as of right". The property rights appraised herein exclude mineral rights, if any.
- The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to all of the assumptions and limiting conditions.

- The property has been valued on the basis that title to the real property herein appraised is good and marketable.
- The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.
- The legal description of the property and the area of the site were obtained from the Municipal Property Assessment Corporation (MPAC). Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
- The property has been valued on the basis that the real property is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, lien or social assessments outstanding against the property other than as stated and described herein.
- The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or salability of the subject property or any portion thereof.
- The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such possible circumstances have not been accounted for in the appraisal process.)
- Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the current market value of this property. To be certain of such compliance, further investigations may be necessary.
- The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
- The estimated current market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated current market value does not include consideration of any extraordinary current market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.

- Should title to the real property presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.
- In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
- Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of current market value expressed herein, as at the effective date of this appraisal, cannot necessarily be relied upon as any other date without subsequent advice of the author of this report.
- The value expressed herein is in Canadian Dollars.
- This report is only valid if it bears the original signatures of the authors.

Certification



## CERTIFICATION

We hereby certify that:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions and conclusions were developed independently and with no influence on the appraiser on the part of the owner or lender.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute of Canada, which include the Canadian Uniform Standards of Professional Appraisal Practice and Standards of Professional Practice of the Appraisal Institute of Canada.
- The use of this report is subject to the requirements of the Appraisal Institute of Canada relating to review by its duly authorized representatives.
- Peter Chan inspected the subject property on December 28<sup>th</sup>, 2016.
- The value estimate contained in this report applies as of December 20<sup>th</sup>, 2017. This date may be referred to as the *effective date of valuation*.
- The Appraisal Institute of Canada has a mandatory Continuing Professional Development Program for designated members. As of the date of this report, Peter Chan has fulfilled the requirements of the program.

## FINAL VALUE ESTIMATE – HIGHEST & BEST USE

The current market value of the subject property based on its Highest & Best Use located at the northwest corner of Bond Crescent & Yonge Street, Richmond Hill, ON, as at December 20th, 2017 is as follows:

**TWENTY SIX MILLION FOUR HUNDRED THOUSAND DOLLARS**

**\$26,400,000**

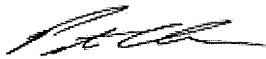
Exposure Time: 6 to 9 Months

## EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

*An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of proposed improvements, etc. Certain extraordinary assumptions underlie the valuation analysis in this report and the resulting opinion of market value of the Subject property, namely:*

The market values is premised under the assumption that the subject is free and clear of any environmental contamination that would impede on future development. Should this not be true, the appraiser reserves the right to amend the value conclusion(s) accordingly.

Respectfully submitted,  
**CUSHMAN & WAKEFIELD ULC**



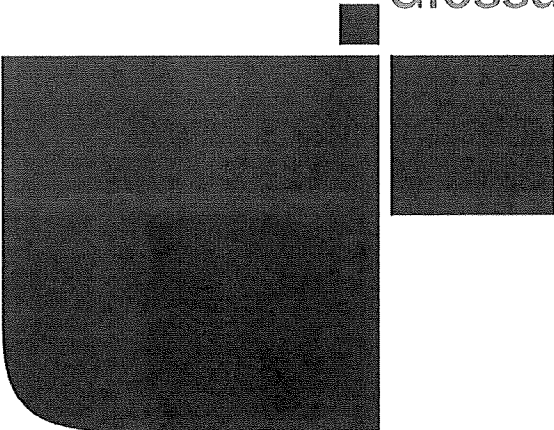
Digitally  
 signed by  
 Peter Chan

---

Peter Chan, AACI, P.App.  
 Vice President  
 Valuation & Advisory  
 Peter.Chan@ca.cushwake.com  
 Phone Office Direct 416.359.2432  
 Fax 416.359.2613



## Glossary of Terms and Definitions



## GLOSSARY OF TERMS AND DEFINITIONS

### DEFINITIONS OF VALUE, INTEREST APPRAISED AND OTHER TERMS

#### MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice (The Standards) adopted by the Appraisal Institute of Canada define Market Value as:

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.*

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in their own best interests;
3. A reasonable time is allowed for exposure in the market;
4. Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

#### FEE SIMPLE INTEREST

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

#### EXPOSURE TIME


Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

#### VALUE IN USE

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually.

This is Exhibit "B" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc.

Judy Hamilton

## IDEAL (BC) DEVELOPMENTS

### Nature's Edge

2-8 Bond Crescent and 8-18 Bostwick Crescent, Richmond Hill

**Site Plan Designer**  
RN Design  
Mohammad Alam  
905-738-3177 x 354  
MAlam@rndesign.com

**Planning**  
Evans Planning  
Murray Evans/Joanna Fast  
905-669-6992 x 102  
jfast@evansplanning.com

**Landscape Architect**  
SBK  
Bryn Barron  
416-695-4949 x229  
bbarron@strybos.com

**Survey**  
Tham Survey  
Tham Shanmugarajah/Mike Nguyen  
905-761-6521  
tham@thamsurvey.ca

**Mechanical/Electrical**

**Noise**  
J.E. Coulter and Associates  
Howard Patlik  
416-502-8598 x 222  
hpatlik@jecoulterassoc.com

**Natural Heritage**  
Aquafor Beech  
Ash Baron  
519-224-3750  
baron.a@aquaforbeech.com

**Residential Design (Buildings)**  
RN Design  
Maria Logozzo  
905-738-3177 x 355  
mlogozzo@rndesign.com

**Civil Engineer**  
Masongsong Associates  
Andrew Ip  
905-944-0162  
andrewi@maeng.ca

**Environmental**  
Soil Probe  
Mashaal Memon  
416-754-7055  
mashaalm@soilprobe.ca


**Traffic**  
IBI Group  
Brian Hollingworth  
416-596-1930 x 61270  
bhollingworth@ibigroup.com

**Structural Engineer**

**Lighting/Utility Coordination**  
RTG Systems Inc.  
Ted Gayowsky  
905-827-7887  
tgayowsky@rtgsystems.com

**Arborist**  
The Tree Specialists Inc.  
Cletus Gavin  
905-469-1717  
cgavin@thetreespecialists.com

This is Exhibit "C" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc.

Judy Hamilton



Urban Planners • Project Managers

May 8, 2019

First Source Mortgage Corporation  
1 Valleybrook Drive, Suite 100  
Toronto, Ontario  
M3B 2S7

To: Mr. Steven Walters, Senior Vice President

Dear Mr. Walters,

Re: Ideal (BC) Developments Inc.  
8, 10, 12, 14, 16 and 18 Bostwick Crescent and 2, 6 and 8 Bond Crescent  
City of Richmond Hill

As you are aware, Evans Planning Inc. was retained by Ideal (BC) Developments Inc. (Ideal) to assist with the re-development of the lands located on the northwest corner of Bond Crescent and Bostwick Crescent, within the City of Richmond Hill. The properties are municipally described as 8, 10, 12, 14, 16 and 18 Bostwick Crescent and 2, 6 and 8 Bond Crescent.

#### Background

On December 23, 2014 applications for Zoning By-law Amendment and Draft Plan of Subdivision (D02-14039 and D03-14017), were submitted to the Town of Richmond Hill. The applications were deemed complete on March 5, 2015 and the statutory public meeting was held on June 17, 2015.

The City of Richmond Hill initiated an update to the Bond Crescent Neighbourhood Infill Study, which was approved by Council on April 18, 2016.

Since this time, Ideal purchased additional lands which included 2, 6 and 8 Bond Crescent and 16 and 18 Bostwick Crescent, resulting in an amendment to the original application. These revised applications were deemed complete on August 16, 2016, and an additional public meeting was held on November 9, 2016.

#### Site Details

As noted in previous correspondence, the proposed site plan contemplates the development of a total of seventy-two common element and standard condominium-based townhouse units, consisting of:

- Twenty-four stacked townhouse units;
- Forty-eight standard common element townhouse units;
- 154 surface parking spaces.

The site is designated in the City of Richmond Hill Official Plan as Neighbourhood. The proposed uses conform with the land use policies with the Neighbourhood designation.



The subject lands are located within the Bond Crescent Neighbourhood Infill Development area. The infill study has been recently updated by the City of Richmond Hill, in order to appropriately guide the re-development of lands particularly relating to the medium density residential uses and commercial uses within this area, as set out within the City's Official Plan. Within the study, these lands are shown on the preferred concept as lands to be utilized for 2-3 storey high medium density residential uses. The proposed land use is consistent with the adopted guidelines of the infill study update.

#### Timeline

To inform and help prepare the final Zoning By-law Amendment and Draft Plan of Subdivision applications, Ideal will be submitting applications for Site Plan Control Approval and Draft Plan of Condominium. As noted in previous correspondence, a pre-submission meeting for the Site Plan Control and Draft Plan of Condominium applications was held on February 22, 2018 with City of Richmond Hill Planning Staff. A Pre-Submission Response Letter was prepared by the Town to outline the submission requirements relating to the applications for Site Plan Control and Draft Plan of Condominium.

Ideal met with Evans Planning Inc. on April 2, 2019, and prior to preparing revisions to the site development plans and reports to allow for the re-submission of the Zoning By-law Amendment and Draft Plan of Subdivision applications, confirmed that Evans Planning Inc. would consult with the City on the potential acquisition of all or some of the abutting City-owned lands in the Bostwick Crescent right-of-way.

As of this date, Evans Planning Inc. have consulted with City staff about the potential acquisition, and City staff have responded that they are also now consulting internally with appropriate staff about the long-term use of the closed right-of-way.

Unless additional lands can be secured in a timely manner, plans and reports to support Site Plan Control and Draft Plan of Condominium applications will be prepared, and on this basis, it is expected that a full coordinated submission package for Zoning By-law Amendment, Draft Plan of Subdivision, Site Plan Control and Draft Plan of Condominium applications will be submitted to the City by mid-2019. Should the site plan design be considered generally acceptable, it is possible that the zoning for the land and draft plan of subdivision approval can be in place for late 2019.


I trust this update is satisfactory for your purposes. Should you have any questions regarding this matter, please contact the undersigned.

Yours truly,

Rob Gibson

cc. Ideal (BC) Developments Inc.

This is Exhibit "D" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.



---

Commissioner for Taking Affidavits, etc.

Judy Hamilton



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

From: **Noemi Salamon** <[noemi@firstsourcemortgage.ca](mailto:noemi@firstsourcemortgage.ca)>

Date: Wed., Feb. 20, 2019, 3:42 p.m.

Subject: RE: Postdates

To: Alex Zheng Ji <[alex@idealdevelopments.com](mailto:alex@idealdevelopments.com)>

Cc: Steven (Skip) Walters <[swalters@firstsourcemortgage.ca](mailto:swalters@firstsourcemortgage.ca)>, Ming Chang <[ming@firstsourcemortgage.ca](mailto:ming@firstsourcemortgage.ca)>, Prasana Balachandran <[prasana@idealdevelopments.com](mailto:prasana@idealdevelopments.com)>, shaji <[shaji@idealdevelopments.com](mailto:shaji@idealdevelopments.com)>, Bruce Milburn <[BMilburn@srllawpractice.com](mailto:BMilburn@srllawpractice.com)>, David Mandel <[david@firstsourcemortgage.ca](mailto:david@firstsourcemortgage.ca)>

Hi Alex,

There is a \$300,000 holdback (\$200k-remediation and \$100k – draft plan approval holdback) however these funds would only be released or credited to the borrower's account upon discharge of the loan. Interest is still calculated against the full principal amount of the loan along with any late interest compounding such as the \$259,999.98 interest bonus.

Thank you

Noemi

**From:** Alex Zheng Ji [mailto:[alex@idealdevelopments.com](mailto:alex@idealdevelopments.com)]

**Sent:** Wednesday, February 20, 2019 2:52 PM

**To:** Noemi Salamon

**Cc:** Steven (Skip) Walters; Ming Chang; Prasana Balachandran ([prasana@idealdevelopments.com](mailto:prasana@idealdevelopments.com)); [shaji@idealdevelopments.com](mailto:shaji@idealdevelopments.com); Bruce Milburn; David Mandel

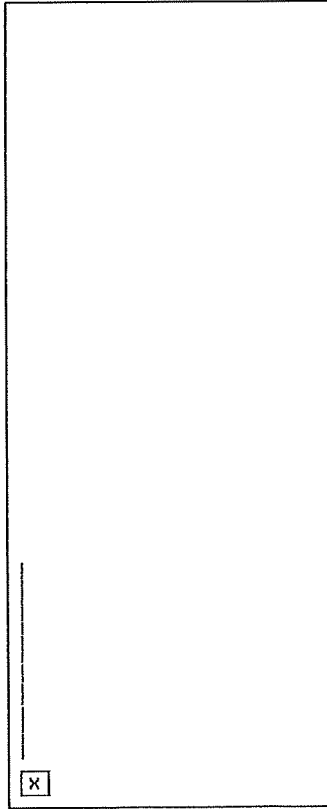
**Subject:** Re: Postdates

Hi Noemi,

I talked to Prasana, it seemed the principal for calculating the interest should not be 13,260,000 as there was 300,000 reserve never got released. He said there was an adjusted advance statement and the correct principal amount was showed on it. Prasana is currently out of office, but we will have a discussion on this matter tomorrow morning. In the meantime, if you know anything about the adjusted advance statement, please share me a copy so that I could figure out what actually was agreed upon.

---

Best Regards,



On Wed, Feb 20, 2019 at 2:38 PM Noemi Salamon <[noemi@firstsourcemortgage.ca](mailto:noemi@firstsourcemortgage.ca)> wrote:

Much appreciated☺

**From:** Alex Zheng Ji [<mailto:alex@idealdevelopments.com>]

**Sent:** Wednesday, February 20, 2019 1:42 PM

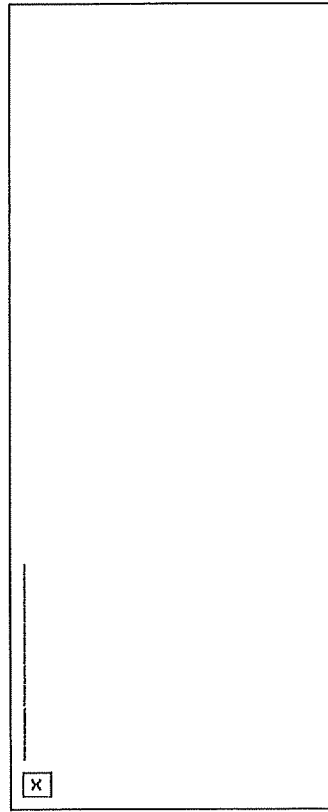
**To:** Noemi Salamon

**Cc:** Steven (Skip) Walters; Ming Chang; Prasana Balachandran ([prasana@idealdevelopments.com](mailto:prasana@idealdevelopments.com)); [shaji@idealdevelopments.com](mailto:shaji@idealdevelopments.com); Bruce Milburn; David Mandel

**Subject:** Re: Postdates

Thanks Noemi, now the numbers make sense. I will prepare post-dated cheques per the extension agreement.

Best Regards,



On Wed, Feb 20, 2019 at 12:18 PM Noemi Salamon <[noemi@firstsourcemortgage.ca](mailto:noemi@firstsourcemortgage.ca)> wrote:

Hi Alex,

Please see attached Extension Statement prepared by Ming which you may have received already. This should help clarify some of the figures referred to.

The Third Mortgage Amending Agreement is incorrect in stating that the 0.5% interest bonus would be due and payable on February 1 and March 1, 2019. You are correct- interest is in arrears and therefore the 0.5% would be due March 1 and April 1, 2019.

The amount provided on the Third Mortgage Amending Agreement of \$13,263,221 consists of the following:

- \$13,000,000 – principal
- \$259,999.98 – 3 Month Interest Bonus
- \$561.03 - HST on administration charge by First Source (Dec 1, 2018 - Feb 1, 2019)
- \$561.03 - HST on administration charge by First Source (Feb 1, 2019 - Apr 1, 2019)
- \$1050.00 - Sched A 2k) Request for Discharge statement (3x)
- \$1050.00- Sched A 2n) Issue with the loan (3 per phone call/email)

This amount does not include any late interest outstanding.

Let me know if you have any other questions.

Thank you

Noemi Salamon

Administrative Assistant for

David Mandel, President.

First Source Financial Management Inc.  
1 Valleybrook Dr., Suite 100

Toronto, ON. M3B 2S7

416.221.2238 ext. 21

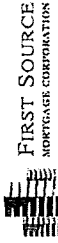
Fax: 647.799.0338

Principal Broker First Source Mortgage Corporation (License # 10434)  
Principal Administrator First Source Financial Management Inc. (License # 12594)

[www.firstsourcemortgage.ca](http://www.firstsourcemortgage.ca)

David's Cell: 416-590-9800

*You have received this email message from Noemi Salamon of First Source Mortgage Corporation. This message is intended solely for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. Any other distribution, copying or disclosure is strictly prohibited. If you have received this message in error, please notify the sender immediately by replying to this email, and confirm the deletion of the original email and any attachment(s).*



STATEMENT OF EXTENSION - Bostwick & Bond Crescent, Richmond Hill, ON - First Mortgage A/B structure	
Extension - as of February 1, 2019	
Loan no. 1233.16.12	
New Maturity April 1, 2019	
Full Loan Amount \$13,000,000.00	
FS portion of Total Loan 'B' position \$5,500,000.00	
Kingsett Capital Portion \$7,500,000.00	
Portion of extension fee payable to First Source Mortgage	\$10,576.92
Portion of extension fee payable to Kingsett Capital	\$14,423.08
Extension Fee for Feb 1, 2019	Received \$25,000.00
Portion of extension fee payable to First Source Mortgage	\$10,576.92
Portion of extension fee payable to Kingsett Capital	\$14,423.08
Extension Fee for Mar 1, 2019	To be collected \$25,000.00
TOTAL Extension Fee	\$50,000.00
Three Month Interest Bonus/Penalty (as per Sched. A) Added to Principal and to be collected at time of discharge	*as per Extension Agreement executed June 29/18. Subject to 8.5% as of Oct. 1/18. \$259,999.98
HST on administration charge by First Source (Dec 1, 2018 - Feb 1, 2019)	\$561.03
HST on administration charge by First Source (Feb 1, 2019 - Apr 1, 2019)	\$561.03
Sched A.2k) Request for Discharge statement (3x)	\$1,050.00
Sched A.2n) Issue with the loan (3 per phone call/email)	\$1,050.00
Legal Fees payable to Schneider Ruggiero LLP - Inv #81685	\$12,088.54
TOTAL Extension Costs Payable to First Source Financial Management Inc.	\$40,310.60
Interest Rate on Funds Advanced	8.50%
Increased Interest Rate on Funds Advanced	0.50%
Monthly Interest Payment	\$93,925.00
Monthly Interest Payment of 0.50% increase	\$5,525.00
Total Monthly Interest Payment	\$99,450.00
	(0.5% fee as an increase rate 8.5% to 9.0% will commence Feb 1st)
	*includes interest on 3 month Bonus/penalty

**From:** Alex Zheng Ji <[alex@idealdevelopments.com](mailto:alex@idealdevelopments.com)>  
**Sent:** Friday, February 15, 2019 3:54 PM  
**To:** Prasana Balachandran <[prasana@idealdevelopments.com](mailto:prasana@idealdevelopments.com)>  
**Cc:** Steven (Skip) Walters <[swalters@firstsourcemortgage.ca](mailto:swalters@firstsourcemortgage.ca)>; SHAJI <[shaji@idealdevelopments.com](mailto:shaji@idealdevelopments.com)>  
**Subject:** Re: Postdates

Hi Skip,

Please see below for discrepancies I found.

On Feb 01, 2019, we paid \$94,941.04 + \$25,000 for Jan 2019 Interest and extension fee per their statement.

On the Third Mortgage Amending Agreement, First Source claimed the monthly interest for Feb and Mar 2019 will be \$99,450. As per my calculation, based on 8.5% annual interest rate, and 13,263,221 principal balance, the interest for Feb and March should be \$86,483.46 and \$95,749.55, respectively.

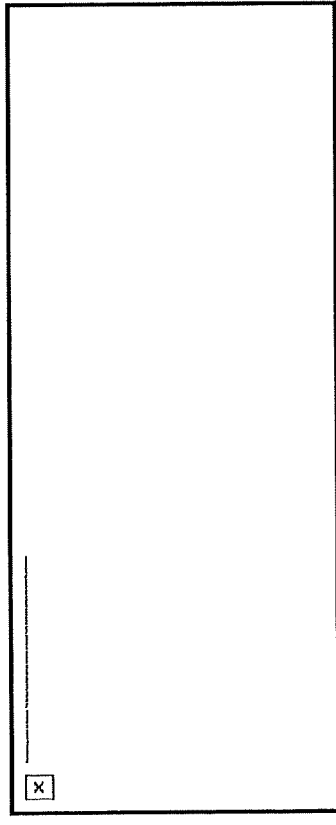
Please confirm the 0.5% bonus interests for Feb and Mar 2019 are due on beginning of each month. Normally, interest is due at beginning of each month.

Please also provide support on the calculation of principal balance of \$13,263,221.

Thanks in advance,

—

Best Regards,



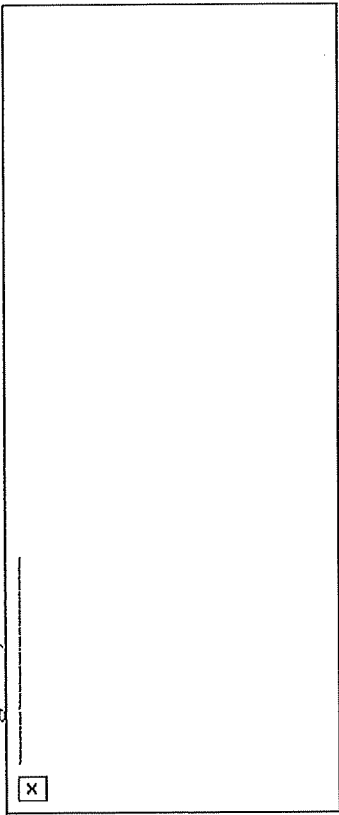
On Fri, Feb 15, 2019 at 3:15 PM Prasana Balachandran <[prasana@idealddevelopments.com](mailto:prasana@idealddevelopments.com)> wrote:

Hi Skip,


We're in the process of issuing the postdates. My controller has a few questions before he releases them. Kindly wait for his email in this thread and if you would promptly direct your admin to review his discrepancies and make any further revisions if necessary and he will incorporate the changes and send the postdates accordingly first thing Tuesday morning (due to the holiday).



Best regards,



This is Exhibit "E" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc.

Judy Hamilton

**ACCOUNT CLOSING STATEMENT**

**FIRST SOURCE**  
FINANCIAL MANAGEMENT INC.

ACCOUNT NO.	1233.16.12
STATEMENT CLOSING DATE	5/31/2019

STATEMENT SUMMARY	
Payoff Amount	\$13,140,706.43
Payoff Due Date	6/1/2019
After 6/1/2019, please pay an additional \$4,420.18 per day. This notice expires on 6/11/2019, at which time you are instructed to contact this office for additional instructions.	
Interest Rate	12.000%
Daily Periodic Rate	0.033333%
Average Daily Balance	\$13,264,958.75
Property: 8 ,10, 12 ,14 ,16 & 18 Bostwick, 2, 6 & 8 Bond Crescent Richmond Hill ON	

BORROWER
(Bostwick Cres, RH) Ideal (BC) Developments Inc., et al 1100 Rodick Road - Ground Floor Markham ON L3R 8C3

PLEASE DETACH THE TOP PORTION OF THIS STATEMENT AND RETURN IT WITH YOUR PAYMENT


Funds may be tendered any time up to 1:00 pm June 1, 2019 based on the existing statement.  
If funds are tendered after 1:00 pm, June 1, 2019 please add additional per diem to NEXT business day.  
Subject to adjustments to legal fees, disbursements, charges, etc  
E. & O.E.

ACCOUNT ACTIVITY						
Date	Reference	Description	Reserve	Charges	Credits	Balance
5/1/2019		Balance Forward	\$300,000.00			\$13,096,302.75
5/1/2019		Legal Fees - Lax O'Sullivan Lisus Gottlieb LLP - Inc #31612				\$13,096,302.75
5/1/2019		Extension Fee (May 1, 2019)		\$602.88		\$13,096,905.63
5/1/2019		Extension Fee (May 1, 2019)		\$9,974.04		\$13,106,879.67
5/1/2019		Extension Fee (May 1, 2019)		\$14,423.08		\$13,121,302.75
5/2/2019	MAY INT	Payment Received - Thank You	(\$132,600.00)			\$13,121,302.75
5/2/2019	WIRE	Payment - Other	\$157,600.00		\$157,600.00	\$12,963,702.75
5/2/2019	EXT FEE	Payment - Other	(\$25,000.00)			\$12,963,702.75
5/31/2019		Sched A 2k) Request for 2nd Discharge Statement		\$350.00		\$12,964,052.75
5/31/2019		Sched A 2m) Issue with the loan (In-person meeting)		\$350.00		\$12,964,402.75
5/31/2019		HST on admin charge by FS (Dec 1, 2018 - Feb 1, 2019)		\$561.03		\$12,964,963.78
5/31/2019		Sched A 2k) Request for 3rd Discharge Statement		\$350.00		\$12,965,313.78
5/31/2019		HST on admin charge by FS (Feb 1, 2019 - Apr 1, 2019)		\$561.03		\$12,965,874.81
5/31/2019		Sched A 2n) Issue with the loan (3 per phone call/email)		\$3,850.00		\$12,969,724.81
5/31/2019		Legal Fees - Lax O'Sullivan Lisus Gottlieb LLP		\$12,931.91		\$12,982,656.72
5/31/2019		Extension Fee (Jun 1, 2019)		\$602.88		\$12,983,259.60
5/31/2019		Extension Fee (Jun 1, 2019)		\$9,974.04		\$12,993,233.64
5/31/2019		Extension Fee (Jun 1, 2019)		\$14,423.08		\$13,007,656.72
5/31/2019		Legal Fees - Scheider Ruggiero LLP		\$50.12		\$13,007,706.84
5/31/2019		Sched A 2k) Request for Discharge Statement		\$350.00		\$13,008,056.84
5/31/2019		Interest Charge		\$132,649.59		\$13,140,706.43
			\$300,000.00	\$202,003.68	\$157,600.00	

INTEREST CHARGE SUMMARY						
Balance Date	Daily Balance	Days	Daily Periodic Rate	Interest Rate	Interest Charges	
5/1/2019	\$13,393,138.75	1	0.033333%	12.000%	\$4,464.38	
5/2/2019	\$13,260,538.75	29	0.033333%	12.000%	\$128,185.21	
		30			\$132,649.59	

Note: Daily balances exclude reserve balances, impound balances, late charges.

This is Exhibit "F" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.



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Commissioner for Taking Affidavits, etc.

Judy Hamilton

**Shida Azari**

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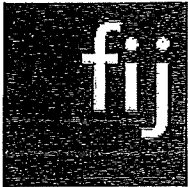
**From:** David Meirovici <dmeirovici@fijlaw.com>  
**Sent:** Tuesday, June 25, 2019 9:25 AM  
**To:** Bill Friedman  
**Cc:** Prasana Balachandran; SHAJI; Shida Azari; Kristy Lee  
**Subject:** RE: First Source et. al. v. Ideal Developments [IWOV-Client.FID91029]

Bill,

Please accept this email as confirmation that my client hereby agrees to extend the Standstill Period as referenced in Section 8 of the Subordination and Standstill Agreement, as between First Source Financial Management Inc., Kingsett Mortgage Corporation, feature Corp, and Ideal (BC) Developments Inc., dated March 25<sup>th</sup>, 2019 (the "Subordination and Standstill Agreement") to August 15<sup>th</sup>, 2019, with all other terms and conditions of the Standstill Agreement to remain as is, and unchanged, including Feature Corp's ability to receive interest payments on account of its Subordinated Indebtedness during such time period.

I trust that this is sufficient.

Thank you,



**David Meirovici**  
FIJ Law LLP  
Barristers & Solicitors

50 West Pearce Street, Suite 10  
Richmond Hill, ON L4B1C5


+1 (905) 763-3770 x222  
+1 (905) 763-3772 - fax

e-mail: [dmeirovici@fijlaw.com](mailto:dmeirovici@fijlaw.com)  
[www.fijlaw.com](http://www.fijlaw.com)



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This is Exhibit "G" referred to in  
the Affidavit of Shajiraj Nadarajalingam  
sworn this 3rd day of July, 2019.



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Commissioner for Taking Affidavits, etc.

Judy Hamilton



Our File: 8763

June 26, 2019

Ideal (BC) Developments Inc.  
Ideal (BC2) Developments Inc.  
c/o Lee Mondrow  
Creative Mortgage Financing Inc.  
208-50 McIntosh Drive  
Markham, ON L3R 9T3

Dear Sirs:

**Re: \$13,000,000 First Mortgage Financing  
8-18 Bostwick Crescent and 2, 6, and 8 Bond Crescent  
Richmond Hill, ON**

---

We are pleased to inform you that, on the basis of the information and the documents supplied by you, Romspen Investment Corporation, as trustee (the "**Lender**"), hereby submits to you this offer of mortgage financing ("**Commitment**") in connection with the properties more fully described in Section 4 below.

**This Commitment must be accepted by the Borrower and received by the Lender, together with the portion of the Standby Fee as hereinafter set out, no later than three (3) business days from the date hereof, failing which this Commitment shall become null and void without further notice.**

**1. BORROWER**

Ideal (BC) Developments Inc., Ideal (BC2) Developments Inc., and 2490564 Ontario Inc. (the "**Borrower**"). The Borrower represents that it is the legal and beneficial owners of all of the property and assets comprising the security required under this Commitment.

**2. COVENANTORS**

Shajiraj Nadarajalingam and any other party who may have a beneficial or related interest in the Property (the "**Covenantors**", and each, a "**Covenantor**").

The Covenantors, jointly and severally with the Borrowers, covenant and agree to satisfy all terms, conditions and requirements herein contained and the Borrowers and Covenantors acknowledge and agree that their obligations hereunder, including, without limitation, the obligations to repay the Loan, shall constitute primary obligations and shall be joint and several amongst each other.

### 3. APPROVED LOAN AMOUNT

The approved loan amount is \$13,000,000 ("**Loan**"), to be secured as further described in this Commitment. The Loan shall be funded by way of advances (each an "**Advance**"), the timing and amount of each advance to be in the sole discretion of the Lender.

### 4. PROPERTY

The property set out in Schedule R of this Commitment, together with all improvements located thereon (the "**Property**"). The Property consists of approximately 155,074 square feet of land improved with vacant structures. The Property is to be improved with a residential development composed of 71 units (24 stacked townhouses and 47 front loaded townhouses). Borrower represents the Property has an "as is" value of not less than \$20,000,000.

### 5. ADVANCE DATE

The first Advance ("**First Advance**") will take place on or about July 25, 2019 (the "**First Advance Date**").

### 6. INTEREST RATE

The interest rate for the Loan is nine and nine-tenths (9.90%) per annum, calculated and compounded monthly, in arrears, on the amounts advanced from time to time from the date of each advance of funds, as well after as before maturity, default or judgment.

### 7. TERM

The term for the Loan is twelve (12) months commencing from the Interest Adjustment Date (the "**Loan Term**"). The date on which the Loan Term expires is sometimes referred to herein as the "**Loan Maturity Date**". The Loan shall not be repaid prior to the Loan Maturity Date, unless a prepayment privilege is provided herein.

The Interest Adjustment Date will be the 1<sup>st</sup> day of the month following the First Advance Date.

Provided the Loan has never been in default, Borrower is granted one (1) option to extend the Loan Maturity Date for a period of six (6) months. Exercise of the option shall be made in writing not less than thirty (30) days and not more than sixty (60) days prior to the Loan Maturity Date and shall be accompanied by an extension fee equal to eighty-five one hundredths percent (0.85%) of the Loan Amount.

### 8. USE OF FUNDS

To:

- (a) To assist in repayment of the existing registered first mortgage on the Property (approximately \$13,000,000; and
- (b) to pay the fees and costs of this transaction

The Borrower represents and warrants that no portion of the Loan will be used for the supply of any services or for any erection, installation, addition, removal, construction, renovation, alteration, or repair to any Property or to any building, structure or works thereon. In the event that



a claim for lien is subsequently made under the *Construction Lien Act*, and not vacated within 15 days, the Lender may, in addition to any other remedy available to it and in its unfettered discretion, accelerate the maturity date of the Loan upon a 10 day notice to the Borrower.

## 9. SECURITY

The following security for the Loan shall be granted in favour of the Lender, in form and content satisfactory to the Lender and its legal counsel (hereinafter collectively referred to as the "**Security**"):

- 9.1 first-ranking mortgage and charge of the Property, in the amount of the Loan;
- 9.2 first-ranking general assignment of all present and future rents pursuant to leases and offers to lease (offers to lease and leases affecting the Property are herein collectively referred to as the "leases", and "lease" shall be deemed to include any offer to lease) affecting the Property together with all insurance and indemnities covering the said rents and of all income and accounts derived from the Property including all proceeds receivable from early termination of any of the leases and all other benefits and advantages to be derived therefrom. The Lender may in addition, in its absolute discretion, require attornment or attornment and subordination agreements to be entered into by the tenant under any of the leases. Any security interest granted by a tenant in favour of the Borrower shall be assigned and transferred to and in favour of the Lender under the terms of the assignment of rents granted to the Lender;
- 9.3 general security agreements creating first-ranking security interests charging all the personal property of the Borrower and each Covenantor including, without limitation, goods, chattel paper, documents, accounts, intangibles, securities, monies, books and records and all replacements of, substitutions for and increases, additions and accessories to the foregoing and proceeds thereof, present and future;
- 9.4 a specific assignment of the Borrower's right, title and interest in, to and under all material contracts affecting or with respect to the Property ("**Material Contracts**"), including, without limiting the generality of the foregoing, all insurance policies, individual unit agreements of purchase and sale and deposits, all plans, specifications, development approvals and agreements, as required by the Lender, with all necessary consents of the other parties thereto;
- 9.5 acknowledgment of the status and terms of any contracts affecting or with respect to the Property including, without limitation, any pertaining to ownership, insurance, shared facilities, passageway agreements or other similar matters, specifically, but without limitation, confirming the good standing of such contracts and the rights of the Lender under its security;
- 9.6 an unconditional, joint and several covenant by each Covenantor as principal debtor and not as surety for the performance of all obligations of the Borrower with respect to the Loan, it being understood that the Lender shall not be obliged to proceed against the Borrower or to enforce or exhaust any security before enforcing its rights against any Covenantor;
- 9.7 assignment of all insurance policies with respect to the Property and all proceeds and benefits therefrom in favour of the Lender;

- 9.8 assignment, postponement and subordination by the shareholders of the Borrower in favour of the Lender, of any and all loans, indebtedness, distributions of income and/or capital owing or due to it from time to time from the Borrower (including management fees owed to a related party). The Borrower may pay normal-course management fees approved by Lender in Lender's sole discretion;
- 9.9 pledge of all issued shares of the Borrower and any corporate Covenantor;
- 9.10 subordination of all management agreements in respect of operations on the Property;
- 9.11 an environmental indemnity from the Borrower and Covenantors;
- 9.12 such further and other security as legal counsel for the Lender may reasonably require.

**No secondary financing will be permitted without the written consent of the Lender first having been obtained.**

#### **10. TRANSACTION FEES AND RELATED COSTS**

Administration Fee:	\$ 2,000
Advance Fee (per advance):	\$ 1,000
Lender's Fee:	\$260,000
Broker's Fee (Creative Mortgage Financing Inc.	\$100,000
Insurance Risk Management Fee (estimated):	\$ 1,500*
Lender's Basic Legal Fee (estimated):	\$ 35,000*

\* Plus disbursements and taxes, if applicable.

In addition, the Borrower agrees to pay all costs, fees and expenses in connection with the transactions contemplated by this Commitment, including, without limitation:

- 10.1 engineering, environmental assessment, appraisal, credit information, inspection, architectural, project monitoring, cost consultancy, survey and any and all other professional and advisory costs as may be reasonably incurred by the Lender;
- 10.2 registration, recording and filing fees, taxes and the like with regard to all documents required by the Lender's solicitors to be registered, recorded or filed.

Such fees and costs may, at the option of the Lender, be deducted from any Advance.

#### **11. STANDBY FEE**

In consideration of the issuance of this Commitment and in recognition of the considerable effort that the Lender must immediately undertake in order to make funds available for closing, the Borrower agrees to submit to the Lender, together with this executed Commitment, \$60,000 ("**Standby Deposit**"). The Lender hereby acknowledges receipt of \$30,000 as part of the Standby Deposit.

The Standby Deposit will not bear interest while in the possession of the Lender. Save as otherwise provided for herein, such Standby Deposit will be credited to the Borrower on the First Advance Date.

## 12. ADVANCES AND CONDITIONS PRECEDENT

### 12.1 General

- 12.1.1 Subject to the other terms and conditions set forth in this Commitment, the Lender shall disburse the proceeds of the Loan to or on behalf of the Borrower in the amounts and as specified in Sections 3 and 8 herein.
- 12.1.2 The Borrower shall be the legal and beneficial owner of a good and marketable freehold title to the Property and all personal property associated therewith. The Property and the personal property related thereto or used in connection with the operation thereof or which is necessary to the use and operation thereof, shall be free and clear of all security interests, charges, liens, mortgages, claims or other encumbrances, with the exception of the Security provided for in this Commitment and the Permitted Encumbrances (as defined in Schedule R), the whole to the complete satisfaction of legal counsel for the Lender.
- 12.1.3 All taxes, duties, assessments, utility charges and other levies and charges affecting the Property, other than amounts which are not yet due and payable, shall have been paid prior to any Advance, failing which they shall be paid from the proceeds of any advance.
- 12.1.4 The Borrower shall fulfill all obligations under any laws entitling a creditor to exercise rights against the Property. In this respect, the Borrower shall provide to the appropriate taxation, municipal utilities and other authorities an authorization by which the Lender or any person authorized by it as its legal counsel, agent or manager, shall be able to obtain, in the name of the Borrower, a confirmation from such authorities that all payments, declarations and other filings are up to date, whether the authorities concerned have issued or will issue a default notice or demand for payment and whether any such notice concerns arrears. This authorization shall remain in effect and will be replaced as required by the Lender from time to time until the Loan has been fully repaid.
- 12.1.5 Within five (5) business days from acceptance of this Commitment, the Borrower shall deliver to the Lender's legal counsel the following documents (where applicable):
- 12.1.5.1 copies of all contracts affecting the Property or relating thereto, including, without limitation, executed offers to lease or leases, standard offer and lease agreements and all information related to such leases.
  - 12.1.5.2 required insurance policies;
  - 12.1.5.3 evidence that property taxes have been paid;
  - 12.1.5.4 certified copy of a resolution of the Borrower's directors authorizing this transaction;

- 12.1.5.5 certified copies of the articles of incorporation, certificate of incorporation, of status and/or compliance of the Borrower;
- 12.1.5.6 an original up to date survey of the Property prepared by a duly qualified land surveyor showing the location of all improvements on the Property accompanied by a certificate wherein the surveyor confirms that the location of the improvements comply with applicable municipal set-back requirements (or, if not, setting on details of the non-compliance); such survey must be in a form acceptable to the Lender's counsel; and
- 12.1.5.7 any other documents required hereunder and reasonably requested by legal counsel for the Lender.

## 12.2 Advance Requirements

The Advance of the Loan is conditional upon the receipt by the Lender of the following documents, in form and substance satisfactory to the Lender and upon fulfillment by the Borrower and Covenantors of the following conditions precedent as well as those set out in Schedule "B" hereof or elsewhere herein, to the entire satisfaction of the Lender:

- 12.2.1 the Security and any other documents relating to the Loan that are required or contemplated hereunder or which the Lender and its legal counsel may deem necessary, shall have been received and approved to the complete satisfaction of the Lender and its counsel and duly executed and registered and perfected, as the case may be and all approvals required by the Lender or its counsel shall have been given;
- 12.2.2 a title insurance policy for the Loan issued by a title insurance company acceptable to the Lender and in form and content satisfactory to the Lender the premium for which will be paid by the Borrower;
- 12.2.3 a favourable opinion of the Borrower's counsel on the due incorporation, corporate power and authority, the due authorization, execution, delivery, validity and enforceability of this Commitment and the Security and such other matters as the Lender or its counsel may reasonably require;
- 12.2.4 a certificate of the Borrower and Covenantors confirming the truth and survival of the representations and warranties contained herein;
- 12.2.5 receipt of a copy of the purchase and sale agreement and amendments thereto for each Property;
- 12.2.6 evidence that the Borrower has complied with the obligations with respect to insurance requirements as more fully set out in Schedule "L", together with a favourable opinion of the Lender's insurance consultant on the adequacy of all insurance policies and or bonding required to be delivered and/or maintained hereunder;

- 12.2.7 evidence that all taxes, rates, assessments and charges which may be levied or imposed against the Property or the Borrower's business, including all utilities charges and all amounts capable of forming a charge against the Property or the Borrower's interest therein, have been paid in full;
- 12.2.8 evidence that the Borrower has complied with all statutory requirements for deduction at source and remittance to applicable fiscal authorities, including, without limitation, those under the *Income Tax Act (Canada)*, the *Excise Tax Act (Canada)*, the *Canada Pension Plan Act (Canada)* and the *Employment Insurance Act (Canada)*;
- 12.2.9 a site inspection of the Property has been completed on behalf of the Lender and the results of the inspection are satisfactory to the Lender;
- 12.2.10 a satisfactory interview with the principals of the Borrower has been conducted by the Lender;
- 12.2.11 verification satisfactory to Lender that Borrower has the capacity to service the Loan from its own resources (after exhaustion of the interest reserve referred to in Section 8);
- 12.2.12 verification of the use of the Property and the income generated;
- 12.2.13 verification of the net worth of each Covenantor in amounts satisfactory to the Lender;
- 12.2.14 an environmental report prepared, at the expense of the Borrower, by qualified environmental consultants acceptable to the Lender, addressed to the Lender or, alternatively, accompanied by a letter of transmittal from the environmental consultants who prepared the report allowing the Lender to rely upon the same and to use it for mortgage purposes, disclosing no site contamination or hazardous substances and confirming, to the satisfaction of the Lender, that the Property complies with Environmental Laws (as defined in Schedule "B" hereof). The Borrower hereby agrees to provide all available information with respect to environmental matters and to fully disclose to the Lender any relevant facts about environmental matters promptly as they come to light;
- 12.2.15 an appraisal report of the Property prepared in a form and substance satisfactory to the Lender, at the expense of the Borrower, by a qualified appraiser acceptable to the Lender, addressed to the Lender or, alternatively, accompanied by a letter of transmittal from the appraiser allowing the Lender to rely upon the same and use it for mortgage purposes;
- 12.2.16 copies of all leases affecting the Property, executed by the parties thereto, including, without limitation, those listed in Schedule "G" hereto, or a certified rent roll in a form acceptable to the Lender and reviewed by and found satisfactory to the Lender and its counsel. In addition, an estoppel certificate from each tenant occupying or to occupy 5% or more of the

Property's total rentable area or generating 5% or more of total rental revenue from the Property, and attornment and subordination agreements from tenants as required by the Lender, shall have been executed by the required parties and found satisfactory to the Lender;

- 12.2.17 if there are existing structures on the Property, a report from a qualified structural engineer, addressed to the Lender, addressing the structural soundness of those improvements, the contents of which are acceptable to the Lender;
- 12.2.18 no event shall have occurred and be continuing or would result from making an Advance, which constitutes an event of default or would constitute an event of default under any of the Borrower's or Covenantors' obligations, except when such default is cured by notice or elapsed time or both;
- 12.2.19 the Lender and its counsel shall have approved all Material Contracts, including all Project plans, zoning, specifications, Project schedule, and any material amendments to any of the aforesaid;
- 12.2.20 any project management agreement, co-owners agreement, or trust agreement in effect with respect to the Property.
- 12.2.21 evidence of compliance with *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and Regulations, including but not limited to:
- (a) Each individual Covenantor is to provide, **at least 3 days prior to funding**, the completed Agent Examination of Identification as set out in Schedule C;
  - (b) Each Borrower is to provide, **at least 3 days prior to funding**, with the following:
    - (i) Corporation profile report or Certificate of Status confirming such corporation has not been dissolved;
    - (ii) Executed Certificate of Incumbency setting out the names of all directors and officers, and the office held by each officer;
    - (iii) Executed director(s)' resolution authorizing the transaction;
    - (iv) Completed Agent Examination Form for each signing officer (to a maximum of 3);
    - (v) Shareholders' register.
- 12.2.22 if any Covenantor is other than shareholder, beneficial owner, director, officer or controlling mind of the Borrower, or if at the Lender's sole determination, undue influence could be brought to bear upon such Covenantor by the Borrower or any other Covenantor or beneficial owner, any such Covenantor must obtain independent legal advice and deliver to the Lender a Certificate of Independent Legal Advice on the Covenantor's solicitor's letterhead, in the form as set out in Schedule "M" hereto;
- 12.2.23 notwithstanding anything contained herein, no advance shall be made by the Lender if a material adverse change (as determined by the Lender) has occurred in the Property, the Borrower or Covenantor or in the condition

(financial or otherwise), operations, business, properties or prospects of the Property, the Borrower or Covenantor, or any asset or property of the Borrower or a Covenantor has changed in a manner that would impair the value of any security provided to the Lender for the Loan, prevent the timely repayment of the Loan or otherwise prevent the Borrower or any Covenantor from the timely performance of, or their ability to perform, any of their obligations under this Commitment, the Security or any other agreement entered into between the Borrower or any Covenantor and the Lender.

- 12.2.24 Notwithstanding anything contained herein, no Advance shall be made by the Lender until such time as the Lender is in receipt of, and has reviewed, all due diligence material referred to in Schedule A of the letter agreement dated May 6, 2019, and not hereinbefore requested;
- 12.2.25 notwithstanding anything contained herein, no advance shall be made by the Lender until the Lender is advised by its legal counsel that, having regard to all the circumstances, such advance should be made.

### **13. REPRESENTATIONS AND WARRANTIES**

The Borrower and each Covenantor represents and warrants to the Lender, as applicable, which shall be true and correct for each advance of the Loan, as follows, and acknowledges that the Lender is relying on all such representations and warranties in entering into this Commitment and making Advances hereunder:

- 13.1.1 The request for and use of proceeds of any advance by the Borrower will constitute an affirmation or re-affirmation by the Borrower and each Covenantor of the representations and warranties contained herein and in any document related hereto, including, without limitation, any Security delivered pursuant hereto;
- 13.1.2 The Borrower Covenantor is a corporation duly organized and validly existing and in good standing under the laws of the jurisdiction of formation/incorporation/amalgamation/continuance, as applicable, and registered to do business in each jurisdiction in which it carries on business;
- 13.1.3 The Borrower has full corporate power, right and authority to enter into and perform its obligations under each of the documents to which it is a party and has full corporate right, power and authority to own and operate its assets and property and to carry on its business;
- 13.1.4 The execution and delivery by the Borrower of this Commitment and the applicable Security and the performance of its obligations thereunder do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of their charter documents or bylaws;
- 13.1.5 The execution and delivery by the Borrowers of this Commitment and the applicable Security and the performance of its obligations thereunder have been duly authorized or will, prior to the First Advance Date, have been ratified by all necessary corporate action, and no authorization under any

applicable law and no registration, qualification, approval, designation, declaration or filing with any government body, agency or authority having jurisdiction over the Borrower is or was necessary therefore, except as contemplated herein;

- 13.1.6 The Borrower possesses all consents, approvals, permits and authorizations under any applicable law which are necessary in connection with the operation of its businesses. All such consents, approvals, permits and authorizations are in full force and effect and the Borrower is not in default in any respect thereunder which default would have a material adverse effect. No action exists, is pending or threatened which has as its object the revocation, amendment or qualification of any such consent or authorization and all applicable appeal periods in respect of such actions have expired;
- 13.1.7 Neither the Borrower or any Covenantor is in default in any respect under any material indenture, mortgage, deed of trust, agreement or other instrument to which they are a party or by which they or any of their property may be bound and which default would have a material adverse effect on their property or their prospects;
- 13.1.8 The Borrower is the legal and beneficial owners of the Property, and has good and marketable title and possession thereto, free from all mortgages, charges, liens or other encumbrances whatsoever, except for the Security and Permitted Encumbrances;
- 13.1.9 The Borrower and each Covenantor have filed all tax returns which are required to be filed by each of them and has paid or remitted when due all taxes, assessment and government charges imposed upon them which if unpaid could result in any charge or other encumbrance on their properties except such tax, assessment or charge which is being contested in good faith and for which the Borrower or Covenantor has made adequate reserves;



- 13.1.10 With respect to the Property, the Borrower has obtained and is in compliance (i) with all terms and conditions of all authorizations which are required under any environmental law, the non-obtaining of which and the lack of compliance with which would have a material adverse effect, and (ii) with all environmental laws, non-compliance with which would have a material adverse effect. The Borrower does not generate hazardous materials or transports, treats or disposes of any hazardous materials nor is the Borrower aware of any underground storage tanks or surface contaminants located on the Property other than those that have been reported to the Lender. The Borrower, to the best of its knowledge, has never caused or permitted (i) a release of any contaminant from or on the Property or (ii) any hazardous materials to be placed, held, located or disposed of on or under the Property the effect of which could reasonably be anticipated to have a material adverse effect. No enforcement action, investigation or outstanding order from any official body in respect of any hazardous materials or release of contaminants is existing, threatened or impending;
- 13.1.11 All property taxes, levies, assessments, penalties or other costs payable to a municipality or other local government in respect of the Property have been paid and no such amount is in arrears or is due and unpaid;
- 13.1.12 All information pertaining to the current and proposed use of the Property and each Covenantor's and Borrower's financial condition has been fully disclosed to the Lender. There is no legal action instituted, threatened or pending against the Borrower or any Covenantor or the Property which has not been disclosed to the Lender in writing in connection with the application for the Loan and the Borrower has no notice of any work orders, deficiency notices or notices of violation pertaining to the Property;
- 13.1.13 All financial and other information provided by the Borrower and Covenantors to the Lender, including but not limited to financial and other information provided in respect of the values and other matters pertaining to the Property is true and accurate and may be relied upon by the Lender in executing this Commitment and making the Loan.

#### **14. GENERAL COVENANTS**

Notwithstanding any other provision of this Commitment, the Borrower and each Covenantor, as applicable, covenants and agrees as follows:

- 14.1.1 Upon obtaining (i) knowledge of the occurrence of any default under any agreements to which it is a party, (ii) notice of litigation, arbitration, or proceedings before any official body, or (iii) information respecting the business, operations or financial condition of the Borrower or a Covenantor as the Lender may from time to time reasonably request, promptly to give the Lender details of such occurrence or other matter including copies of relevant documents;
- 14.1.2 To keep the Lender reasonably informed of the progress of the project being developed on the Property (the "**Project**"), and to timely provide the

Lender with copies of any material notices received from any public authority or agency;

- 14.1.3 To preserve and maintain in full force and effect its qualifications to carry on business including, without limitation, all rights, consents and authorizations relating thereto and not cease to conduct its business as conducted at the date of this Commitment, and to conduct its business in a proper, efficient and businesslike manner and in accordance with good business practices;
- 14.1.4 To comply with all applicable laws and duly observe in all material respects all consents and authorizations and valid requirements of any governmental body, agency or authority having jurisdiction applicable to it;
- 14.1.5 To keep proper books of account in accordance with sound accounting practice, and provide the Lender with such financial information in respect of the Property that the Lender may request, and to provide the Lender with access thereto during normal business hours;
- 14.1.6 To permit the Lender or any representative of the Lender on reasonable notice to visit and inspect the Property.
- 14.1.7 To keep in force insurance in respect of the Property which meets the Lender's requirements herein or in the Security;
- 14.1.8 To keep the Property or cause the Property to be kept in good repair, working order and condition consistent with all consents, authorizations, and applicable laws and, from time to time, (i) to make and cause to be made all needful and proper repairs, renewals, replacements, additions and improvements thereto in accordance with prudent management practices.
- 14.1.9 To maintain and cause to be maintained and to defend and take all action necessary or advisable at any time and, from time to time, to maintain, defend, exercise, or renew their right, title and interest to their respective properties and assets including, without limitation, the Property;
- 14.1.10 To make full and timely payment of all obligations hereunder whether now existing or hereafter arising and duly comply with all the terms and covenants contained in this Commitment or in any other agreements entered into pursuant hereto;
- 14.1.11 To pay and discharge as they become due all payments due and owing under, or with respect to, any previous indebtedness created or security given by them to any person and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto;

- 14.1.12 To notify the Lender promptly upon obtaining knowledge of the institution or anticipated or threatened institution of any proceedings for the expropriation of any part of the Property. If any such property or assets are taken or damaged in or by any such expropriation proceedings or otherwise, the awards of compensation payable to the Borrower as a result of such expropriation shall be and are hereby assigned to the Lender;
- 14.1.13 At the Borrower's cost and expense, upon request of the Lender, duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such other acts as may be necessary or proper in the reasonable opinion of the Lender to carry out more effectually the provisions and purposes of this Commitment or any other agreements entered into with the Lender;
- 14.1.14 If the Borrower or any Covenantor is in default, beyond any applicable cure or notice period, in any covenant to be performed by them hereunder or under the Security, the Lender may perform any covenant capable of being performed by the Lender and if the Lender is put to any costs, charges, expenses or outlays to perform any such covenant, they will indemnify the Lender for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays incurred by the Lender (including solicitors' fees and charges incurred by the Lender on a full indemnity basis) and will be secured by the Security;
- 14.1.15 That in any judicial proceedings taken to enforce this Commitment and the covenants hereunder or to enforce or redeem the Security or to foreclose the interest of any Borrower in any property subject thereto, the Lender will be entitled to costs on a full indemnity basis.

## **15. NEGATIVE COVENANTS**

The Borrower and each Covenantor, as applicable, covenant with the Lender that they will not, without the consent in writing of the Lender:

- 15.1 directly or indirectly, sell, convey, transfer or otherwise dispose of the Property, any part thereof or any of their respective interest in the Property or enter into an agreement to do any of the foregoing;
- 15.2 make, give or create or attempt to make, give or create any mortgage, charge, lien, security interest or encumbrance upon the Property or any part or parts thereof, including personal property collateral subject to any of the Security, except as permitted by this Commitment;
- 15.3 make any payments to any person other than in the normal course of their business;
- 15.4 make any payment (whether for principal, interest or otherwise) on account of indebtedness or other amounts owing to, or when initially incurred was owing to, partners, shareholders or directors or related companies or individuals;

- 15.5 make loans or extend credit to any person (including specifically if it is a corporation, any partner, directors, officers or shareholders and any person related by blood or marriage to such persons or any corporation controlled by such person or relative or by the Borrower or a Covenantor) except customers of in the ordinary course of business;
- 15.6 purchase or redeem any of the shares or ownership interests or otherwise reduce the their share capital;
- 15.7 in any way vary or alter their share ownership structure of or permit the transfer of any shares or other ownership interests;
- 15.8 except for operating lines of credit maintained in the ordinary course of business, raise or borrow any money from any person other than the Lender, shareholders and trade creditors in the ordinary course of business; or guarantee, indemnify any person for, or endorse for accommodation, the obligations of any other person, directly or indirectly.

## 16. EVENTS OF DEFAULT

The whole of the outstanding balance of the Loan (including principal, interest, bonus and costs) will immediately become due and payable and the Security will become enforceable in each and every of the following events (each an “**Event of Default**”):

- 16.1 if the Borrower or any Covenantor (a “**Credit Party**”) fails to observe or perform something required to be done or some covenant or condition required to be observed or performed hereunder or pursuant to the Security, including but not limited to the payment of monies when due hereunder, whether principal, interest, fees, costs or other charges;
- 16.2 if any Credit Party does, or permits to be done, anything which they have herein agreed not to do or permit to be done hereunder or pursuant to the Security or this Commitment;
- 16.3 if any representation or warranty given by any Credit Party (or any director or officer thereof) hereunder or pursuant to the Security is untrue in any material respect;
- 16.4 if an order is made or a resolution passed for the winding-up of any Credit Party, or if a petition is filed for the winding-up either of any Credit Party;
- 16.5 if any Credit Party commits any act of bankruptcy or becomes insolvent or makes an assignment or proposal under the *Bankruptcy and Insolvency Act* (Canada) or a general assignment in favour of its creditors or a bulk sale of its assets, or if a bankruptcy petition is filed or presented against any Credit Party;
- 16.6 if any proceedings with respect to any Credit Party are commenced under the *Companies Creditors Arrangement Act* (Canada); if any execution, sequestration, extent or any other process of any court become enforceable against any Credit Party or if a distress or analogous process is levied against the property of any Credit Party or any part thereof;

- 16.7 if any Credit Party permits any sum which has been admitted as due by it or is not disputed to be due by it and which forms or is capable of being made a charge upon a Property or a Borrower's or Covenantor's interest therein or other properties and assets subject to the Security, in priority to the Security to remain unpaid after proceedings have been taken to enforce the same as a prior charge;
- 16.8 if any Credit Party defaults in any material respect in observing or performing any term, covenant or condition of any debt instrument or similar obligation by which it is bound, whether secured or not;
- 16.9 if, without the prior written consent of the Lender, any Credit Party sells, agrees to sell all or substantially all, or otherwise disposes or agrees to dispose of, the Property or an interest therein or any part or parts thereof or any interest therein;
- 16.10 if, without the prior written consent of the Lender, any Credit Party grants or agree to grant any further mortgage or charge over any Credit Party's interest in the Property or any part or parts thereof or any interest therein or otherwise permit the Property to be encumbered in any manner other than by encumbrances specifically permitted hereunder;
- 16.11 if, without the prior written consent of the Lender, there is, in the reasonable opinion of the Lender, a change of effective control of any Credit Party which is not otherwise permitted by the terms of this Commitment;
- 16.12 if the Borrower or any Covenantor, either directly or indirectly, ceases to carry on business;
- 16.13 if, in the opinion of the Lender, an adverse material change occurs in respect of any Credit Party, the Property or the Security;
- 16.14 if the Lender believes that the ability of any Credit Party to repay the Loan to the Lender or to perform any of the covenants contained in this Commitment or the Security is materially impaired or is about to be materially impaired or in material jeopardy; or
- 16.15 if an event of default occurs under any of the Security.

The Lender may waive any Event of Default, provided always that no waiver by the Lender or any failure to take any action to enforce its rights or to enforce any security will extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

All remedies stipulated for by the Lender hereunder or in any of the Security will be deemed to be in addition to and not restrictive of the remedies which the Lender might be entitled to at law or in equity and the Lender may realize any of the Security or any part thereof in such order as it may be advised and any such realization by any means will not bar realization of any other security or any part or parts thereof nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof nor will the failure on the part of the Lender or any delay in exercising any rights under this Commitment or any of the Security operate as a waiver.

If an Event of Default has occurred and is continuing, in addition to and not in limitation of any rights now or hereafter granted under applicable law or the Security, the Lender may without

notice to any Credit Party and at any time and from time to time set-off, apply or transfer any or all sums owing from time to time by the Lender to the Borrower towards the satisfaction of the outstanding balance of the Loan (including principal, interest and other amounts owing).

The Credit Parties agree to indemnify and save harmless the Lender and each of its directors, officers, employees and agents from and against all liabilities, claims, losses, damages, costs and expenses in any way caused by or arising directly or indirectly from or in consequence of the occurrence of any Event of Default under this Commitment or under the Security. The Credit Parties further agree to indemnify and save harmless the Lender and each of its directors, officers, employees and agents from and against all liabilities, claims, losses, damages, costs and expenses (including investigation costs, clean up costs, and any other actions necessary pursuant to any applicable environmental laws, and all reasonable legal fees, costs and expenses, on a solicitor and own client basis), asserted against or for the account of the Lender, in any way caused by or arising directly or indirectly from or in consequence of the occurrence of any material non-compliance by any Credit Party or any of their agents or other representatives of applicable environmental laws. The indemnities provided for in this paragraph shall survive the termination of this Commitment and the repayment of the Loan.

## **17. TERMINATION**

In the event the Borrower or any Covenantor is in default for any reason whatsoever under the terms of this Commitment, or if it does not fulfill the conditions for disbursement of the Loan in accordance with the terms and conditions contained herein or in any other agreement or document relating to this Commitment, no later than five (5) business days prior to the First Advance Date, or if any information or document supplied by any Borrower or Covenantor is found to be incomplete or inaccurate in a material respect or if for any reason the Borrower does not accept all or a part of the proceeds of the Loan when the Lender makes them available, the parties to this Commitment hereby acknowledge that the Lender shall be entitled, at its discretion, to cancel its obligations under this Commitment and to retain the Standby Deposit as liquidated damages and in such event, this Commitment shall thereafter, subject as hereinafter provided, be null and of no further effect, without any further recourse by either party against the other. In addition, notwithstanding the forfeiture of the Standby Deposit, the Borrower and Covenantors shall remain liable and be required to pay and reimburse the Lender all fees, costs and expenses as set out in Section 10 whether or not the Loan is proceeded with. The aforesaid covenants and agreements with respect to the Standby Deposit and the Borrower's and Covenantors' obligations to pay and reimburse the abovementioned amounts are enforceable by the Lender notwithstanding the termination of this Commitment, each of such covenants and agreements having an independent existence from this Commitment.

## **18. OTHER FINANCING TERMS**

### **18.1 Repayment and Monthly Instalments**

Interest computed as provided in Section 6 shall be payable monthly in arrears on the same day of each and every month throughout the Loan Term.

With respect to any advance under the Loan, funds shall be deemed advanced on the earliest of:

- (i) the date that the funds are removed from the Lender's account and designated to the Borrower's account or as the Borrower may direct, or
- (ii) the date upon which the Borrower or its authorized representative has requested the funds to be advanced; or
- (iii) in the case of the first advance, the date scheduled for the first advance as herein set out or as amended pursuant to any written agreement between the Borrower and the Lender.

Upon expiry of the Loan Term, the principal of the Loan, together with interest and all other amounts due and owing by the Borrower to the Lender under the Security (as defined herein) shall become immediately due and payable.

It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid. If the interest and compound interest are not paid within one (1) month from the time of default, a rest shall be made and interest at the rate aforesaid shall be calculated on the aggregate amount (including all unpaid interest) then due, as well after as before maturity, and so on each month. All such interest and compound interest shall be a charge upon the Property.

#### 18.2 Reserve Fund for Realty Taxes

The Borrower shall maintain all tax accounts current. However, the Lender shall have the right to require the establishment of a tax reserve by way of monthly payments representing the Lender's estimate of one twelfth (1/12) of the annual taxes payable in accordance with the Standard Charge Terms set out in Schedule "B" hereto.

The Lender shall not be responsible for the payment of any taxes except as expressly provided for in Schedule "B".

#### 18.3 Method of Payment of Monthly Instalments of Interest

The Borrower shall remit payments via an automatic debit service, by submitting the Authorization Form attached hereto as Schedule "D", together with a "void" cheque. If there are any changes to the Borrower's regular payment, the Lender will provide notice at least ten (10) days in advance of the debit. The account information provided in this respect will be kept confidential.

The Borrower acknowledges and agrees that the Lender shall retain from the advance, for its benefit, an amount it reasonably determines to be sufficient to pay a portion of the interest payable on the Loan (as set out in this Section 6) from the date of such advance until the Loan Maturity Date (the "Interest Reserve"). Interest accrued on the Loan may be deducted from the Interest Reserve and be paid when due, without the necessity of any instruction or request from the Borrower. Borrower shall be responsible to pay from its own resources any further amounts required to enable the monthly payments to be made. In the event that the Interest Reserve is exhausted, or is insufficient to pay any amount due herein, the Lender shall so advise the Borrower, and the Borrower shall make such

payments from its own funds, as provided for in this Section. Exhaustion of the Interest Reserve or the inability of the Interest Reserve to fully fund any interest payment shall not release the Borrower from any of Borrower's obligations herein, including but not limited to the obligation to pay interest accruing on the Loan Amount. So long as any default herein has occurred and is continuing, all interest payments herein shall be made by the Borrower using its own funds; provided that the Lender, at its option, and in its sole discretion, may make disbursements from the Interest Reserve notwithstanding such default. Upon the occurrence of default, the entire balance (if any) of the Interest Reserve shall be retained by the Lender and applied by the Lender as it shall determine in its sole discretion to the Borrower's indebtedness.

Use of the Interest Reserve shall in no way waive or otherwise modify any of the Borrower's obligations hereunder, including, without limitation, the obligation to make monthly interest payments.

#### 18.4 Condition upon Maturity

In the event that the Borrower fails to repay the principal and interest outstanding on the Loan Maturity Date or any renewal thereof agreed to by the Lender, the Lender may, at its sole discretion, extend the mortgage and the Loan Term for a period of one (1) month from the original Loan Maturity Date or any renewal thereof agreed to by the Lender, at an interest rate equal to the higher between the interest rate for the Loan and the then Royal Bank of Canada Prime Rate per annum plus five percent (5.00%) per annum, calculated and payable monthly. If the Lender does so elect to extend the term for one month but the Loan has not been repaid or renewal has not been finalized within this one (1) month period, then there will be no further extensions and the Lender may exercise its remedies under the Security.

The interest rate applicable will be determined by the Lender as of the first (1st) Banking Day of the month in which the Loan matures.

In this Commitment, "Royal Bank of Canada Prime Rate" means the rate of interest, expressed as a percentage per annum, published and quoted by Royal Bank of Canada or its successor at the bank's head office in Toronto, Ontario, as a reference rate then in effect for determining interest rates on commercial loans in Canadian Dollars in Canada and which is commonly known as the prime lending rate for commercial loans in Canadian Dollars.

"Banking Day" for the purposes of this clause, will mean a day on which the said head office in Toronto, Ontario, for the Royal Bank of Canada or its successor is open for business and which is not a Saturday, Sunday, civic or statutory holiday.

All other terms and covenants under the existing Security shall continue to apply after the term of the Loan is so extended.



The Loan may be paid in full at any time during the one (1) month extension period without notice, bonus or penalty, other than payment of the Extension Fee and any applicable discharge fees as hereafter set out.

An extension fee which is the greater of Five Thousand Dollars (\$5,000.00) or one percent (1.00%) of the outstanding balance shall be added to the principal balance of the Loan if the Lender elects to extend the Loan Term under this clause.

**19. COSTS**

The Borrower shall be responsible for all of Lender's costs involved in the preparation, settlement, execution and delivery of this Commitment, the Security and all other documentation related to the Loan.

**20. PREPAYMENT PRIVILEGE**

The Borrower shall, when not in default, and, after eight (8) months of the Term have elapsed, have the right to prepay all of the amount outstanding under the Loan prior to the Loan Maturity Date, on any payment date, upon giving the Lender two (2) month's written notice in advance of payment.

**21. PARTIAL DISCHARGES**

The Borrower shall have no right to obtain a partial discharge(s) of the Security.

**22. SURVEY**

The Borrower shall deliver to the Lender within five (5) business days prior to the first advance for its examination an up-to-date fully monumented survey of the Property prepared by a duly qualified Ontario Land Surveyor showing, inter alia:

- 22.1 boundaries and dimensions of the Property;
- 22.2 location of all buildings and other improvements (if any) on the Property and, if any structure offends municipal set-back requirements, the amount of the encroachment on the set-back area;
- 22.3 names of adjacent streets;
- 22.4 location of all registered easements, rights of way, etc.

The survey certificate shall be approved by the legal counsel for the Lender. If said survey is not an original signed and sealed survey, the Borrower hereby undertakes to deliver to the Lender, at least five (5) business days prior to the disbursement of the first advance of the Loan, three (3) original signed and sealed copies of the said survey. In addition, the Borrower shall deliver to the Lender: (i) at least five (5) business days prior to the disbursement of the first advance of the Loan, a letter, in form satisfactory to the legal counsel of the Lender, from the land surveyor who has prepared the same addressed to the Lender confirming that the Lender may rely upon such survey; and (ii) immediately prior to each advance, a solemn declaration of a senior officer of the Borrower certifying that, since the preparation of the said survey, no new

easement has been created, no construction or modification of any building shown thereon has been effected and no new construction has been erected by a neighbor along the boundaries of the land described therein.

**23. REFINANCING**

23.1 The Lender shall have a right of first opportunity to finance or arrange any replacement financing for the Property, or for any further development of the Property or any improvements to be developed on the Property (herein collectively referred to as the "Permanent Financing").

23.2 In connection therewith the Borrower shall provide to the Lender in writing as soon as same is applicable a request for Permanent Financing together with all information necessary for the Lender to process such request and within a reasonable time after delivery to the Lender of all reasonably required information, the Lender shall be given a first opportunity to provide an offer of Permanent Financing.

23.3 The Lender shall also be given a continuing right of first refusal to provide an offer of Permanent Financing to the Borrower on terms substantially the same as any other written offer of financing received from a third party lender, which the Borrower is prepared to accept and copy of which the Borrower shall provide to the Lender.

**24. SPECIAL PROVISIONS**

Reserved.

**25. CROSS-DEFAULT**

The Borrower and Covenantors hereby acknowledge that any default with respect to this Loan will constitute a default with respect to any other debt owing by any of them to the Lender or to an affiliate of the Lender. Vice versa, a default in paying any other debt of the Borrower or a Covenantor owing to the Lender or to an affiliate of the Lender will constitute a default with respect to this Loan. For the purpose of this clause, "affiliate" has the meaning given in the *Business Corporations Act* (Ontario).

**26. SIGNAGE**

If the Property is vacant land, or if an improvement thereon is vacant, or if the provisions of any lease so permit, the Lender may post signage upon the Property, to not exceed 4 feet by 8 feet, stating, "Financing by ROMSPEN INVESTMENT CORPORATION", or words to that effect, and its address and phone number, during the term of the loan or any portion thereof.

**27. ADVERTISING BY LENDER**

The Lender may, in its advertising, describe and/or picture the Property without identifying the Borrower. The cost of any such advertising shall be paid by the Lender.

**28. APPLICABLE LAW**

The terms and conditions of this Commitment as well as all other documents relating to the execution of the transactions provided for by this Commitment shall be governed by and interpreted in accordance with the laws of the Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of Ontario.

**29. MAXIMUM RATE**

If the "interest" (as defined or determined by the statute establishing or defining illegal rates of interest) charged or chargeable ("Interest") under the offer of credit in this Commitment, on the credit advanced pursuant to this Commitment or pursuant to any Security (any of which Interest provision is referred to as the "**Interest Provisions**") would, except for this paragraph, constitute an illegal rate of interest, then the Interest on the credit so advanced or secured will be reduced such that the total Interest under the Interest Provisions will be that amount or rate which collectively equates to that rate of interest that is 1% per annum less than the minimum rate that would be an illegal rate of interest, calculated according to generally accepted actuarial practices and principles. Such reduction will be effected by reducing, or refunding to the Borrowers, such of the interest, charges, and expenses (or a combination thereof) constituting Interest payable as may be designated by the Lender in its sole discretion.

**30. FURTHER ASSURANCES**

The Credit Parties shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by the Commitment, and shall provide such further documents or instruments required by the Lender as it may deem necessary or desirable to effect the purpose of this Commitment and carry out its provisions.

**31. WITHHOLDING TAXES**

All payments in respect of interest under this Commitment will be made free and clear without deduction or withholdings for any taxes, duties, fees or other charges, unless those deductions or withholdings are required by law. If the Borrower is required by law to make any such deduction or withholding, it will pay such additional amounts as will result in receipt by the Lender of the full amount which would have been paid had no such deduction or withholding been made. If the Borrower is required by law to make a deduction or withholding, the Borrower shall make that deduction or withholding within the time allowed and in the minimum amount required by law. Within 30 days of making any such deduction or withholding, the Borrower shall deliver to the Lender evidence satisfactory to the Lender that the deduction or withholding has been made and that appropriate payment has been made to the relevant taxing authority.

**32. AMENDMENT**

The terms or requirements of this Commitment or any Security may not be waived or varied orally, or by any course of conduct of any officer, employee or agent of the Lender. Any amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and the Borrower; provided, however, that the Lender may unilaterally extend the date for return of this Commitment or receipt of any documentation upon written notice to the Borrower.

**33. ASSIGNMENT BY BENEFICIAL OWNER AND/OR BORROWER**

Neither the Borrower nor any Covenantor shall assign its rights or obligations pursuant to the Commitment or the Security, in whole or in part, without the Lender's prior written consent, which consent may be withheld in the Lender's sole and absolute discretion.

**34. NO OBLIGATION TO ADVANCE**

It is understood that neither the preparation nor the registration of any of the documents contemplated herein shall bind the Lender to advance the Loan or any unadvanced portion thereof, it being agreed that the advance of the Loan or any part thereof from time to time shall be in the sole, absolute, unfettered and unqualified discretion of the Lender.

**35. ENUREMENT**

This Commitment shall enure to the benefit of the Lender and its successors and assigns and be binding upon the Borrower, the Covenantors and their respective heirs, personal representatives, successors and assigns.

**36. CONFIDENTIALITY**

The Borrower and Covenantors acknowledge and agree that the terms and conditions recited herein are confidential between the Borrower, the Covenantors and the Lender. The Borrower and Covenantors agree not to disclose the information contained herein to a third party without the express consent of the Lender.

**37. ASSIGNMENT AND SYNDICATION**

The Lender shall have the right from time to time, without the consent of any Credit Party, to assign, sell, pledge, convey, syndicate, grant participations or transfer all or any portion of the Loan and the Security, whether directly or by way of securitization, and as part of any such transaction the Lender is hereby authorized to provide to prospective participants in such transactions all information received by the Lender regarding the Credit Parties and the Properties. The Credit Parties agree to cooperate with Lender's efforts to do any of the foregoing and to execute all documents reasonably required by Lender in connection therewith.

**38. CREDIT AUTHORIZATION AND CONSENT TO DISCLOSURE**

The Lender may collect, retain, release, disclose, exchange, share, transfer and assign from time to time, as it may determine in its sole discretion, all information and materials (including financial statements and information concerning the status of the Loan, such as existing or potential Loan defaults, lease defaults or other facts or circumstances which might affect the performance of the Loan) provided to or obtained by it relating to the Borrower or any Covenantor, the Property or the Loan (both before and after the disbursement of funds and/or default thereunder) without restriction and without notice to or the consent of the Borrower or any Covenantor (and the Borrower and each Covenantor hereby irrevocably consents thereto):

- (a) to any person who has, who acquires, or who proposes to acquire an interest in the Loan;
- (b) to the respective third party advisors and agents (such as lawyers, accountants, auditors, consultants, appraisers and credit verification sources) of such persons;

- (c) to the public or any group in any offering memorandum, prospectus or other disclosure document relating to any sale, syndication or securitization of the Loan (including all initial and continuing disclosure requirements), regardless of format or scope of distribution;
- (d) to the public or other interested persons, directly or indirectly through information service providers or other market participants, for the purpose of providing market information from time to time relating to the status of the Loan or any related securitization or any interest therein, regardless of format or scope of distribution;
- (e) to any governmental authority having jurisdiction over the Lender or over any sale, syndication or securitization of the Loan or any trade of any interest therein;
- (f) to any other person in connection with the sale, syndication or securitization of the Loan, including insurers and rating agencies; and
- (g) to any other person in connection with the collection or enforcement proceedings taken under or in respect of the Loan.

Without limiting the foregoing, the Borrower and each Covenantor hereby consents to the Lender obtaining all information as may be necessary from all available sources as to the creditworthiness of the Borrower or such Covenantor and acknowledges that the Lender may collect or come into possession of personal information relating to certain individuals either comprising or otherwise connected with the Borrower or Covenantors which information may include contact information (mailing address, e-mail address, telephone number or fax number), financial information and status (bank account numbers, existing debts, personal net worth or credit history), date of birth, place of employment and social insurance number. The Borrower and each Covenantor acknowledges and agrees that such personal information may be used by Lender in connection with the processing, approving, funding, servicing and administering the Loan and any sale, syndication or securitization of the Loan, and in so doing the Lender may disclose and otherwise deal with personal information in the same manner and to the same persons as provided in the preceding paragraph without restriction and without notice to or the consent of the Borrower or any Covenantor or any related individual. The Borrower and each Covenantor for itself and on behalf of its directors, officers, shareholders and principals, hereby consents to and authorizes such use and disclosure of all such personal information by the Lender and represents and warrants that it has full power and authority to give such consent and authorization.

### **39. MATERIAL ADVERSE CHANGES**

In the event that at any time either before the First Advance or while any indebtedness remains outstanding pursuant to the Loan, the Lender discovers a discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Lender by or on behalf of the Borrower or any Covenantor or concerning the Property or the financial condition and responsibility of the Borrower or any Covenantor or in the event that the Lender discovers any material adverse change in the value of the Property or the financial status of Borrower or any Covenantor or any lessee on which the Lender relied in making any advances pursuant to the Loan, which material change, discrepancy or inaccuracy cannot be or is not rectified by such Borrower or Covenantor or lessee (as applicable) within 30 days after written notification thereof by the Lender to such Borrower or Covenantor or lessee, the Lender shall be entitled to decline to advance any funds pursuant to the Loan and at its option terminate this Commitment or in the event that any funds have already been advanced, to declare any and all amounts advanced together with interest thereon and any costs incurred by the Lender to such date, to be forthwith due and payable.

#### 40. ENTIRE AGREEMENT

This Commitment, together with its schedules and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the parties hereto constitute the entire agreement between the parties hereto pertaining to the subject matter of this Commitment and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto. There are no other warranties or representations and no other agreements between the parties hereto in connection with the Loan provided for herein except as specifically set forth in this Commitment and the Borrower's application relating thereto.

#### 41. JOINT AND SEVERAL OBLIGATIONS

If there is more than one Borrower, all payment and performance obligations of the Borrower existing from time to time under this commitment, the Security and all other documents related or entered into pursuant hereto and thereto (collectively, the "**Obligations**"), shall constitute joint and several obligations of the all the Borrowers and each of them. Each Borrower expressly represents and acknowledges that it is part of a common enterprise with the other Borrowers and that any advances of the Loan made by the Lender to one or more persons who is a Borrower hereunder are and will be of direct and indirect interest, benefit and advantage to each of the Borrowers. Each Borrower acknowledges that any draw request or other notice or request given by one Borrower to the Lender shall bind each Borrower, and that any notice given by the Lender or its agent to any Borrower shall be effective with respect to all Borrowers. Each Borrower acknowledges and agrees that each Borrower shall be liable, on a joint and several basis, for the Loan and all other Obligations, regardless of which Borrower actually may have received the proceeds of the Loan or other extensions of credit or the amount of such loan received or the manner in which the Lender accounts among the Borrowers for the Loan advanced, or other extensions of credit on its books and records, and further acknowledges and agrees that Loan and other extensions of credit to any Borrower inure to the mutual benefit of all the Borrowers and that the Lender is relying on the joint and several liability of the Borrowers in extending the Loan hereunder.

#### 42. SCHEDULES

The following documents marked "X" are attached as schedules to this Commitment and form a part hereof:

X	Schedule B	Standard Charge Terms and Conditions
X	Schedule C	Certificate of Identification
X	Schedule D	Pre-authorized debit form for automatic deduction from bank account of Borrower to which must be attached a specimen cheque
X	Schedule F	Tenant Acknowledgment
X	Schedule G	Certified Rent Roll (or a certified rent roll in a form acceptable to the Lender)

- |   |               |   |
|---|---------------|---|
| X | Schedule L    | Insurance Requirements  |
| X | Schedule<br>M | Certificate of Independent Legal Advice and/or Representation |

#### **43. DATES OF EXPIRY**

- 43.1 The Security documents shall be properly executed and delivered to the Lender's solicitors, where applicable, in registerable form no later than three (3) business days prior to the First Advance Date and the advance of funds must take place no later than the First Advance Date.
- 43.2 If on or before the date specified in Section 43.1 the security documents provided to the Borrower or its solicitors have not been so delivered, the Lender may at any time thereafter, in its sole discretion, terminate its obligations under this Commitment in accordance with its provisions.
- 43.3 The Lender may, at its sole option from time to time, elect to extend the above-mentioned date by which the Security documents are to be executed and delivered or the date by which the Loan is to be advanced or any of the other time periods contained in this Commitment. Notwithstanding any such extension, time shall remain of the essence of this Commitment and all other terms and conditions shall remain unchanged.

#### **44. WAIVER**

The terms and conditions contained in this Commitment are inserted for the exclusive benefit of the Lender and may be waived in whole or in part by the Lender at any time. No advance, either singularly or collectively, shall constitute a waiver of the Borrower's or any Covenantor's obligations nor obligate the Lender to make further advances.

The Lender's failure to insist upon a strict performance of any obligation or covenant of this Commitment by the Borrower or any Covenantor or to exercise any option or right herein shall not be a waiver, or relinquishment for the future of such obligation or covenant, option or right, but the same shall remain in full force and effect and the Lender shall have the right to insist upon the strict performance by the Borrower and Covenantors of any and all of the terms and provisions of this Commitment and the security documentation.

#### **45. SURVIVAL**

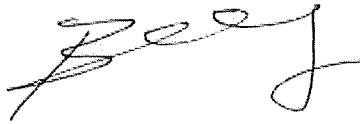
Except as specifically provided herein, the terms, conditions, representations and warranties expressed herein shall continue in effect as long as any part of the Loan remains outstanding and shall bind the personal representatives, heirs, successors and assigns of the Credit Parties, shall enure to the benefit of the successors and assigns of the Lender, and shall not merge on the execution or registration of the Security.

#### **46. COUNTERPARTS**

This Commitment may be executed in one or more counterparts, each of which so executed will constitute an original and all of which will constitute one and the same agreement. This

Commitment may be executed by any party and transmitted to the other party or parties by facsimile or other electronic means and if so executed and transmitted this Commitment will be for all purposes as effective as if the party in question had delivered an executed original.

**ROMSPEN INVESTMENT CORPORATION**



By:

\_\_\_\_\_  
Name: Blake Cassidy  
Title: Managing Partner

I have authority to bind the corporation.



**ACCEPTANCE**

We hereby accept the terms and conditions set out in this Commitment and submit the required portion of the Standby Fee, on this \_\_\_\_ day of \_\_\_\_\_, 2019.

**BORROWER**

**Ideal (BC) Developments Inc.**

Per: \_\_\_\_\_  
Name:  
Title:  
*I have authority to bind the Corporation.*

**Ideal (BC2) Developments Inc.**

Per: \_\_\_\_\_  
Name:  
Title:  
*I have authority to bind the Corporation.*

**2490564 Ontario Inc.**

Per: \_\_\_\_\_  
Name:  
Title:  
*I have authority to bind the Corporation.*

**COVENANTORS**

We hereby accept the terms and conditions of this Commitment and hereby agree, jointly and severally and unconditionally, to observe and perform all obligations of the Borrowers with respect to the Loan.

*Witness:*

\_\_\_\_\_  
Shajiraj Nadarajalingam

**SCHEDULE R****PROPERTY****PROPERTY IDENTIFICATION NUMBERS (PIN'S)**

8 Bostwick Crescent – 03196-0072  
10 Bostwick Crescent – 03196-0073  
12 Bostwick Crescent – 03196-0074  
14 Bostwick Crescent – 03196-0075  
16 Bostwick Crescent – 03196-0078  
18 Bostwick Crescent – 03196-0079  
2 Bond Crescent – 03196-0080  
6 Bond Crescent – 03196-0077  
8 Bond Crescent – 03196-0076

**LEGAL DESCRIPTIONS**

8 Bostwick Crescent – Part Lot 1 Plan 136 King; Part Lot 62 Plan 136 King; Part Lot 63 Plan 136 King As In R504810; Town of Richmond Hill  
10 Bostwick Crescent – Part Lot 63 Plan 136 King As In R209240 Town Of Richmond Hill  
12 Bostwick Crescent – Part Lot 64 Plan 136 King As In R530013; Town of Richmond Hill  
14 Bostwick Crescent – Part Lot 64 Plan 136 King; Part Lot 65 Plan 136 King As In R406345; Richmond Hill  
16 Bostwick Crescent – Part Lot 66 Plan 136 King As In R690041; Town Of Richmond Hill  
18 Bostwick Crescent – Part Lot 67 Plan 136 King As In R601987; Richmond Hill  
2 Bond Crescent – Part Lot 67 Plan 136 King As In KI22033 Except R135070, B54438B, & R601987; Town Of Richmond Hill  
6 Bond Crescent – Part Lot 66 Plan 136 King; Part Lot 67 Plan 136 King As In B54438B; Richmond Hill  
8 Bond Crescent – Part Lot 66 Plan 136 King; Part Lot 67 Plan 136 King As In R135070; Richmond Hill

**FIRST SOURCE FINANCIAL  
MANAGEMENT INC. et al.**  
Applicants

- and -

**IDEAL (BC) DEVELOPMENTS INC., et al.**  
Respondents  
Court File No.: CV-19-00622054-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**Affidavit of Shajiraj Nadarajalingam**

**FRIEDMAN LAW PROFESSIONAL  
CORPORATION**

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jh@friedmans.ca  
Tel: 416-496-3340  
Fax: 416-497-3809

*Lawyers for the Respondents*

**FIRST SOURCE FINANCIAL  
MANAGEMENT INC. et al.**  
Applicants

- and -

**IDEAL (BC) DEVELOPMENTS INC., et al.**  
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***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
***COMMERCIAL LIST***

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**RESPONDING APPLICATION RECORD**

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**FRIEDMAN LAW PROFESSIONAL  
CORPORATION**

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