

Court File No. CV-17-11669-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF SECTION 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

B E T W E E N:

DOWNING STREET FINANCIAL INC., IN TRUST

Applicant

- and -

**HARMONY VILLAGE-SHEPPARD INC., AS GENERAL PARTNER OF
HARMONY VILLAGE-SHEPPARD LP and CITY CORE DEVELOPMENTS
INC.**

Respondent

MOTION RECORD OF MARC SILBERT

April 5, 2017

Stephen M. Turk
Barrister and Solicitor
Suite 300, 23 Lesmill Road
Toronto, Ontario,
M3B 3P6

Stephen M. Turk
Tel: (416) 630-5511
Fax: (647) 317-6076

Solicitor for Marc Silbert

To The Service List:

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HARMONY VILLAGE-SHEPPARD LP and CITY CORE DEVELOPMENTS
INC.**

Respondent

**AFFIDAVIT OF MARC SILBERT
SWORN APRIL 5th, 2017**

I, **Marc Silbert**, of the Town of Newmarket, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am the lien claimant with respect to the matter herein and as such, I have personal knowledge of the matters to which I hereinafter depose.
2. The Report of Counsel to the Receiver dated the 10th of March 2017 references a commitment letter dated the 21st of December 2011 that was reviewed by counsel and which pertains to the \$30 Million mortgage which is on the subject property, the "Sorrenti Mortgage". Said commitment letter was only provided to my counsel on the 30th of March 2017. Attached hereto and marked as **Exhibit "A"** to this my affidavit is a true copy of said commitment letter that was provided to my counsel, Stephen Turk by counsel to the Receiver.

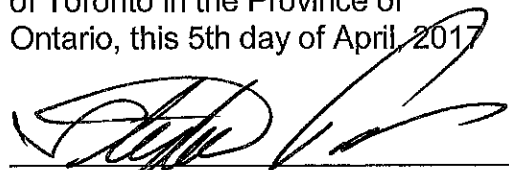
3. The commitment letter sets out that millions of dollars were to be paid to Fortress Real Capital Inc. as Fortress' advance share of "Project Profits" and I believe that that they were in fact paid given what I know of the matter. The "Project" is defined in the commitment letter as the "Harmony Village project-3260 Sheppard Avenue East, Scarborough, Ontario. The advanced Project Profits were secured by the \$30 Million mortgage which remains on title and which the mortgagee is claiming priority over my full lien.

4. Due to the curtailed process herein and the late providing of the commitment letter, my counsel has not had the ability to dig deeper into this matter. However, the commitment letter on its face leads to a number of questions and issues. For instance, are the "Project Profits" actually "advances" under the **Construction Lien Act**? Is Fortress Real Capital Inc. an "owner" under the **Construction Lien Act**?

5. At this time I am requesting that Fortress in furtherance of its purchase bond off my entire lien plus costs as per the **Construction Lien Act** and that the matter of priorities be dealt with on a full record before the court.

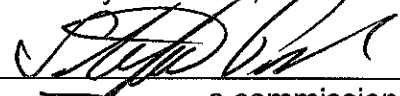
6. I swear this affidavit in response to the Motion of the Receiver returnable on the 7th of April, 2017 and for no other or improper purpose.

SWORN before me at the City)
of Toronto in the Province of)
Ontario, this 5th day of April, 2017)


STEPHEN TURK, a commissioner, etc.


MARC SILBERT

This is **Exhibit "A"** to the affidavit of
MARC SILBERT sworn before me this
5TH day of APRIL, 2017



S. Turck, a commissioner, etc.

FINAL
SIGNED
COPY



December 21, 2011

Harmony Village Sheppard Inc.
114 - 2250 Bovaird Drive East
Brampton, Ontario
L6R 0W3

Attention: Jack Pong

PERSONAL & CONFIDENTIAL

Dear Sir:

RE: Equity Financing - Harmony Village

Fortress Real Capital Inc., ("Fortress") a corporation incorporated under the laws of the Province of Ontario, is pleased to submit this Financing Commitment setting out the terms of the following Credit Facilities for the injection of Equity into the Harmony Village project - 3260 Sheppard Ave East, Scarborough, Ontario (the "Project").

Finance Amount: A maximum face amount will be registered of \$30,000,000 to secure the Facilities identified below.

Facility 1; \$7,400,000 gross to net \$4,810,000; advance on Fortress's share of Project Profits (as hereinafter defined) of \$2,590,000.

Facility 2; \$6,600,000 gross to net \$4,290,000; advance on Fortress's share of Project Profits of \$2,310,000.

Net advance from Facilities 1+2 above represents \$9,000,000 of the required equity for Phase 1 (as hereinafter defined).

Facility 3; approx. \$1,692,000 per year, advance on Fortress's share of Project Profits of \$592,000 (See tranche schedule attached hereto as Schedule "A" (the "Tranche Schedule").)

Facility 4; \$7,692,000 gross to net \$5,000,000; advance on Fortress's share of Project Profits of \$2,692,000

Net advance from Facility 4 represents \$5,000,000 of required equity for Phase 2 (as hereinafter defined).

All advances on Fortress's share of Project Profits are fixed and non-refundable based on the amount set out in the Tranche Schedule but subject to adjustment to reflect additional required equity should the scope of the Project increase due to subsequent modification to municipal approvals.

WP 6/24 ✓ SA

Project Profits:

"Project Profits" means the actual profits of the project determined in accordance with Accounting Standards for Private Enterprises (APSE) adjusted in accordance with this Commitment and based on the Pro Forma dated November 6thth 2011 (the "Pro Forma") attached hereto as Schedule "B". Fortress accepts the costs identified in the Pro Forma including the \$23.4M cost base for the lands to November 6th, 2011, absent manifest error. The Pro Forma indicates Project Profits of \$51.8M over Phase 1 and Phase 2. For greater certainty Fortress's share of Project Profits will be reduced by the following:

- a) all sums paid to the investors providing the Facilities introduced directly or indirectly by Fortress for interest but not principal;
- b) the Deferred Lender Fee paid to investors as identified in the investor documents and herein;
- c) all fees and costs paid to the lender's in dealing with this Commitment and the investor loans;
- d) all fees disclosed to investors on their respective Form 9d; and
- e) the Shortfall Costs (as hereinafter defined).

f) any cost related to amendments of this mortgage.

Equity Return:

50% of Project Profits are to be paid to Fortress for mortgage syndication. A portion of these profits are paid to investors and, among other deductions provided for herein, are deducted from Fortress's share of Project Profits. The 50% is earned on a full raise of Facility 1 and 2 being the amount required to provide equity funding for the project currently estimated to be \$28M (\$9M equity for Phase 1 and \$19M for Phase 2) but to increase if you should obtain approvals for an expanded project or if further equity is required for the project (the "Increased Amount"). If the initial target of \$28M isn't reached, Fortress's 50% share of Project Profits shall be adjusted downward in accordance with the following formula:

$$\% \text{ Project Profits to Fortress} = \frac{\text{Net amount Raised for the project}}{\$28 \text{ Million}} \times 50$$

Further, if for example there is an Increased Amount of \$4M and Fortress only arranges \$2M on the same terms and conditions as set out in this Commitment, then Fortress's 50% share of the Project Profits shall be adjusted downward in accordance with the following formula:

$$\frac{30}{32} \times 50 = 46.87\%$$

If there is a further Increased Amount of \$6M and Fortress arranges all of the required funds on the same terms and conditions as set out in this Commitment, then the adjusted amount is:

WP SA

$$\frac{36 \times 46.87}{38} = 44.03\%$$

If Fortress fails to provide any portion of the required equity in accordance with the Tranche Schedule or the Increased Amount within 30 days after notice, you are permitted to raise such funds or provide same directly or indirectly in priority to the investors' security being arranged by Fortress. In such event the investors' security shall be postponed to such funding and shall stand-still to security taken in connection therewith or the same terms and conditions as other standstill and postponement requirements. The costs of such funding shall also be deducted from Fortress's share of Project Profits (the "Shortfall Costs").

Fortress reserves the right to raise funds to fund any shortfall of the equity requirement by way of mezzanine financing which shall include but not be limited to funds borrowed by you for the purposes of topping up the equity to satisfy the requirements of the Project and/or the construction lender providing financing for construction of the project including a facility(ies) for soft costs and the costs of such funding shall be deducted from Fortress's share of Project Profits.

If the requirement for equity goes down and Fortress meets the equity required, the above formula does not apply

Client Deferred Lender fee: The Deferred Lender Fee is deducted from the Fortress's share of Project Profits. The language is as follows:

THE PARTIES TO THE LOAN AGREEMENT FURTHER AGREE AND ACKNOWLEDGE THAT:

1. In addition to any amount owed by the Borrower to the Lender pursuant to the terms of the Loan Agreement, the Borrower shall also pay the Lender a Deferred Lender Fee in an amount equal to 16 per cent of the total amount loaned to the Borrower by the Lender, if, and only if:
 - a) the Borrower acquires all requisite authorizations and consents from all applicable governmental authorities with jurisdiction over the subject lands; and
 - b) the project to which the Loan Agreement relates, realizes a net profit in accordance with the Pro Forma financial statements dated the 6th day of November, 2011, a copy of which has been provided to the Lender (the "Pro Forma") determined in accordance with Accounting Standards for Private Enterprises (APSE) and having the costs identified in the Pro Forma including the \$23.4M cost base for the lands to November 6th, 2011.
2. Any Deferred Lender Fee paid by the Borrower to the Lender shall be measured by the actual net profit of the project for Phase I only as compared to the Pro Forma.

In other words, in the event Phase 1 of the project achieved a net profit greater or less than the projected net profit contained in the Pro Forma, the Lender's Deferred Lender Fee shall be adjusted accordingly.

Example: an investment of \$100,000 containing a 16% Deferred Lender Fee based on a Pro Forma of \$10M net profit would earn a \$16,000.00 Deferred Lender Fee; In the event the actual net profit of the project is \$11M, \$1M greater than the net profit contained in the Pro-Forma, the 10% increased net profit would result in a Deferred

Lender Fee of \$17,600.00.
Conversely, if the actual net profit of the project is \$9M, \$1M less than the net profit contained in the Pro-Forma, the 10% decreased net profit would result in a Deferred Lender Fee of \$14,400.00.

- 3) The Deferred Lender Fee, if applicable, shall be paid to the Lender on or before the later of:
 - a) the day that is thirty (30) days subsequent to the registered due date of the mortgage, and
 - b) the day that is thirty (30) days subsequent to the completion of the project.

Loan Facility/Type: Equity injection, secured as a 2nd mortgage for priority, postponing and standing still to the existing 1st mortgage. Postponing and standing still to all construction financing, development and other agreements required with the Municipality, easements with local utilities providers, signing all required development agreements and, without payment, partially discharging any lands required for public purposes.

Fees, Cost Sharing: To come from funding after \$1M gross funding.

- Offering Memorandum costs; up to \$20,000
- Translation costs; up to \$30,000
- Monitoring costs; \$2500 per month
- Initial set up costs; \$105,000. (\$5,000 of these monies will be attributed to a local charity/community program for which City Core Developments will be recognized as a contributing partner; to be drawn from Facility 1 any time after \$1M net has been funded to the project)
- An additional reporting fee and community contribution up to \$55,000 may be drawn from Facility 4


Tranche Schedule: The pay outs to the investors shown on the Tranche Schedule shall be subject to receipt by you of the Tranche indicated. If the full funds are not advanced to you as set out in the Tranche Schedule the subsequent payments to investors shall be reduced pro rata.

Exit: \$9,000,000 of principle to be returned to investors on completion of Phase 1. Balance of Project Profits estimated to be \$10,196,720 on Phase 1 (as per Pro Forma) will be rolled into Phase 2 for equity. Balance of principle to be returned to investors on completion of Phase 2.

Interest Reserve: From Facility 1 above. See Tranche Schedule for year 1, will be paid into the trust account of Garfinkle Biderman LLP or such other law firm as is approved by you, acting reasonably. Any funds held by such law firm will be held in an interest bearing trust account with interest payable to you.

Balance to be advanced under the loan is to follow the Tranche Schedule.

For certainty the interest due for the mortgage is due and payable only from the reserve set aside for that purpose and identified in the Tranche Schedule. In the event the interest reserve is depleted, if interest is due and payable and you are unable to cover the payment, the mortgage will be in default. You may at this point seek remedies against Fortress and Centro Mortgage Inc. for its failure to arrange for the funds



necessary to cover the payments. It is understood that any amounts due by Fortress or Centro Mortgage Inc. hereunder may be deducted from Fortress's share of the Project Profits.

Project Monitor: Altus Group is to be the project monitor.

The total funding will consist of several tranches, or draw/ advances, over a set interval. Prior to the issuance of a Tranche, Centro Mortgage Inc. will confirm the advance and request a summary of use of proceeds; this will be retained as part of the Project's general funding record.

Prior to the advance of a subsequent Tranche, confirmation is required from the Monitor that the previous Tranche monies were allocated as advised as per monthly development reports provided by you. Confirmation may come in the form of, but not limited to, electronic communication, copies of correspondence, copies of paid invoices or other types of documentation that indicate the progress of the site's development.

You acknowledge that both Fortress and the lender/investors require timely and thorough Project information which shall include the disbursement/payment of third party fees including referral/broker fees and the failure to supply timely and thorough Project information could result in a delay in the provision of a Tranche. Fortress will supply you with the information it needs including the detail of the broker/referral fees and fees paid to Fortress or its related parties.

Syndication: You acknowledge that Centro Mortgage Inc. will seek to syndicate some or all of Loan Facilities but nothing herein limits Fortress's responsibility to provide the Facilities as per this Commitment and the Tranche Schedule.

Confidentiality: In addition, these terms are confidential to Fortress executives, namely Jawad Rathore and Vince Petrozza. Only persons whom the pre-named have expressly authorised may be privy to these terms and conditions. The confidentiality of this agreement is elemental to the business of Fortress and is not to be shared with other Fortress staff, employees, salespeople, sales managers, marketing consultants etc.

Representation and

Opinion: Fortress and Centro Mortgage Inc. represent that to the extent required by applicable laws they have made full disclosure to the lender/investors of all elements of the Commitment which they are required to disclose. An opinion of Fortress's solicitors confirming that such disclosure has been made will be provided to you on execution of this Commitment.

Funding Commencement Date: December 2011 after new 1st mortgage is placed.

Borrower: Harmony Village Sheppard Inc.

Guarantor: City Core Developments Inc.

Project Description: Approximately 718 Adult life style units rental and condominium or more, subject to municipal approvals.

Phase 1: 321 units, in a 9 story building with additional townhouses.



Phase 2: 2 thirty story towers, containing a minimum of 397 unit seniors' community centre and 40,000 sq.ft seniors' community centre. The West Tower will include at least 187 units to be sold as condominiums, the East Tower at least 196 Retirement rental units.

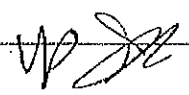
- Purpose** To provide you soft costs to move the project forward to construction financing.
- Interest Rate:** 8.00% per annum calculated annually on the amounts funded, including facilities, payable quarterly subject to above terms
- Term:** 36 months from initial advance plus an option to extend for 12 months with a further option to extend for 6 months. Subject to no default by the Borrower or the Guarantor during the original term of the loan the 6 month extension will be granted with a payment to the lender/investors of an extension fee of 2%.
- Repayment:** Interest only quarterly, principle upon earlier of i) completion of Term or ii) completion of the Project.
- Security:**
 1. Mortgage with a principal amount of (to be confirmed); granting a 2nd fixed charge against the Project Lands.
 2. Corporate Guarantee as required for the loan.
 3. Registered general security agreement.
 4. Confirmation of satisfactory Comprehensive General Liability. Policy to be reviewed and approved by the Insurance Consultant.
 5. All other standard second charge security.

- Funding Conditions:**
 1. Satisfactory confirmation of carry costs.
 2. Satisfactory confirmation that all realty taxes to date have been paid in full.
 3. Satisfactory appraisal or valuation by Lenders choice for "as is" value more than \$23,400,000.
 4. Receipt and satisfactory review as required of corporate financial statements to support the corporate guarantee.
 5. Receipt and satisfactory review of Personal Credit Applications.
 6. Receipt and satisfactory review of Environmental and Geotechnical Reports both to be accompanied by Transmittal Letters.

DOCUMENTATION FOR INSPECTION

You shall deliver to Fortress and/or its consultants and advisors, within thirty (30) days from the date of acceptance of this Commitment, the following (collectively referred to as "Documents for Inspection"):

Centro Mortgage Inc.
 25 Brodie Drive, Unit 1, Richmond Hill, Ontario
 Tel: 905-787-1145



- Copies of the full legal descriptions and all latest surveys of the Project (received);
- Accountant's Notice to Reader Financial Statements for the year ended May 30th, 2011 and monthly Development Reports from time of registration of mortgage to the completion of the development (received);
- All contracts directly or indirectly relating to the Project, including all collective agreements and all warranties, if any;
- A copy of all recent plans, specifications and correspondence of the Project, which would include; draft plan, zoning, etc.;
- Copies of all architectural, and engineering documents such as sanitary, water, storm-water, hydro, roads, traffic study;
- A copy of all environmental reports;
- A copy of all geotechnical reports; and
- Copies of all other information and documentation with respect to the Project as Fortress may reasonably request.

DOCUMENTATION FOR INSPECTION (CITY CORE DEVELOPMENTS INC.)

- Organizational structure of present ownership including all related corporations;
- Articles of Incorporation of present location and related corporations as part of ownership; and
- Copies of all other information and documentation as Fortress may reasonably request.

CONFIDENTIALITY OF NEGOTIATIONS

The parties shall use best efforts to maintain, at all times, as confidential information: the fact that they have respectively executed this letter, the terms of this letter, the existence and content of any negotiations between the parties and Confidential Information (as hereinafter defined), except that both parties may (i) inform advisors, counsel, and employees with such on a "need to know" basis, as each party deems necessary, and (ii) make appropriate disclosures if required by applicable securities laws. "Confidential Information" of a party shall mean any and all technical and non-technical information, including patent, copyright, trade secret and proprietary information, techniques, sketches, drawings, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, financial statements, banking statements, financial projections, financial formulas and documentation related to the current, future and proposed products and services of such party, and includes, without limitation, such party's information concerning its respective research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, customer lists, advertiser lists, business forecasts, sales, merchandising, marketing plans and other business information. "Confidential Information" also includes proprietary or confidential information of any third party that may disclose such information to a party in the course of such party's business. The covenants contained herein are referred to in this Commitment as the "Confidentiality Covenant".

ENTIRETY

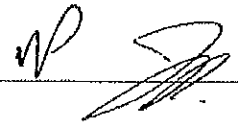
This letter constitutes the entire understanding and agreement between the parties hereto and their affiliates with respect to its subject matter and supersedes all prior or contemporaneous agreements, representations, warranties and understandings of such parties (whether oral or written). No promise, inducement, representation or agreement, other than as expressly set forth herein, has been made to or by the parties hereto. This letter and its exhibit hereto may be amended only by written agreement, signed by the parties to be bound. It is to be understood and agreed that the within letter constitutes a binding agreement.

CONSTRUCTION & FORWARD-LOOKING STATEMENTS

This letter shall be construed according to its fair meaning, and not strictly for, or against, either party. This document contains forward-looking statements that involve substantial risk and uncertainty, and the parties to this document understand and accept the same.

GOVERNING LAW

Centro Mortgage Inc.
25 Brodie Drive, Unit 1, Richmond Hill, Ontario
Tel: 905-787-1145



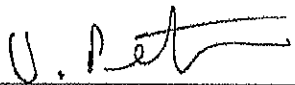
This letter of intent shall be governed by laws of the Province of ONTARIO.

(SIGNATURE PAGE FOLLOWS)




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FORTRESS REAL CAPITAL INC.

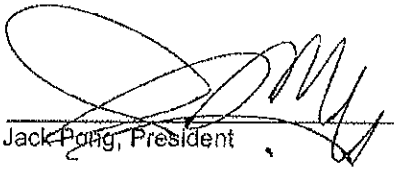


Vince Petrozza – Vice President & COO
I have the authority to bind the Corporation.

If the terms and conditions of this letter are acceptable, please sign and return to us a copy of this Commitment.

Accepted and agreed by this 21ST day of December, 2011.

Harmony Village Sheppard Inc



Per: Jack Pong, President



Harmony Phase I & II

Annual Return on Investment for Investors 8%
 Quarterly Return on Investment 2%
 Daily Return on Investment 0.0219128%

	Mortgage Tranche	Cumulative Mortgage	Pay out to investors ¹	Profit in Harmony	Payout Date	Investor Interest Payout @ 8% of Gross Mortgage Tranche
2011	December 1, 2011	\$ 1,850,000	\$ 681,950	\$ 1,202,500		
	December 1, 2011	\$ 1,850,000	\$ 1,702,000	\$ 617,500		
2012	December 1, 2012	\$ 1,850,000	\$ 5,510,000	\$ 617,500		
	February 1, 2012	\$ 1,850,000	\$ 7,360,000	\$ 617,500	February 1, 2012	\$ 75,204
	March 1, 2012	\$ 7,400,000				
	April 1, 2012	\$ 7,400,000				
	May 1, 2012	\$ 7,400,000			May 1, 2012	\$ 147,493
	June 1, 2012	\$ 1,850,000	\$ 9,250,000	\$ 647,500		
	July 1, 2012	\$ 1,850,000	\$ 11,100,000	\$ 617,500		
	August 1, 2012	\$ 1,850,000	\$ 13,000,000	\$ 617,500	August 1, 2012	\$ 158,331
	September 1, 2012	\$ 1,050,000	\$ 14,000,000	\$ 367,500		
	October 1, 2012	\$ 14,000,000				
November 1, 2012	\$ 14,000,000			November 1, 2012	\$ 273,312	
2013	December 1, 2012	\$ 14,000,000				
	January 1, 2013	\$ 14,000,000				
	February 1, 2013	\$ 1,507,692	\$ 15,507,692	\$ 667,692	February 1, 2013	\$ 285,920
	March 1, 2013	\$ 15,507,692				
	April 1, 2013	\$ 15,507,692				
	May 1, 2013	\$ 15,507,692			May 1, 2013	\$ 317,218
	June 1, 2013	\$ 15,507,692				
	July 1, 2013	\$ 15,507,692				
	August 1, 2013	\$ 15,507,692			August 1, 2013	\$ 348,514
	September 1, 2013	\$ 2,852,308	\$ 18,360,000	\$ 2,162,302	\$ 5,000,000	
October 1, 2013	\$ 18,360,000					
November 1, 2013	\$ 18,360,000			November 1, 2013	\$ 420,009	
2014	December 1, 2013	\$ 18,360,000				
	January 1, 2014	\$ 18,360,000				
	February 1, 2014	\$ 1,572,804	\$ 19,932,804	\$ 692,804	February 1, 2014	\$ 322,009
	March 1, 2014	\$ 19,932,804				
	April 1, 2014	\$ 19,932,804				
	May 1, 2014	\$ 19,932,804			May 1, 2014	\$ 435,140
	June 1, 2014	\$ 19,932,804				
	July 1, 2014	\$ 19,932,804				
	August 1, 2014	\$ 19,932,804			August 1, 2014	\$ 498,246
	September 1, 2014	\$ 19,932,804				
	October 1, 2014	\$ 19,932,804			October 1, 2014	\$ 561,346
	November 1, 2014	\$ 19,932,804				
2015	December 1, 2014	\$ 9,000,000	\$ 15,932,808			
	January 1, 2015	\$ 15,932,808				
	February 1, 2015	\$ 2,164,815	\$ 18,097,623	\$ 757,615	February 1, 2015	\$ 319,468
	March 1, 2015	\$ 18,097,623				
	April 1, 2015	\$ 18,097,623				
	May 1, 2015	\$ 18,097,623			May 1, 2015	\$ 361,671
	June 1, 2015	\$ 18,097,623				
	July 1, 2015	\$ 18,097,623				
	August 1, 2015	\$ 18,097,623			August 1, 2015	\$ 362,738
	September 1, 2015	\$ 18,097,623				
	October 1, 2015	\$ 18,097,623				
	November 1, 2015	\$ 18,097,623			November 1, 2015	\$ 382,738
		\$ 19,136,921	\$ 9,497,923	\$ 17,580,000		\$ 5,394,422

¹ PAYOUT TO INVESTORS IS BASED ON THE FOLLOWING SCHEDULE:

ANY EXTRA FUNDS ACQUIRED TO SATISFY FORTRESS EQUITY CONTRIBUTION COULD BE INJECTED BY MEZZASIMPE.



CITY CORE DEVELOPMENTS INC.
 Harmony Village Shepard - Seniors Lifestyle Community
 5.0 PROFIT SCHEDULE

Schedule B

6-Nov-11

	Project Financing Required	Phase I Financing	Phase II Financing	Phase I Profit	Phase II Profit	Phase I & II Profit Summary	Equity Investor Partner's 50% Share of Profit For Both Phase I & II	Developer Partner's 50% Share of Profit
Revenue on Units sold Net of H.S.T. Development Cost:				\$78,384,646	\$235,013,095	\$313,397,742		
				68,187,926	193,344,273	261,532,199		
Projected Development Profit:				\$10,196,720	\$41,668,823	\$51,865,543		
Sources of Funds								
Bank Loan	75%	\$51,140,345	\$145,008,204					
Equity Required	25%	\$17,046,982	\$48,336,068					
Developers Equity (\$23,400,000-\$11,000,000)								
3) Investors Equity	58%	\$12,400,000	12,400,000					
4) Insured Deposits	42%	\$9,000,000	\$18,936,068					
	0%	\$0	\$17,000,000					
	100%	\$21,400,000	\$48,336,068					
Profit Analysis	25%							
Priority Interest Paid on Developer's Equity	8%			(\$2,976,000)	(\$2,976,000)	(\$5,952,000)		\$5,952,000
Priority Interest Paid to Investors Investment	8%			(\$2,160,000)	(\$4,544,556)	(\$6,704,556)	\$6,704,556	\$19,604,443
Profit Share								
RETURN ON INVESTMENT:				\$5,060,720	\$34,148,167	\$39,208,887	\$26,309,100	\$25,556,443
Investor's Principal Loan Repaid				\$9,000,000	\$18,936,068		\$18,936,068	
Developer's Loan Repaid								\$12,400,000
TOTAL RETURN ON INVESTMENT:				\$13,680,360	\$40,554,808		\$45,245,168	\$37,956,443
				152%	214%		366%	

Handwritten initials/signature

DOWNING STREET FINANCIAL INC. IN TRUST V. HARMONEY VILLAGE SHEPPARD INC, ET AL.

ONTARIO
SUPERIOR COURT OF JUSTICE

(Commercial List)

In the Matter of Section 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

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF
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