

Court File No. CV-23-00697814-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

B E T W E E N:

DELOITTE RESTRUCTURING INC.

Applicant

- and -

GLOBAL KINGDOM MINISTRIES CHURCH INC.

Respondent

APPLICATION UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,  
c. B-3, s. 96

**REPLY REPORT OF DELOITTE RESTRUCTURING INC. IN ITS CAPACITY AS  
TRUSTEE IN BANKRUPTCY OF TRINITY RAVINE COMMUNITY INC. TO THE  
COURT ON TRANSFER AT UNDERVALUE**

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This report consists of the following sections:

**SECTION A - OVERVIEW .....2**

**SECTION B – GKMC’S ADMISSION OF INSOLVENCY .....2**

**SECTION C – INTENTION TO DEFEAT, DEFRAUD OR DELAY .....4**

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## SECTION A - OVERVIEW

1. On January 16, 2024, Deloitte Restructuring Inc. in its capacity as Trustee in bankruptcy of Trinity Ravine Community Inc. served their report to the court on the TUV (the “**Initial Report**”). Where not otherwise expressly defined in this Report (the “**Reply Report**”), The Trustee repeats and relies upon the defined terms in the Trustee’s Initial Report.
2. On February 22, 2024, GKMC served its responding application record (the “**GKMC Record**”). The GKMC Record includes (i) the Affidavit of Mark Steele sworn February 22, 2024 (the “**Steele Affidavit**”), (ii) the Affidavit of Catherine Ann Spears sworn February 21, 2024 (the “**Spears Affidavit**”), and (iii) the Affidavit of Robert Solnick sworn February 21, 2024 (the “**Solnick Affidavit**”).
3. The Reply Report responds primarily to the evidence of Mark Steele, a fact witness, who was a former director of both GKMC and TRC. The Spears Affidavit and Solnick Affidavit generally give expert opinion evidence<sup>1</sup> and are largely addressed in reply reports from Bousfields (the “**Bousfields Reply Report**”) and Kroll (the “**Kroll Reply Report**”) as described below.

## SECTION B – DATE OF TRANSFER AND ADMISSION OF INSOLVENCY

4. In the Initial Report, The Trustee took the position that the transfer date was April 16, 2021, based on the land title transfer registration for the Southern Land. GKMC has been unclear in terms of whether the accepted transfer date is October 1, 2020, the date referenced in the Sale Agreement or April 16, 2021. As previously noted, if the transfer date is accepted as April 16, 2021, this is less than one year before the date of the initial bankruptcy event, the CCAA Proceedings, and no further tests are required by section 96 of the BIA. If the

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<sup>1</sup> See Exhibit B of the Spears Affidavit (the “**gsi Planning Report**”) and Exhibit B of the Solnick Affidavit (the “**Altus Appraisal**”).

transfer date is October 1, 2020 this is within the 5 year window set out in Section 96(1)(b)(ii) and additional tests are required to be met, either insolvency or intent to delay, defeat or defraud.

5. The Steele Affidavit is also ambiguous on the transfer date. At paragraph 5 of the Steele Affidavit, Mr. Steele expressly acknowledges that (i) GKMC and TRC were not dealing at arm's length, (ii) the transfer of the Southern Land occurred within five years of the date of bankruptcy, and (iii) TRC, the debtor, was *insolvent at the time of the transfer*. Implying an accepted date of October 1, 2020. However, the Spears Affidavit and the Solnick Affidavit are based on a transfer date of April 16, 2021 and Mr. Steele relies on this evidence to support GKMC's position on the value of the Southern Land at the time of transfer. Mr. Steele continues to deny an intention to defeat, defraud or delay.
6. Notwithstanding the admission of insolvency, the Trustee believes there are certain aspects of the GKM Board's conduct that remain important for context. That information is set out in Section C of this Reply Report
7. The experts for GKMC, focus exclusively on the April 16, 2021 transfer date – which better serves their theory that planning permission could not have been obtained in accordance with the relevant regulatory calendar. As set out separately and summarized below, Bousfields rebuts this theory, based on its own direct planning experience.
8. As a result of the explicit admission of insolvency and the implicit admission of the one-year look back window, the focus of this Reply Report is on the key issues of consideration and valuation. Section D of this Reply Report provides additional information in respect the Trustee's assessment of the approximately \$7.4 million in consideration claimed in the Steele Affidavit. Section E of this Reply Report provides a summary of the expert analysis

included in the Bousfield Reply Report and the Kroll Reply Report in respect of the valuation of the Southern Land at the time of the transfer.

### **SECTION C– INTENTION TO DEFEAT, DEFRAUD OR DELAY**

9. As noted above, based on its assessment of the value of the Southern Land, GKMC has confirmed that GKM was insolvent at the time of the transfer and acknowledged that the tests set out under Section 96(1)(b)(ii)(a) in respect of a TUV have been met.
10. GKMC nevertheless filed extensive affidavit evidence to discuss the timing of the series of actions taken by the GKM Board in order to transfer the Southern Land.
11. In the Trustee's opinion, much of the evidence filed by GKMC further supports the Trustee's view, that while the intention to sever the Northern Land and the Southern Land for ease of governance and access to purpose specific financing may have been appropriate when conceived and approved by the GKM Board in 2018, at the time the GKM Board sought approval of the severance of the Southern Land and at the time of transfer of the Southern Property, GKM knew: (i) the significant liabilities attached to the property, (ii) there were significant risks to getting the necessary financing and that financing for the TRT Project was not certain; and (iii) it could not honour its obligations under the Life Lease Agreements. GKM and the GKM Board failed to communicate this key information to the Depositors before the transfer.
12. Notably, Mr. Steele makes reference to the special meeting of its members on September 26, 2020, and the fact that GKM obtained the unanimous approval of 159 members prior to completing the transfer. The Trustee has cross-referenced the list of members in attendance against a list of Depositors. The only members in attendance at the meeting who were also Depositors, were also employees and directors of GKM. GKM obtained the

approval to transfer the property in large part from the group of individuals who could benefit from the transfer of the property and did not explain or disclose to the Depositors at any time the implications of the transfer of the Southern Land.

13. Furthermore, at the time the GKM Board put forward a vote on a severance of the Southern Land, the GKM Board failed to disclose to the attendees:
  - a) That it was unable to obtain traditional construction financing and that a co-investment from the Canadian Mortgage and Housing Corporation (“**CMHC**”) was its last resort;
  - b) That in order to obtain the CMHC financing, traditional financing would still be required and CMHC required significant changes to the TRT Project and the abandonment of the Life Lease concept;
  - c) That CMHC had advised GKM/TRC that it was not prepared to be a co-investor for the TRT Project; and
  - d) That GKM would be transferring the Southern Land without consideration.

*Traditional Construction Financing Denied*

14. Mr. Steele states in his affidavit at paragraph 64 that as of September 3, 2019, the Board continued to believe that the project was a profitable venture. However, by March of 2020 Mr. Steele confirms in paragraph 66, that their key financing prospect, Centurion Financial had declined to provide the necessary financing. The Trustee presumes that the other named parties had also declined to provide the financing at this time as GKMC confirms that its focus shifted to CMHC, as stated in paragraph 67. Mr. Steele identifies CMHC as the best and most realistic option for financing the construction.

*CMHC Funding and Required Changes to the Project*

15. In the Trustee's view this confidence that CMHC would solve the financing need was still not supported in fact. The CMHC financing was a co-investment in the project that would still require significant construction loan financing from a traditional financing source. GKM had been denied financing by most, if not all, of the parties it had approached and CMHC had expressed serious concerns with the TRT Project following GKM's first application in June 2020.
16. CMHC's co-investment criteria required that the project be changed from a Life Lease Project to incorporate 50% below market rental units. It was proposed that one tower be converted to rental units and the second tower be converted to a condominium structure. CHMC required an increase in the number of units to improve the economic viability of the project. GKM increased the number of units from 565 to 605 which resulted in repurposing the second floor pedestal from services to residential units and redesigning the penthouse floor to include more units and required an amendment from the City for the additional units.
17. The GKM Board was fully aware of these changes to the project and the fact that these changes meant that GKM could not honour the obligations and commitments under the Life Lease Agreements. The Trustee's view is that this was known to the GKM Board in early 2020. Further, an email from CMHC dated September 17, 2020 confirms that GKM had agreed to a complete redesign of the project from the Life Leases concept to rental units and a condominium structure, in order to obtain the financing from CMHC.<sup>2</sup> This email is dated only nine days before the GKM and GKMC boards signed the Sale

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<sup>2</sup> Tab 1, Steele Affidavit at Exhibit T, p.364 of GKMC Record.



Agreement. This was never disclosed to the Depositors and GKM proceeded with the transfer of the Southern Land with this knowledge.

18. Following its first failed application, GKM/TRC prepared a redesign and second application to CMHC. This application was submitted on December 9, 2020. In its second application to CMHC the following information was submitted as part of the application:<sup>3</sup>

“Confirmation of a Financing partner in First National with high level intent to lend (approx.) \$178,000,000, subject to CMHC Co-Investment Support.”

19. A “high level intent” subject to conditions is not the same as a committed term sheet. The Trustee searched the books and records of TRC and could not find email correspondence, draft terms sheets or any other form of documentation to support or confirm that the First National financing was a firm commitment.
20. In fact, if the First National financing had been available, it would not, combined with the CMHC co-investment, have constituted sufficient financing to complete the project. This fact was identified by CMHC in its responding email of Mr. Anthony Avery dated December 10 attached as Exhibit T to the Steele Affidavit.<sup>4</sup>
21. Leaving aside the absence of firm commitments in the financing now relied on by GKMC, the project costs had increased to \$306 million. TRC’s allegedly anticipated combined financing was only \$268 million, leaving at least a \$38 million shortfall.
22. On balance, at the time of the transfer of the Southern Land the GKM Board knew with certainty that the project was at risk of not getting the necessary construction finance. Even if the GKM Board still hoped that the CMHC financing would come through, it knew that CMHC financing would not replace all the necessary financing and that the only way

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<sup>3</sup> Tab 1, Steele Affidavit at Exhibit T, p.380-382 of GKMC Record

<sup>4</sup> Tab 1, Steele Affidavit at Exhibit T, p.382-384 of GKMC Record.

to obtain the CMHC funding was to change the nature of the project, meaning that the Life Lease Agreements could not be honoured. With this knowledge and without any disclosure to the Depositors, GKM transferred the Southern Land to GKMC for nil consideration.

#### **SECTION D– CONSIDERATION**

23. In paragraphs 145 and 146 of the Steele Affidavit, Mr. Steele states, without supporting evidence, that GKMC paid \$7.4 million to TRC to repay the RBC Mortgage for the exclusive benefit of TRC, as the consideration for the Southern Land.
24. As a starting point, the Steele Affidavit also states that the Sale Agreement was entered into in September 2020, the transfer occurred in April 2021, and the consideration for such sale was only paid in August 2021. This would be acceptable if the underlying documentation supported such a deferred consideration arrangement. Under generally accepted accounting principles, the books and records of TRC would disclose the transfer at the time of the transfer and an accounts receivable for the deferred consideration would be booked on the transfer date. On the date of the transfer, no consideration was given, no deferred consideration was booked and the documents do not show consideration of any amount beyond the \$10 which Mr. Steele acknowledges was not paid.
25. The Trustee has concluded based on its review of the documentation, the exhibits to GKMC's Record and the books and records of TRC and GKMC that Mr Steele's assertion that the \$7.4 million is consideration is incorrect. The evidence supports the conclusion that the \$7.4 million payment was explicitly a loan from GKMC to TRC, not consideration, as detailed below.

26. In the Initial Report, at paragraph 111, the Trustee noted that GKM/TRC transferred cash, investment certificates and other assets along with the Southern Land to GKMC. GKMC did not have \$7.4 million available to it at the time of the transfer to pay TRC. The entities were separating the existing assets between them. The bulk of the cash and investments which, was less than \$7.4 million, was transferred to GKMC.
27. At paragraph 95, Mr. Steele states that “Between September 30, 2020 and April 16, 2021, consent for the transfer was sought from both the mortgagees who held security interests over the Original Land. Significant negotiations with RBC and Owemanco were necessary to address their concerns.” Whether as part of those negotiations or otherwise, on June 15, 2021, TRC and GKMC signed a forbearance agreement with RBC (the “**RBC Forbearance Agreement**”) which, included among other things:
- a) an admission that the transfer of title to the Southern Land by the Borrower to GKMC was made without the Lender’s consent;
  - b) a statement that RBC’s security constituted a collateral mortgage in the amount of \$14,300,000 constituting a first fixed charge on the Real Property. Real Property is defined as legally described in PIN 06179-0140 (LT) (being the Southern Land) and PIN 06179-0141 (LT) (being the Northern Land);
  - c) provides for a forbearance until July 23, 2021 or the loan is repaid;
  - d) acknowledgement by GKMC that the Southern Land PIN 06179-0140 (LT) is pledged as security in respect of the RBC Mortgage; and
  - e) provides that in the event that the RBC Mortgage is not repaid by July 23, 2021 RBC can exercise any of the rights and remedies available to it under the financing agreement including the appointment of a Receiver and presumably foreclosure.

28. On June 25, 2021, TRC and GKMC signed an amendment to the RBC Forbearance Agreement extending the repayment date to August 23, 2021. The amendment also forms part of Exhibit II to the GKMC Record.
29. At paragraph 99 of the Steele Affidavit, Mr. Steele states that Owemanco was also concerned about the transfer of the Southern Land and took steps to ensure that the Southern Land remained collateral for their mortgage:
- “The effect of this arrangement was that GKMC was encumbered to permit TRC continued access to Owemanco financing, notwithstanding that these proceeds were exclusively used by TRC for development purposes.”
30. In the Trustee’s view, this is also an incorrect description of the extension of Owemanco’s collateral to the Southern Land. The Southern Land was part of the Original Land, and was already encumbered by the Owemanco Mortgage prior to the severance and transfer of the land. What Mr. Steele is describing is that Owemanco took steps to ensure that the Southern Land remained collateral for the Owemanco Mortgage following the severance and transfer, which presumably, it had also not consented to.
31. In fact, GKMC/TRC acknowledged and discussed the need to also repay the Owemanco mortgage in order to transfer the Southern Land, at their board meeting of January 19, 2021 but had been advised that the Pentacostal Assemblies of Canada (“**PAOC**”) would lend them a maximum of \$7.3 million as recorded in the minutes. These minutes are attached as Appendix A:

“It was mentioned during the discussions that we will be applying to PAOC Pension Fund to take over the RBC Swap Loan and hold the mortgage only on the church property. PAOC Pension Fund can lend us \$7.3 million. It was requested if they could do more, to possibly cover the Owemanco Loan as well, but they can only lend us \$7.3 million. The funds are “set aside” for us pending our submission of the application and its approval.”

32. The final amount loaned to GKMC by PAOC in the form of a mortgage over the Southern Land, according to the GKMC audited financial statements was \$7,387,792. Notably that mortgage will today form an impediment to the collection of TRC's claim, if successful.

*Use of Funds*

33. In paragraph 117 of the Steele Affidavit, Mr. Steele identifies two sources of funds that TRC used to repay Depositors: a refund of permit and development fees from the City of Toronto and new mortgages.
34. In paragraph 118 of the Steele Affidavit, Mr. Steele states that TRC requested a refund of permit fees and development charges from the City of Toronto and that \$12.2 million was received on August 21, 2021. The Steele Affidavit implies that these funds were used to repay Depositors. This is not entirely incorrect. Based on the Trustee's review of the books and records of the \$12.2 million received from the City, TRC allocated the funds as follows:

Permit Fees and Building Refund:	12,205,651.33
RBC Loan	(476,914.33)
Owemanco Loan	<u>(6,659,451.91)</u>
Balance	5,069,285.09
Refunds to Depositors	<u>(3,849,100.47)</u>
Balance	<u>1,220,184.62</u>

35. The majority of the \$12.2 million was used to repay the RBC Mortgage and the Owemanco Mortgage which would be primarily to the benefit of GKMC and to the detriment of the Depositors. TRC could have refunded a substantial percentage of additional amounts to Depositors and left RBC and Owemanco with recourse to the Northern Land and Southern Land

36. TRC did repay approximately \$3.9 million to Depositors from the \$12.2 million and the balance of \$1.2 million was used in the TRC business, including payments to the CEO and staff, the construction contractor and other expenses.
37. According to the TRC books and records:
  - a) On August 26, GKMC transferred \$7.4 million to TRC and TRC collected \$12.2 million in refunded deposits;
  - b) On August 26, 2021 TRC repaid the RBC Mortgage and the Owemanco Mortgage. The total amount repaid including fees and charges was \$14.5 million.
38. The total mortgage obligations on the properties – the Northern Land and the Southern Land at the time of the repayment was \$16.6 million, divided as follows:
  - a) RBC Mortgage: \$7.3 million;
  - b) Owemanco Mortgage: \$5.3 million; and
  - c) Limestone Mortgage: \$4 million.
39. The simplest inference is that GKMC contributed to the repayment of the mortgages to the extent that it did because failure to do so could have resulted in a seizure of the Southern Land by RBC to satisfy the mortgage obligation.
40. As noted above, GKMC required TRC to repay the Owemanco Mortgage from recovered Deposits which was also necessary to protect GKMC.
41. Perhaps most fundamentally, on August 31, 2021, TRC recorded the \$7.4 million payment from GKMC as an intercompany payable to GKMC. One month later on October 1, 2021, TRC signed a Demand Promissory Note in favour of GKMC in the amount of

\$4,833,094.99 which was the intercompany balance owing as at October 1, 2021 and included the \$7.4 million loan from GKMC.

42. The Demand Promissory Note also included a provision that TRC would pay GKMC 9% interest. GKMC itself had borrowed the funds from PAOC at a rate of 4.75%. A copy of the TRC Trial Balance showing the intercompany payable account with the entry for the \$7.4 million loan, the balance owing at October 1, 2021, and the interest charge at October 31, 2021 is attached as Appendix B. A copy of the Demand Promissory Note is attached as Appendix C.
43. On October 31, 2022, GKMC filed with the Trustee an unsecured claim in the amount of \$5.0 million. GKMC included as support for its claim a copy of the Demand Promissory Note, demonstrating that this amount was considered a loan by GKMC and that it had a claim for the repayment of the balance of the loan still outstanding. A copy of the claim filed by GKMC with the Trustee is included as Appendix D.
44. To contextualize the above analysis, the Trustee's Initial Report assessed that there was nil consideration based on the following documentation to support this position:
  - a) The Sale Agreement – consideration \$10;<sup>5</sup>
  - b) The audited financial statements of TRC disclosing the consideration as \$10 and a note for \$2.9m;<sup>6</sup>
  - c) The email to CRA disclosing that the consideration was nil;<sup>7</sup>

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<sup>5</sup> Initial Report at Appendix O.

<sup>6</sup> Initial Report at Appendix BB.

<sup>7</sup> Initial Report at Appendix AA.

- d) The charity filings of both TRC and GKMC acknowledging that the transfer was a gift for nil consideration; and
  - e) The books and records of TRC which record no payments or consideration in respect of the transfer of the Southern Land; and
  - f) The September 30, 2022 audited financial statements published by GKMC which disclose both the transfer of the property and the loan to TRC.<sup>8</sup>
45. As set out above, the Trustee now has a better understanding of how and why the RBC and Owemanco mortgages were repaid: to avoid liability for GKMC
46. In paragraph 160 of the Steele Affidavit, Mr. Steele states that there were accounting and disclosure errors with respect to the Sale Agreement and the \$10 and \$2.9 million consideration. Mr. Steele confirms that TRC did not receive either the \$10 or the \$2.9 million listed as consideration and that GKMC is working with its auditors to correct the notes in respect of the intercompany balances.
47. The Steele Affidavit is the first time the allegation of accounting inaccuracies has been raised by GKMC.
48. However, for the fiscal year end September 30, 2022, two years after the Sale Agreement was signed, GKMC engaged a new audit firm, Norton McMullen. The Trustee reviewed the GKMC audited financial statements for the year ended September 30, 2022, attached as Appendix E and found that it contains the same disclosure, practically word for word to describe the transfer of the property and the consideration, or lack thereof.<sup>9</sup>

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<sup>8</sup> See Appendix E.

<sup>9</sup> See Note 8 of Appendix E.



49. An auditor has a professional obligation to independently test and examine the financial information provided by a company before issuing their audit opinion. Norton McMullen issued a clean audit opinion for GKMC for the year ending September 30, 2022 and state in their audit opinion:<sup>10</sup>

“In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at September 30, 2022”

50. GKMC in working with new auditors would have had the opportunity to correct this disclosure if it had been incorrect. The auditor, in conducting their independent review and verification procedures, should have amended the disclosure in the note if it was incorrect, as the transfer of the Southern Land was a material transaction between GKM and GKMC.
51. In addition, as noted above, GKMC filed its claim with the Trustee on October 31, 2022 supported by the intercompany account entries and the Demand Promissory Note. Although, GKMC does not identify any error in the accounting for the \$7.4 million transfer, if there was any error, GKMC has had ample time to correct these entries before filing its claim.
52. As a final point, GKMC obtained the \$7.4 million by pledging the Southern Land as security to PAOC and mortgaging the property. This charge has a first ranking security over the Southern Land and in the event that the Trustee is successful in proving that donating the Southern Land to GKMC was a TUV and the Southern Land is returned to the estate or sold on behalf of the estate, PAOC would receive the first distribution in the amount of approximately \$7.1 million, the existing mortgage amount, and these funds would not be available to the unsecured creditors who were defeated by the original transfer. As such,

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<sup>10</sup> See Appendix E at p. 2.

not only was this amount a loan and therefore not consideration, it is would also be doubly prejudicial to accept it as such, since it has also encumbered the only asset that TRC has the ability to claim against.

## **SECTION E– VALUATION**

53. The Trustee has relied on the Kroll Appraisal Report to determine the value of the Southern Land at the time of the transfer, at \$23.2 million. The Kroll Appraisal Report in turn relies on the Bousfields Planning Report. A key element of the Bousfields Planning Report is the assumption that it would have been possible to file an application to have the Southern Land rezoned from an Employment Area to Mixed Use Area, in the event that a potential purchaser for the Southern Land had wanted to use the land for an alternative purpose such as a residential development. This analysis was conducted by Bousfields in order to support a highest and best use (“Highest and Best Use”) analysis prepared by Kroll in respect of the property. The Highest and Best Use analysis is a key test used in the preparation of real estate valuations and both the Kroll Appraisal Report and the Altus Appraisal have been prepared on this basis, though they have come to very different conclusions.
54. The Kroll Appraisal Report assumes that Highest and Best Use is multi-story residential development and the Altus Appraisal assumes the Highest and Best Use is the current use, as a place of worship. The Altus Appraisal bases this assessment primarily on the key finding of the gsi Planning Report that it would not be possible to obtain the necessary rezoning to develop the Southern Land for residential use but appears to ignore a variety of other uses that would be permitted with the existing zoning such as commercial, office or industrial use. This oversight will be addressed in greater detail below.

55. The Trustee has reviewed the gsi Planning Report and the Altus Appraisal included in the GKMC Record and based on the contents therein has requested Bousfields and Kroll to assist the Trustee in addressing and responding to the critiques raised in each of these reports.
56. Bousfields and Kroll have prepared comprehensive responding reports for the benefit of the Trustee and the Court which are attached to this Reply Report as Appendix F and G respectively.
57. The Bousfields Reply Report and the Kroll Reply Report outline the numerous instances where they disagree with the findings of the gsi Planning Report and the Altus Appraisal. The Kroll Reply Report accepts one critique provided in respect of the selected market comparables, however, upon eliminating this market comparable the conclusion of Kroll with respect to the valuation does not change.
58. The Trustee has attempted to summarize the key issues and responses below, however significant additional detail and supporting analysis is included in the Reply Reports.
59. The Trustee has also included additional information from the perspective of a “reasonable business person” as understood by the Court to support the Trustee’s position with respect to the reasonability of the offset for parking included in the Altus appraisal.

#### **Bousfields Reply Report**

60. The Trustee provided Mr. Peter Smith of Bousfields with the gsi Planning Report and requested that he assist the Trustee in addressing the findings contained therein.
61. The gsi Planning Report states the following as its key findings:

- It is highly unlikely that an application filed by the applicable deadline of August 03, 2021 to convert and redesignate the subject property for residential purposes would have been approved by the City of Toronto.
- Any proposed development based on a higher and better use would have been possible only in the long-term and is entirely speculative.
- The most likely redevelopment potential for the subject property at the effective date would be a continuation of the existing permissible legal use as a place of worship and associated parking lot, together with the potential for expansion in accordance with the existing by-law.

### **Ability to Amend the Zoning by the Applicable Deadline**

62. In order for the Southern Land to be used for a residential development it would be necessary to file an application and have it approved by the City of Toronto. Ms. Spears of gsi states that in the first instance there was insufficient time to file a request for an amendment as of April 16, 2021, as such requests take six to eight months to prepare. She further opines that even in the event an application was filed by the deadline, it is highly unlikely that such an application would be approved based on the City's policy statement that residential developments should be limited in areas designated for employment use, which is the current designation of the Southern Land.
63. It is worth noting that Ms. Spears does include a footnote in her report acknowledging that if the transfer date were October 1, 2020, there would be ample time to submit the necessary application.
64. Mr. Smith provides a comprehensive response based on his experience in filing numerous similar applications for amendments in zoning and use. It is Mr. Smith's opinion and experience that there was sufficient time between April 16, 2021 and August 3, 2021 to submit the necessary Municipal Comprehensive Review.

65. Mr. Smith states that of 10 requests prepared by Mr. Smith in 2020 and 2021, that most were prepared and submitted within two to three months of his being engaged and that the contents of the application were not overly onerous to prepare. Ms. Spears does not state how many similar applications she prepared during this period and whether the scope was more comprehensive requiring the additional four to five months to prepare that she asserts.

#### **A Timely Submission Would Be Unlikely to Succeed**

66. Ms. Spears identifies Policy 2.2.5.9 under the City's Growth Plan 2020 as a limiting factor to the success of a timely application on the basis that;
- a) There is no need for the conversion to meet mandated housing requirements;
  - b) The subject property is a designated Employment Area and may be required for employment use over the long term;
  - c) A conversion would adversely affect the overall viability of the Employment Areas;  
and
  - d) There is a lack of transportation and community infrastructure within an acceptable radius.
67. Ms. Spears identifies only one criteria in the application, that in her view, is likely to meet the policy criteria, that sufficient employment land has already been designated to meet the City's Growth Plan 2020. Mr. Smith concurs with this conclusion.
68. Mr. Smith disagrees with Ms. Spears findings with respect to Policy 2.2.5.9 and in section 2 of his reply report states his experience and findings. Mr. Smith asserts that only certain of the Planning Tests are site specific while others are general, meaning that the

designation of the full surrounding area is taken into account to determine if a change to one site can or should be accommodated and he disagrees with Ms. Spears findings for the following reasons:

- a) At the time of the analysis, The City had only 73.2% of the necessary housing units required to meet the City's forecasted population growth and the City needed to find appropriate areas to designate for residential use.
  - b) Current growth in designated employment areas is already significantly ahead of the City's forecast, 1.4 times higher than the growth needed to achieve the City's target, negating the need to maintain or expand areas designated for employment use;
  - c) The Southern Land is on the periphery of the Employment Areas with no access to any internal roads within the Employment Areas and conversion is not expected to generate a land use conflict; and
  - d) Contrary to Ms. Spears' statement the subject property is located close to a wide range of public services including, schools, parks and recreational centres and is in fact served by frequent transit and is only 250 meters north of the planned Durham-Scarborough BRT higher order transit line on Ellesmere Road.
69. Ms. Spears goes on to provide the example of a comparable application for a nearby property 920-930 Progress Avenue where the application was rejected by the City. Mr. Smith notes in his reply report that this application was actually a conversion from General Employment Area to Institutional Area, that the City accepted this change and that such a designation allows for a maximum of 40% residential site development.

### **The Current Use is the Most Likely Use**

70. The third key finding of the gsi Planning Report is that the most likely redevelopment potential of the Southern Land is a continuation of its current use. This is premised on the assumption that that required rezoning application could not be completed on time and that it would be rejected by the City should it have been submitted.
71. The Bousfields Reply Report rejects that assertion and indicates there is a high probability, in the range of 80%, that the application would have been accepted.
72. The gsi Planning Report does not address what other uses are possible for the site under the existing zoning and if those uses would have generated a higher number of jobs and greater economic return. Each of those considerations could have led to a different conclusion for Highest and Best Use had they been evaluated. Kroll provided the Trustee with some analysis in this respect which will be summarized below.
73. The Bousfields Planning Report and Bousfields Reply Report are based on Mr. Smith's direct experience with applications of this nature, the number of applications that he has prepared and the need of the City to grant residential development in order meet housing needs and growth targets set by the City's own Growth Plan and policies. Having reviewed the conclusions and rational listed in the gsi Planning Report, Mr. Smith disagrees with these findings and maintains his view that the amending application, could have been filed on a timely basis, had a high probability of being approved and would have resulted in the Highest and Best Use for the property being residential use rather than as a place of worship.

### **Kroll Reply Report**

74. The Altus Appraisal relies on the gsi Planning Report to support its conclusions and echoes the findings included in the gsi Planning Report. The Altus Appraisal reaches its own conclusion on the Highest and Best Use and states that its finding is reinforced by the findings of the gsi Planning Report.
75. The Trustee will not revisit the conclusions of the gsi Planning Report in this section but will focus on the additional findings and conclusions of the Altus Appraisal as well as a series of critiques identified by Kroll in respect of the Altus Appraisal and its conclusions.
76. The Altus Appraisal concludes that the Highest and Best Use for the Property is its current use as a place of worship, that the value of the Southern Land as at the transfer date is \$21.9 million and after deducting the cost to construct a required parking facility at a cost of \$14 million the net value is \$7.8 million.

### **Highest and Best Use**

77. The Altus Appraisal lists four key tests in respect of determining Highest and Best Use which are: legally permissible, physically possible, financially feasible and maximally productive.
78. The Altus Appraisal states that the limitations imposed by the legally permissible test restrict the potential uses for the property and that the prevailing market conditions of the time support the conclusion that a place of worship is Highest and Best Use.

### **Legally Permissible**

79. The property is currently zoned General Employment Area. Altus concludes based on the gsi Planning Report that it is highly unlikely that an application to convert and redesignate



the property within the applicable deadline would have been possible. Bousfields has provided evidence based on their experience in submitting similar applications that it would certainly have been possible to submit such an application within the applicable timeline and provides evidence to support their conclusion on whether the requested change to the designation would have been granted. While it is not 100% certain, it is also not “entirely speculative” as stated in the key findings of the gsi Planning Report.<sup>11</sup> As noted above, Mr Smith estimates the chance of success to be in the range of 80%.

80. In addition, Kroll recognizes that a degree of zoning risk exists for the Southern Land, but relies on the “Principle of Anticipation” in assessing comparable properties. That is to say that buyers of potential development properties understand that they may not succeed in obtaining their preferred usages, but price the possibility into their assessment of value.

### **Comparables**

81. Kroll and Altus both utilize the Direct Comparables Approach as the appropriate valuation approach. The Direct Comparables Approach as the name suggests relies on a comparison of sales of similar listings and like properties to determine the value of a property based on adjustments for non comparable features. Adjustments may be made by valuers for the following:

- Financing;
- Time/market conditions;
- Size;
- Location/area;
- Planning/development status; and
- Property characteristics

82. The Kroll Appraisal Report relied on comparisons to similar listings in the local geography that were seeking rezoning for redevelopment and were comparable in terms of the

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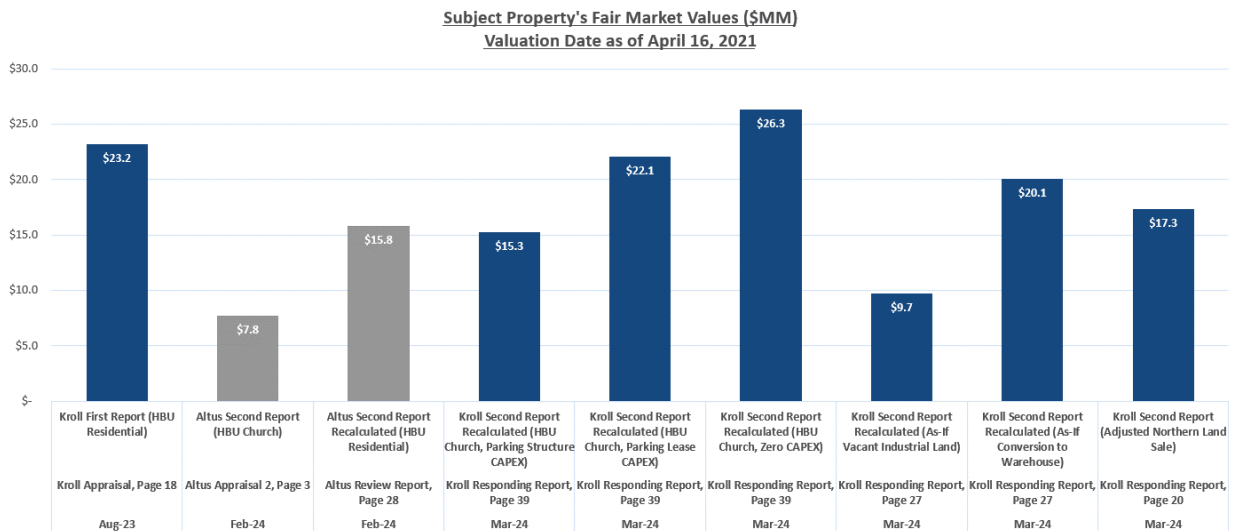
<sup>11</sup> Tab 2, Spears Affidavit at Exhibit B, p. 866 of GKMC Record.

anticipated purpose. The Altus Appraisal provides a number of critiques of the comparables selected by Kroll. In the response Kroll counters the majority of these critiques but does accept one as valid. However, discarding the one data point does not change Kroll's assessment of value overall.

83. The Altus Appraisal relies on comparables for properties of similar nature and current use. In Kroll's view, part of the problem with this approach is the lack of transactions for places of worship. As a result the Altus Appraisal comparables are neither geographically proximate with two of their comparable being from Mississauga and one from Markham nor temporally proximate, as one comparable is from 2019, one from 2018 and two from 2016 during a time of significant market volatility and price inflation. Relying on these dated comparables with a lack of proximity, necessarily results in more significant upward and downward adjustments based on judgement. The Altus Appraisal's assessment is that the majority of the properties required downward adjustments in order to be comparable to the subject property and this supported a lower overall valuation. This is clearly beneficial to GKMC's position, but ignores other more appropriate comparables and the fact that a potential purchaser may have other uses for the property than as a place of worship.
84. The Altus Appraisal also critiques the Kroll Appraisal Report for not using the sale of 1256 Markham Road, the Northern Land as a comparable. This sale is not relevant for two reasons. The first is that the transaction occurred nearly 18 months after the valuation date and can not be used as a comparable under applicable valuation principles and secondly the transaction was a forced sale and is therefore not a valid market comparable.
85. Lastly the Altus Appraisal fails to acknowledge or take into account other permissible uses within the existing zoning. This does not seem reasonable to the Trustee and fails to account for a variety of other economically feasible uses that could attract potential

investors willing to transact. Kroll refers to this in their response as Value in Use versus Value in Exchange and notes that potential purchasers would consider their own economic potential for the property when assessing the value and would make the decision to transact based on this economic potential rather than the existing use. By ignoring the other potential permissible uses the Altus Appraisal ignores potential values that are comparable to or greater than a place of worship as the Highest and Best Use.

86. Kroll prepared a summary of the current appraisals and certain alternative use appraisals based on the various scenarios including recalculations of value by Kroll based on Altus assumptions. Additional detail is provided in the Kroll response but the table of appraisal outcomes is reproduced below. The lowest end of the range is \$7.8 million – the Altus Appraisal, the highest is a \$26.3 million which is an adjusting appraisal, taking into account the Altus assumptions but excluding the parking offset. The Trustee is of the view that the parking offset is not appropriate in establishing the market value as is discussed in more detail below.



Note: HBU stands for highest and best use

### **Parking Requirements and Offset**

87. The Trustee understands that the original zoning for the church requires 1250 Markham Road to have 455 parking spaces and that currently the property has only 170 parking spaces. To address this deficit, the Altus Appraisal includes an offset of \$14,152,320 to build a multi-story parking facility with the requisite 455 parking spaces.
88. There are several reasons why this assumption with respect to the parking requirement may be overstated. Firstly, the parking requirement is in respect of the original zoning and original parcel of land which was 6.6 acres. The Altus Appraisal does not address how the parking would be allocated between the two parcels post severance and if the full parking requirement would have followed the Southern Land. Secondly, at the time of the transfer the City had already issued reports and signaled that it was moving away from the concept of minimum parking requirements, such that it is possible that the parking requirement for 1250 Markham Road may have been significantly less than 455 spaces when the transfer occurred. This pending regulatory change was not considered by Altus and places doubt on their approach.
89. Notwithstanding these issues, in the Trustee's view, the decision to spend approximately \$14 million, to build a site-specific multi-story parking facility would also be unreasonable from a business perspective for the reasons discussed below:
90. The Trustee reviewed the books and records of TRC and identified a contract with Aldgate for the use of a local parking facility, used by the church to meet the requirement for the necessary parking. The contract has a monthly cost of \$20 thousand, an annual cost of \$240 thousand or \$271,200 including HST and is attached as Appendix H. This contract provides for the necessary additional parking for the church and is a long-term lease. Inexplicably, TRC paid the monthly parking charges on behalf of GKMC on 3 separate

occasions, totalling \$67,800 and this amount was not offset against the intercompany loan from GKMC. TRC had no need of a parking facility that the Trustee is aware of.

91. On a simple basis, at a cost of \$271 thousand per year, GKMC could rent the required parking for 52 years before it would spend the \$14 million required to build its own multi-story parking facility and in doing so, as a renter, it would avoid the maintenance and repair costs associated with a structure of this nature.
92. If GKMC had the \$14 million necessary to build the required parking, it would still not make economic sense to do so. GKMC could invest a portion of the \$14 million to generate sufficient capital to rent the required parking in perpetuity and could invest the balance of the funds to generate income. GKMC would also avoid costs associated with maintenance and repairs. Admittedly, this simple analysis does ignore the potential for inflation adjusted costs associated with the rental, but this could be alleviated through long term rental agreements which are common in real estate transactions. The simple table below looks at the investment necessary to generate \$271,200 at 4%, 5% or 6% return and the income that would be generated if the balance of the \$14 million were likewise invested.

Amount required to generate rent for required parking		
Interest Rate	Required Investment	Income
4%	6,780,000	271,200
5%	5,424,000	271,200
6%	4,520,000	271,200
	Balance of Investment	
4%	7,372,320	294,893
5%	8,728,320	436,416
6%	9,632,320	577,939

93. The Trustee does not assume that GKMC has \$14 million available to build the parking. As such it would need to borrow the funds, subjecting it to long term financing costs which have also not been taken into account in the analysis above but would of course be an additional cost and make the decision to build the parking facility even less reasonable.

For the reasons set out in the Kroll Reply Report and the simple rent or buy comparison presented above, a reasonable business person would choose to rent the parking facility rather than build it.

94. The Altus Appraisal does not take into account any other potential uses for the property as it restricts its appraisal to the current use as a place of worship. It is also possible that an alternative use would not require the same number of parking spaces.
95. Furthermore, Kroll prepared a critique and analysis of the assumptions used by Altus in the Altus Appraisal in calculating the \$14 million dollar offset. In the first instance, the Altus Appraisal imputes a price inflation of 19% per year over four years to the original quote for the construction of the parking facility. Even during the Covid-19 era this is a very high rate of price inflation. Kroll obtained quotes that placed the build costs at closer to \$8 to \$10 million for the 455 spaces, which also does not take into account whether all of those spaces are in fact required.
96. In the first instance the Trustee does not agree that the parking is an appropriate offset to the value and also believes that the cost estimate provided by Altus is inflated. Alternatively, if any parking offset is appropriate it is not reasonably more than \$4 to \$6 million which is the cost to rent the necessary parking for more than 50 years or the equivalent capital to be invested.
97. The Altus Appraisal for the Southern Land excluding the offset for parking, based on outdated, less relevant and timely comparables and based on the assumption that the Highest and Best Use is as a church is \$21.9 million. This valuation is in line with the Kroll valuation of \$23.2 million and demonstrates clearly the significant value that was taken from the Depositors and other creditors of TRC by virtue of the transfer.

**Conclusion**

98. The Bousfields Reply Report, provides clear and reasonable evidence to support the position that the property could have received a zoning change to allow for residential redevelopment. This in turn supports the analysis in the Kroll Appraisal Report which concludes that the Southern Land had a value at the transfer date of \$23.2 million. The Altus Appraisal places the value of the Southern Land at \$21.9 million before the cost of the parking facility.
99. The Trustee is of the view, that between its record and the GKMC Record there is ample evidence to support the Trustee's position that the Southern Land was transferred for nil consideration and that the \$7.4 million claimed by GKMC as consideration was in fact a loan to TRC, which GKMC has made a claim for in the TRC Estate. The Trustee makes no changes to its claim based on the GKMC Record and submits this Reply Report to the Court in support of its application and claim.
100. Dated at Toronto, Ontario this 21<sup>st</sup> day of March, 2024.

**Deloitte Restructuring Inc.**

solely in its capacity as Trustee of  
the Estate of Trinity Ravine Community Inc. and not  
in its personal or corporate capacity



Per:  
Toni Vanderlaan, CPA-CA, LIT, CTP  
Senior Vice-President

# Appendix A



Global Kingdom Ministries Church Inc.  
Board of Directors Meeting

Date: January 19<sup>th</sup>, 2021

Location: Zoom Conference Call

Time: 7:00 p.m.

Attendees:

**Directors:**

Pastor Bob Johnston (Chair)  
Jeremy Anderson (Secretary)

Chris Kean  
Johnson Babalola  
Mark Steele  
Jasmine Dunston

Ruby Dean  
Sonia Goodridge (absent)

Paul Singh  
Donna Lodu  
Anand Nathan  
Fred Mitchell

**Guests:**

Kern Kalideen  
Anne Lee

Pastor Tammy Isaacs

1. Prayer

Pastor Bob Johnston opened the meeting at 7:05 p.m. with a reading from 2 Cor 3 followed by a brief exhortation and sharing of testimony from around the table. Paul Singh then opened the meeting in prayer.

2. Business

a) The evening's agenda dated January 19<sup>th</sup>, 2021 was moved for acceptance as presented.

Moved: Jeremy Anderson  
Seconded: Donna Lodu  
Accepted

b) Minutes

The minutes of the previous meeting held on December 15<sup>th</sup>, 2020, which was sent prior to the meeting was presented for review and approval.

Moved: Jeremy Anderson  
Seconded: Jasmine Dunston  
Accepted

Business arising from Minutes: None

c) Financial Update

Anne Lee, Treasurer, has been busy with year-end audits but gave a brief update on donations as per below with the note that

Q1 Donation Revenue compared to Q1 last year.

- Est. Q1 Revenue \$792k
- Q1 Last Year Revenue \$842k
- Est. drop of donation revenue \$50k (6%)

Q1 Donation Revenue compared to Q1 Budget

- Est. Q1 Revenue \$792k
- Budget Revenue \$736k
- Est. increase of donation revenue \$56k (7.6%)

Donation for first 2 weeks in January 2021 - \$43k per week (normal after Christmas and year end)

- Q1 Actual Net Income vs Q1 Budget – Est \$74k above budget
- Q1 Operating Expenses vs Q1 Budget – Est. \$50k less than budget

Not expecting to meet Q2 budget.

We have not yet applied for and wage and rent subsidies for this period. We have until the end of April to apply for some of the subsidies. We are not eligible for rebates or subsidies under the Energy Program and we missed the deadline for the Emergency Support.

We have given some of the pledged support to PAOC but have held back a portion for now. It was clarified that we will make up on the pledged amount.

Johnson Babalola mentioned that there are other programs that we could potentially apply to and will follow up with Pastor Ben and Anne on other grant programs we can apply to.

Post Audit Meeting will most likely be the 2<sup>nd</sup> week of February. The CRA Audit is still ongoing. Tentative date for the ABM is March 3<sup>rd</sup>, 2021.

It was explained to the Board of Directors that it was necessary to pass a resolution to change the Fiscal Year for GKMC. The current fiscal year is January 1 to December 31. This will be changed to October 1 to September 30, which is the same as GKM. The motion was made, carried and resolution approved.

#### **CHANGE OF YEAR END**

**WHEREAS** the directors of the Corporation (*Business Number 746524883RR0001*), formerly Fred Mitchell Ministries Inc., have determined that it is in the best interests of the Corporation to change the fiscal year end of the Corporation;

**BE IT RESOLVED THAT** the fiscal year of the Corporation be 1<sup>st</sup> day of October to the 30<sup>th</sup> day of September. This shall result in a 9-month fiscal reporting period of January 1<sup>st</sup> to September 30<sup>th</sup> for the year ending September 30<sup>th</sup>, 2020 and thereafter shall follow a regular twelve-month reporting period of October 1<sup>st</sup> to September 30<sup>th</sup>.

Having achieved a quorum of directors for the meeting in accordance with the by-laws of the Corporation, the foregoing resolution is approved on motion made and carried on the 19th day of January 2021.

d) Ministry Update

Pastor Tammy Isaacs was invited into the meeting to share an update on the prayer ministry. She shared with the meeting that we have launched Zoom Prayer Rooms, using the breakout room feature available in Zoom meeting application. People can join the Zoom meeting and they are placed in a breakout room with a member of the prayer team for individual prayer. If all breakout rooms are full, people are placed in the waiting room and assigned once a room is available. During the days of fasting and prayer there many who joined the zoom prayer rooms for individual rooms. Pastor Tammy mentioned that people were healed, delivered and filled with the Holy Spirit after receiving prayer in the Zoom Prayer Rooms. The plan is to expand on this and try the Zoom Breakout Rooms as “altar time” at the end Sunday after morning services. The Zoom Prayer rooms will also be open on Thursday night in conjunction with Thursday Night Prayer. We will be sending out “Can We Pray” cards to the community as invitation for anyone who would like to receive prayer, to call in to the prayer line to receive prayer. Anyone from the Board who would like to be a part of the prayer team can reach out to Pastor Tammy.

Pastor Robyn Fairweather will now be responsible for working with the Care Team. One event thing being planned is a Celebration of Life Service for those who have lost loved ones over the past year but due to Covid-19 and the restrictions have not been able to have regular celebration services. People will be able to send in pictures of loved ones and we will have a special service to honour their memory.

Pastor Bob thanked Pastor Tammy for taking the time to present and she then exited the meeting. The meeting continued with the next agenda item.

e) TRC Update

Kern Kalideen brought an update to the Board on the status of the TRC project and the approval process with CMHC. In the meeting with CMHC on January 14<sup>th</sup>, 2020, the team at CMHC shared that they would not proceed with our application for funding. The major concerns that CMHC expressed were with the experience of Maple Reinders in completing multiple projects of a similar scale on time and on budget; that we do not have a strong enough balance sheet to back the project on our own. CMHC wants 100% recourse for the project through to lease-up; lack of experience running a similar operation; concerns with the operating costs and market rents used in the proforma. While this was not the answer we were hoping for, Kern laid out the options for moving forward:

1. Tridel Group. - There was a positive 1<sup>st</sup> meeting with the VP on Construction for Deltera, Mario Cimicata, on Monday January 18<sup>th</sup>. (Construction Management Company withing the Tridel Group of Companies). They are willing to consider taking over the construction management contract for the project from Maple Reinders. They were also asked about possible equity investment in the project. Bringing Tridel into the picture could change things with CMHC.
2. Other Joint Venture Options – Centurion has come back to us with a proposal for building Phase 1. This would require another joint venture partner.
3. Quiet Exploration of Sale – Explore a quiet sale of property in parallel with Tridel options to individual developers quietly to see what offers are presented. Will also give us an idea of the market.

4. Public Listing – Select either Colliers or Cushman Wakefield as brokers to sell list and sell property. One thing to be determined is whether to apply for refund of Development Charges at the same time of listing or not. DCs will be provide fund for repayment of around 46% of deposits. However, it will cancel any plans to build and reduce the attractiveness of the sale to developers.

The City of Toronto is not happy with CMHCs decision and they really want the project to happen and are willing to work with us to see what they can do help the project from a cost perspective. First National is prepared to advance us the funds to repay deposits if we can get to prioritization with CMHC.

It was mentioned during the discussions that we will be applying to PAOC Pension Fund to take over the RBC Swap Loan and hold the mortgage only on the church property. PAOC Pension Fund can lend us \$7.3 million. It was requested if they could do more, to possibly cover the Owemanco Loan as well, but they can only lend us \$7.3 million. The funds are “set aside” for us pending our submission of the application and its approval.

The meeting was adjourned at 9:03 p.m. and Jeremy Anderson closed in prayer.

Next Meeting: February 16<sup>th</sup>, 2020.

# Appendix B

**Trinity Ravine Community inc  
General Ledger**

Type	Date	Num	Name	Memo	Debit	Credit	Balance
<b>2252000 · Payable to GKM / Intercompany</b>							
General Journal	09/30/2015	Changes 2014-2015	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		169,356.13	-169,356.13
General Journal	09/30/2016	Changes 2015-2016	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		270,424.31	-439,780.44
General Journal	09/30/2017	Changes 2016-2017	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		207,880.35	-647,660.79
General Journal	09/30/2018	Changes 2017-2018	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		158,080.72	-805,741.51
General Journal	09/30/2019	Changes 2018-2019	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		218,344.67	-1,024,086.18
General Journal	09/30/2020	Changes 2019-2020	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		35,667.09	-1,059,753.27
General Journal	09/30/2020	Changes 2019-2020(2)	TRC	ACS GL# 7-200310 - GKM Payable (Clearing)		22,533.81	-1,082,287.08
General Journal	09/30/2020	Changes 2019-2020(5)		ACS GL#7-200310 GKM Payable (Clearing)		61,000.00	-1,143,287.08
General Journal	10/01/2020	OpenBalance2021-JE01		To transfer book value of the TRC land (2.171 out of 6.653 acres)		2,036,354.00	-3,179,641.08
General Journal	10/01/2020	OpenBalance2021-JE01		To reclassify Receivable from GKM to Intercompany Clearing	381,188.63		-2,798,452.45
General Journal	12/15/2020	2020-12-JE22		RC Stone -Salting Additional		2,276.95	-2,800,729.40
General Journal	12/31/2020	2020-12-JE23		GKM 2012-038 -Miller Thmson charges	1,500.00		-2,799,229.40
General Journal	12/31/2020	2020-12-JE23		GKM 2012-039 Miller Thomson Charges	650.00		-2,798,579.40
General Journal	12/31/2020	2020-12-JE28		Canada Emergency Rent Subsidy Sep/Oct/Nov	1,267.83		-2,797,311.57
General Journal	01/14/2021	2021-01-JE01		RC Stone - Additional Salting		2,553.80	-2,799,865.37
General Journal	01/29/2021	2021-01-JE20		Miller Thompson Legal fees GKM portion	1,625.00		-2,798,240.37
General Journal	01/31/2021	2021-01-JE18		2020 Annual Audit Fee		6,400.00	-2,804,640.37
General Journal	02/17/2021	2021-02-JE01		Additional Salting		2,553.80	-2,807,194.17
General Journal	03/15/2021	2021-03-JE10		Additional Salting		2,423.85	-2,809,618.02
General Journal	03/31/2021	2021-03-JE14		Miller Thopson Legal charges	1,425.00		-2,808,193.02
General Journal	03/31/2021	2021-03-JE15		Canada Emergency Rent Subsidy Dec/Jan/Feb, 2021	817.89		-2,807,375.13
General Journal	04/29/2021	2021-04-JE13		Temp. Loan from GKM		150,000.00	-2,957,375.13
General Journal	04/30/2021	2021-04-JE15		Miller Thompson Legal fees GKM portion	550.00		-2,956,825.13
Bill	04/30/2021	3620821	Miller Thomson LLF	GKM Legal Expenses	1,432.28		-2,955,392.85
Transfer	06/14/2021			Funds Transfer from GKM		110,000.00	-3,065,392.85
Transfer	06/18/2021			Funds Transfer	150,000.00		-2,915,392.85
Transfer	06/23/2021			Funds Transfer	110,000.00		-2,805,392.85
General Journal	06/30/2021	2021-06-JE16		Canada Emergency Rent Subsidy Mar-Jun, 2021	702.42		-2,804,690.43
General Journal	06/30/2021	2021-06-JE19		NFP Annual Return Filing Fee		12.00	-2,804,702.43
General Journal	07/19/2021	2021-07-JE09		Millerthompson GKM portion Paid by TRC Trust fund Inv # 3620821		1,432.28	-2,806,134.71
General Journal	07/30/2021	2021-07-JE11		Loan from GKM		100,000.00	-2,906,134.71
General Journal	08/31/2021	2021-08-JE12		Loan settlement cost - GKM portion	103,110.91		-2,803,023.80
General Journal	08/31/2021	2021-08-JE12		From Trust Fund - PAOC Loan to Sent TRC, belong to GKM		7,385,196.58	-10,188,220.38
General Journal	08/31/2021	2021-08-JE12		To clear receivable from GKM related to swap loan	5,371,000.00		-4,817,220.38
General Journal	08/31/2021	2021-08-JE18		Legal fee expenses RE: RBC Loan -TRC portion ( 21.6%)		5,720.55	-4,822,940.93
General Journal	08/31/2021	2021-08-JE19		Legal fee expenses TRC portion ( 26%)		3,664.58	-4,826,605.51
General Journal	08/31/2021	2021-08-JE21		Propertybase Annual Fee - Ann's Visa		2,573.68	-4,829,179.19
Bill	09/30/2021	3673977 - GKM	Miller Thomson LLF	GKM Portion	32,180.54		-4,796,998.65
General Journal	09/30/2021	2021-09-JE10		Jun-6-Aug.29/21 CERS	954.14		-4,796,044.51
General Journal	09/30/2021	2021-09-JE10		50% ACS software cost to TRC		3,050.48	-4,799,094.99

**Trinity Ravine Community inc  
General Ledger**

Type	Date	Num	Name	Memo	Debit	Credit	Balance
<b>2252000 · Payable to GKM / Intercompany</b>							
General Journal	09/30/2021	2021-09-JE10		GKM Administrative cost to TRC		34,000.00	-4,833,094.99
General Journal	09/30/2021	2021-09-JE31		Temp add GKM's RBC account to reflect it's legally under TRC		201,779.75	-5,034,874.74
General Journal	09/30/2021	2021-09-JE31		Temp add GKM's RBC GICs to reflect it's legally under TRC		43,592.37	-5,078,467.11
General Journal	10/01/2021	2021-10-JE17		Reverse temp addition of GKM's RBC bank account	201,779.75		-4,876,687.36
General Journal	10/01/2021	2021-10-JE17		Reverse temp addition of GKM's RBC GIC	43,592.37		-4,833,094.99
General Journal	10/31/2021	2021-10-JE18		Rental charges to GKMC		3,000.00	-4,836,094.99
General Journal	10/31/2021	2021-10-JE19		Interest charges to GKMC		36,248.21	-4,872,343.20
General Journal	10/31/2021	2021-10-JE12		Staples - Office charges		155.61	-4,872,498.81
General Journal	11/30/2021	2021-11-JE14		Rental charges to GKMC		3,000.00	-4,875,498.81
General Journal	11/30/2021	2021-11-JE15		Interest charges to GKMC		36,248.21	-4,911,747.02
General Journal	12/31/2021	2021-12-JE12		Rental charges to GKMC		3,000.00	-4,914,747.02
General Journal	12/31/2021	2021-12-JE13		Interest charges to GKMC		36,248.21	-4,950,995.23
General Journal	01/31/2022	2022-01-JE02		Rental charges to GKMC		3,000.00	-4,953,995.23
General Journal	01/31/2022	2022-01-JE03		Interest charges to GKMC		36,248.21	-4,990,243.44
Credit	01/31/2022	3673977- GKM	Miller Thomson LLF GKM Portion			32,180.54	-5,022,423.98
General Journal	01/31/2022	2022-01-JE09		Miller Thomson invoice # 3673977		11,306.68	-5,033,730.66
General Journal	02/22/2022	2022-02-JE03		Rental charges to GKMC		3,000.00	-5,036,730.66
General Journal	02/22/2022	2022-02-JE04		Interest charges to GKMC		36,248.21	-5,072,978.87
General Journal	03/22/2022	2022-03-JE14		Interest charges to GKMC		36,248.21	-5,109,227.08
General Journal	03/29/2022	2022-03-JE11		Rental charges to GKMC		3,000.00	-5,112,227.08
General Journal	03/31/2022	2022-03-JE14-R		Reverse of GJE 2022-03-JE14 -- Interest charges to GKMC	36,248.21		-5,075,978.87
General Journal	03/31/2022	2022-03-JE11-R		Reverse of GJE 2022-03-JE11 -- Rental charges to GKMC	3,000.00		-5,072,978.87
General Journal	04/22/2022	2022-04-JE09		RBC losing funds TRSFR to TD		42,129.32	-5,115,108.19
General Journal	04/22/2022	2022-04-JE07		Interest charges to GKMC		36,248.21	-5,151,356.40
General Journal	04/30/2022	2022-04-JE06		Rental charges to GKMC		3,000.00	-5,154,356.40
General Journal	04/30/2022	2022-04-JE07-R		Reverse of GJE 2022-04-JE07 -- Interest charges to GKMC	36,248.21		-5,118,108.19
General Journal	04/30/2022	2022-04-JE06-R		Reverse of GJE 2022-04-JE06 -- Rental charges to GKMC	3,000.00		-5,115,108.19
General Journal	05/02/2022	2022-05-JE05		RBC losing funds TRSFR to TD		44.39	-5,115,152.58
General Journal	05/31/2022	2022-05-JE01		Interest charges to GKMC		36,248.21	-5,151,400.79
General Journal	05/31/2022	2022-05-JE02		Rental charges to GKMC		3,000.00	-5,154,400.79
General Journal	05/31/2022	2022-05-JE01-R		Reverse of GJE 2022-05-JE01 -- Interest charges to GKMC	36,248.21		-5,118,152.58
General Journal	05/31/2022	2022-05-JE02-R		Reverse of GJE 2022-05-JE02 -- Rental charges to GKMC	3,000.00		-5,115,152.58
General Journal	06/30/2022	2022-06-JE02		Interest charges to GKMC		36,248.21	-5,151,400.79
General Journal	06/30/2022	2022-06-JE10		Rental charges to GKMC		3,000.00	-5,154,400.79
General Journal	06/30/2022	2022-06-JE02-R		Reverse of GJE 2022-06-JE02 -- Interest charges to GKMC	36,248.21		-5,118,152.58
General Journal	06/30/2022	2022-06-JE10-R		Reverse of GJE 2022-06-JE10 -- Rental charges to GKMC	3,000.00		-5,115,152.58
General Journal	07/26/2022	2022-07-JE08		Loan from GKM - RC Morris Company finance		25,000.00	-5,140,152.58
General Journal	07/31/2022	2022-07-JE02		Interest charges to GKMC		36,248.21	-5,176,400.79
General Journal	07/31/2022	2022-07-JE05		Rental charges to GKMC		3,000.00	-5,179,400.79
General Journal	07/31/2022	2022-07-JE02-R		Reverse of GJE 2022-07-JE02 -- Interest charges to GKMC	36,248.21		-5,143,152.58

**Trinity Ravine Community inc**  
**General Ledger**

Type	Date	Num	Name	Memo	Debit	Credit	Balance
<b>2252000 · Payable to GKM / Intercompany</b>							
General Journal	07/31/2022	2022-07-JE05-R		Reverse of GJE 2022-07-JE05 -- Rental charges to GKMC	3,000.00		-5,140,152.58
General Journal	08/31/2022	2022-08-JE02		Interest charges to GKMC		36,248.21	-5,176,400.79
General Journal	08/31/2022	2022-08-JE05		Rental charges to GKMC		3,000.00	-5,179,400.79
General Journal	08/31/2022	2022-08-JE02-R		Reverse of GJE 2022-08-JE02 -- Interest charges to GKMC	36,248.21		-5,143,152.58
General Journal	08/31/2022	2022-08-JE05-R		Reverse of GJE 2022-08-JE05 -- Rental charges to GKMC	3,000.00		-5,140,152.58
<b>Total 2252000 · Payable to GKM / Intercompany</b>					<b>6,639,266.02</b>	<b>11,779,418.60</b>	<b>-5,140,152.58</b>



# Appendix C

**DEMAND PROMISSORY NOTE**  
**(Dated October 1, 2021)**

TO: GLOBAL KINGDOM MINISTRIES CHURCH INC.  
1250 Markham Road,  
Scarborough, Ontario  
Canada, M1H 2Y9

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "Note"), TRINITY RAVINE COMMUNITY INC. (the "Borrower"), hereby unconditionally promises to pay to the order of GLOBAL KINGDOM MINISTRIES CHURCH INC. (the "Lender"), in immediately available funds, at 1250 Markham Road, Scarborough, Ontario, Canada, M1H 2Y9, or such other location as the Lender shall designate in writing, the amount of FOUR MILLION EIGHT HUNDRED THIRTY-THREE THOUSAND NINETY-FOUR DOLLARS AND NINETY-NINE CENTS (CDN \$4,833,094.99) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in lawful currency of Canada.

The aggregate unpaid principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to 9.00% until the full and final repayment of the principal amount of this Note. Interest shall be calculated annually and payable annually in arrears and on the date of repayment. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of 9.00% per annum, payable on demand, from the date of such non-payment until such amount is paid in full.

The Borrower may prepay the principal amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving 2 business days' notice to the Lender.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the holder hereof to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party. Any such assignment of this Note must be made in accordance with applicable securities laws.

The undersigned agrees that limitation periods established by the *Limitations Act, 2002* (Ontario), other than the ultimate 15-year limitation period, do not apply to this promissory note.

This note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

---

**TRINITY RAVINE COMMUNITY INC.,**  
as Borrower

By: *Sonia G*  
Sonia Goodridge (Aug 23, 2022 18:14 EDT)

Name: Sonia Goodridge

Title: Director

By: *Christopher Kean*  
Christopher Kean (Aug 22, 2022 13:36 EDT)

Name: Christopher Kean

Title: Director

# Appendix D

Deloitte Restructuring Inc.  
 Bay Adelaide East  
 8 Adelaide Street West, Suite 200  
 Toronto ON M5H 0A9  
 Phone: (416) 601-6072 Fax: (416) 601-6690

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2873389  
 Estate No. 31-2873389

FORM 31  
 Proof of Claim  
 (Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
 and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the Matter of the Bankruptcy of  
 Trinity Ravine Community Inc.  
 of the City of Scarborough, in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

1250 Markham Road, Toronto, ON M1H 2Y9

In the matter of the bankruptcy of Trinity Ravine Community Inc. of the City of Scarborough in the Province of Ontario and the claim of  
 Global Kingdom Ministries Church Inc. creditor.  
 I, Anne Lee (name of creditor or representative of the creditor), of the city of Toronto in the  
 province of Ontario, do hereby certify:

1. That I am a creditor of the above named debtor (or I am Treasurer (position/title) of Global Kingdom Ministries Church Inc. creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 12th day of October 2022, and still is, indebted to the creditor in the sum of  
\$ 5,020,894.69 as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any  
 counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in  
 support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ 5,020,894.69  
 (other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and  
 (Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
 (Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:  
 (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,  
 and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
 (Attach a copy of sales agreement and delivery receipts.)

District of Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2873389  
 Estate No. 31-2873389

FORM 31 — Concluded  
 In the Matter of the Bankruptcy of  
 Trinity Ravine Community Inc.  
 of the City of Scarborough, in the Province of Ontario

- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_
- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_  
 (To be completed when a proposal provides for the compromise of claims against directors.)  
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)
- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (am/am not) (or the above-named creditor is (is/is not)) related to the debtor within the meaning of section 4 of the Act, and has (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Toronto, Ontario, this 31<sup>st</sup> day of October, 2022.

[Signature]  
 Witness

[Signature]

Phone Number: (416) 438-1601 ext. 239  
 Fax Number: N/A  
 E-mail Address: anne.lee@globalkingdom.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.  
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.  
 Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**Global Kingdom Ministries Church Inc.**  
**Schedule A - Statement of Account**

<b>Descriptions:</b>	<b>Amount</b>
Loan Principal as of Oct 1, 2021	\$ 4,833,094.99
Interest Charges @9% per annum (Oct 1, 2021 - Feb 22 2022)	\$ 172,799.70
Rental Charges - Oct 1, 2021	\$ 3,000.00
Rental Charges - Nov 1, 2021	\$ 3,000.00
Rental Charges - Dec 1, 2021	\$ 3,000.00
Rental Charges - Jan 1, 2022	\$ 3,000.00
Rental Charges - Feb 1, 2022	\$ 3,000.00
	<b>\$ 5,020,894.69</b>





**DEMAND PROMISSORY NOTE**  
**(Dated October 1, 2021)**

TO: GLOBAL KINGDOM MINISTRIES CHURCH INC.  
1250 Markham Road,  
Scarborough, Ontario  
Canada, M1H 2Y9

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "Note"), TRINITY RAVINE COMMUNITY INC. (the "Borrower"), hereby unconditionally promises to pay to the order of GLOBAL KINGDOM MINISTRIES CHURCH INC. (the "Lender"), in immediately available funds, at 1250 Markham Road, Scarborough, Ontario, Canada, M1H 2Y9, or such other location as the Lender shall designate in writing, the amount of FOUR MILLION EIGHT HUNDRED THIRTY-THREE THOUSAND NINETY-FOUR DOLLARS AND NINETY-NINE CENTS (CDN \$4,833,094.99) and to pay interest on the unpaid principal amount hereof at the rates and on the dates specified below. Repayment shall be made in lawful currency of Canada.

The aggregate unpaid principal amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand.

The Borrower agrees to pay interest to the Lender on the unpaid principal amount of this Note from the date hereof at a rate per annum equal to 9.00% until the full and final repayment of the principal amount of this Note. Interest shall be calculated annually and payable annually in arrears and on the date of repayment. Amounts of principal and interest that are past due under this Note shall bear interest at a rate of 9.00% per annum, payable on demand, from the date of such non-payment until such amount is paid in full.

The Borrower may prepay the principal amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving 2 business days' notice to the Lender.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the holder hereof to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

Neither the Lender nor the Borrower may assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party. Any such assignment of this Note must be made in accordance with applicable securities laws.

The undersigned agrees that limitation periods established by the *Limitations Act, 2002* (Ontario), other than the ultimate 15-year limitation period, do not apply to this promissory note.

This note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

---

**TRINITY RAVINE COMMUNITY INC.,**  
as Borrower

By: *Sonia G*  
Sonia Goodridge (Aug 23, 2022 18:14 EDT)

Name: Sonia Goodridge

Title: Director

By: *Christopher Kean*  
Christopher Kean (Aug 22, 2022 13:36 EDT)

Name: Christopher Kean

Title: Director



Global Kingdom Ministries Church Inc.  
 1250 Markham Road  
 Toronto , Ontario M1H 2Y9  
 Phone: (416) 438-1601

# INVOICE

DATE
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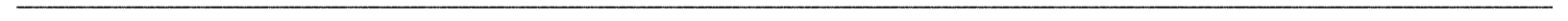
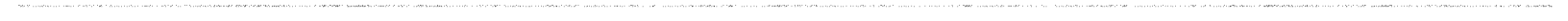
October 1, 2021

BILL TO
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Trinity Ravine Community Inc. 1250 Markham Road Toronto, Ontario M1H 2Y9
--

DESCRIPTION	AMOUNT
Rental Charge – October 2021	3,000.00
<b>TOTAL</b>	<b>\$ 3,000.00</b>

*Thank you for your business!*





Global Kingdom Ministries Church Inc.  
1250 Markham Road  
Toronto , Ontario M1H 2Y9  
Phone: (416) 438-1601

# INVOICE

<b>DATE</b>
-------------

November 1, 2021

<b>BILL TO</b>
----------------

Trinity Ravine Community Inc. 1250 Markham Road Toronto, Ontario M1H 2Y9
--

DESCRIPTION	AMOUNT
Rental Charge – November 2021	3,000.00
<b>TOTAL</b>	<b>\$ 3,000.00</b>

*Thank you for your business!*





Global Kingdom Ministries Church Inc.  
1250 Markham Road  
Toronto , Ontario M1H 2Y9  
Phone: (416) 438-1601

# INVOICE

<b>DATE</b>
-------------

December 1, 2021

<b>BILL TO</b>
----------------

Trinity Ravine Community Inc. 1250 Markham Road Toronto, Ontario M1H 2Y9
--

DESCRIPTION	AMOUNT
Rental Charge – December 2021	3,000.00
<b>TOTAL</b>	<b>\$ 3,000.00</b>

*Thank you for your business!*







Global Kingdom Ministries Church Inc.  
1250 Markham Road  
Toronto , Ontario M1H 2Y9  
Phone: (416) 438-1601

# INVOICE

<b>DATE</b>
-------------

January 1, 2022

<b>BILL TO</b>
----------------

Trinity Ravine Community Inc. 1250 Markham Road Toronto, Ontario M1H 2Y9
--

DESCRIPTION	AMOUNT
Rental Charge – January 1, 2022	3,000.00
<b>TOTAL</b>	<b>\$ 3,000.00</b>

*Thank you for your business!*

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Global Kingdom Ministries Church Inc.  
 1250 Markham Road  
 Toronto , Ontario M1H 2Y9  
 Phone: (416) 438-1601

# INVOICE

DATE
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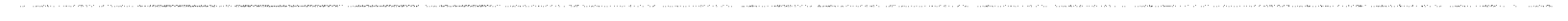
February 1, 2022

BILL TO
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Trinity Ravine Community Inc. 1250 Markham Road Toronto, Ontario M1H 2Y9
--

DESCRIPTION	AMOUNT
Rental Charge – February 1, 2022	3,000.00
<b>TOTAL</b>	<b>\$ 3,000.00</b>

*Thank you for your business!*



October 31, 2022

The Trustee

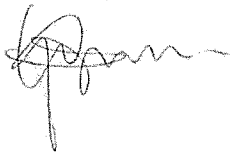
Deloitte Restructuring Inc.  
Bay Adelaide East  
8 Adelaide Street West  
Suite 200  
Toronto ON M5H 0A9  
Canada

Re: In the Matter of the Bankruptcy of Trinity Ravine Community Inc.

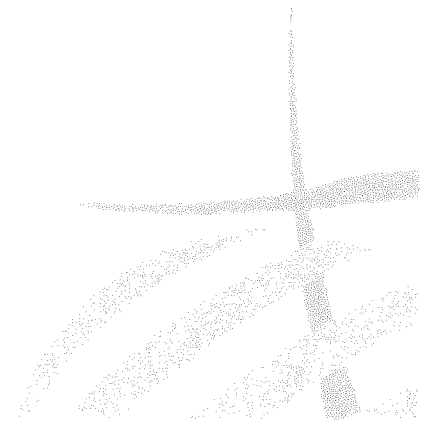
Global Kingdom Ministries Church Inc. ("the Church") is listed as one of the creditors in the Bankruptcy proceedings of Trinity Ravine Community Inc. In Paragraph 61 of the Affidavit of Jeremy Anderson sworn on September 7, 2022, it was stated that the church advised the applicant of its intention to subordinate its unsecured claim against Trinity Ravine Community ("the Applicant") in order to increase value to other unsecured creditors.

Therefore, in accordance with the previously stated intention, the Church submits this letter along with its proof of claim form requesting that its pro-rate share of any dividend is to be distributed equally amongst all the life lease buyers with an unsettled claim in the bankruptcy proceedings.

Sincerely,



Anne Lee, Treasurer  
Global Kingdom Ministries Church Inc.



November 1, 2022

The Trustee

Deloitte Restructuring Inc.  
Bay Adelaide East  
8 Adelaide Street West  
Suite 200  
Toronto ON M5H 0A9  
Canada

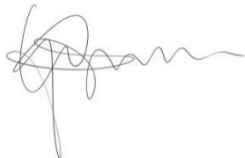
*This letter corrects a typographical error in second paragraph of the original later dated October 31, 2022, where “pro-rate” should be “pro rata”.*

Re: In the Matter of the Bankruptcy of Trinity Ravine Community Inc.

Global Kingdom Ministries Church Inc. (“the Church”) is listed as one of the creditors in the Bankruptcy proceedings of Trinity Ravine Community Inc. In Paragraph 61 of the Affidavit of Jeremy Anderson sworn on September 7, 2022, it was stated that the church advised the applicant of its intention to subordinate its unsecured claim against Trinity Ravine Community (“the Applicant”) in order to increase value to other unsecured creditors.

Therefore, in accordance with the previously stated intention, the Church submits this letter along with its proof of claim form requesting that its pro rata share of any dividend is to be distributed equally amongst all the life lease buyers with an unsettled claim in the bankruptcy proceedings.

Sincerely,



Anne Lee, Treasurer  
Global Kingdom Ministries Church Inc.



**Brown, Rose**

---

**From:** Greenbaum, Stacey  
**Sent:** Monday, October 31, 2022 6:23 PM  
**To:** RS Trust  
**Cc:** Pandit, Arpana  
**Subject:** FW: [EXT] Global Kingdom Ministries - Proof of Claim and supporting documents  
**Attachments:** GKMC Proof of Claim\_Signed 2022-10-31.pdf; GKMC Proof of Claim - Statement of Account.pdf; TRC Demand Promissory Note to GKMC effective Oct 1-2021\_Signed.pdf; Rental Invoice to TRC - Oct 2021.pdf; Rental Invoice to TRC - Nov 2021.pdf; Rental Invoice to TRC - Dec 2021.pdf; Rental Invoice to TRC - Jan 2022.pdf; Rental Invoice to TRC - Feb 2022.pdf; GKMC\_CreditorProofOfClaimForTRC\_SupplementalLetter\_Signed 2022-10-31.pdf

Hi Rose, can you please admit the attached POC I have reviewed and confirmed no issues.

There is also a letter included regarding distribution – not sure if you can add notes in Ascend? Let me know in case you can. Otherwise can you keep this with the POCs you are filing. This creditor will not take a distribution and wants their pro-rata share distributed amongst only the life lease buyers. I ran this by Catherine last week and she said it was okay.

Thanks,  
 Stacey

**From:** Anne Lee - GKM <anne@globalkingdom.ca>  
**Sent:** Monday, October 31, 2022 2:20 PM  
**To:** Greenbaum, Stacey <sgreenbaum@deloitte.ca>  
**Cc:** Vanderlaan, Toni <tvanderlaan@deloitte.ca>; Jeremy Anderson <mr.jdanderson@gmail.com>  
**Subject:** [EXT] Global Kingdom Ministries - Proof of Claim and supporting documents

Hi Stacey,

Please see attached the proof of claim, supporting documents and the letter indicating our intention to have our pro-rata share of dividend to be distributed equally amongst the life lease buyers. Please let us know if these documents are acceptable.

A couple of things to mention:

- 1) No. 5 of the proof of claim form. I'm not sure if I should cross out "I am" after the phrase "That, to the best of my knowledge", so that the sentence will point to "the above-named creditor".
- 2) We are not going to claim the full amount \$5,140,152.58 listed on your schedule, since the supporting documents for some items may not meet your requirements and the proportion is not significant.



Thanks,

**Anne Lee** | CFO / Treasurer | Global Kingdom Ministries | 1250 Markham Road, Toronto, Ontario M1H 2Y9 | T: 416-438-1601 Ext. 239 |

E: [annelee@globalkingdom.ca](mailto:annelee@globalkingdom.ca)

# Appendix E

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Members  
 Global Kingdom Ministries Church Inc.  
 TORONTO  
 Ontario

### *Opinion*

We have audited the accompanying financial statements of Global Kingdom Ministries Church Inc. which comprise the statement of financial position as at September 30, 2022 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at September 30, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

The financial statements of Global Kingdom Ministries Church Inc. for the year ended September 30, 2021 were audited by another auditor who expressed an unqualified opinion on those statements on March 22, 2022.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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WILLIAM L. McMULLEN, CPA, CA  
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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

February 7, 2023

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**STATEMENT OF FINANCIAL POSITION**

As at September 30,	2022	2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 702,225	\$ 234,357
Short-term investments (Note 3)	76,541	76,303
Accounts and other receivables (Note 4)	24,202	138,012
HST recoverable	21,565	15,472
Due from Trinity Ravine Community Inc. (Note 5)	-	5,078,467
Prepaid expenses	12,593	6,542
	<u>\$ 837,126</u>	<u>\$ 5,549,153</u>
<b>Property Under Development (Note 6)</b>	<b>284,392</b>	<b>284,392</b>
<b>Capital Assets (Note 7)</b>	<b>13,368,680</b>	<b>13,736,174</b>
	<u><b>\$ 14,490,198</b></u>	<u><b>\$ 19,569,719</b></u>

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**LIABILITIES**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 100,678	\$ 91,660
Current portion of long-term debt (Note 8)	221,143	217,294
	<u>\$ 321,821</u>	<u>\$ 308,954</u>
<b>Long-Term Debt (Note 8)</b>	<b>6,946,102</b>	<b>7,170,498</b>
<b>Deferred Capital Contributions (Note 10)</b>	<b>4,000</b>	<b>-</b>
	<u><b>\$ 7,271,923</b></u>	<u><b>\$ 7,479,452</b></u>

**FUND BALANCES**

Unrestricted	\$ 706,448	\$ 1,794,037
Internally restricted fund	30,000	20,000
Capital and development fund	6,481,827	10,276,230
	<u><b>\$ 7,218,275</b></u>	<u><b>\$ 12,090,267</b></u>
	<u><b>\$ 14,490,198</b></u>	<u><b>\$ 19,569,719</b></u>

**Contingencies (Note 14)**


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Approved by the Board:

*Chris Kean*

Director

*Devanand Nathan*

Director

See accompanying notes

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**STATEMENT OF CHANGES IN FUND BALANCES**

For the year ended September 30, 2022

2022

2021

	General Fund			Total	Total
	General Unrestricted	Internally Restricted Fund	Capital and Development Fund		
<b>BALANCE - Beginning</b>	\$ 1,794,037	\$ 20,000	\$ 10,276,230	\$ 12,090,267	\$ -
Excess (deficiency) of revenues over expenses	(447,264)	-	(4,424,728)	(4,871,992)	12,090,267
Transfer to internally restricted fund (Note 12)	(10,000)	10,000	-	-	-
Transfer to the capital and development fund (Note 12)	(630,325)	-	630,325	-	-
<b>BALANCE - Ending</b>	<u>\$ 706,448</u>	<u>\$ 30,000</u>	<u>\$ 6,481,827</u>	<u>\$ 7,218,275</u>	<u>\$ 12,090,267</u>

See accompanying notes

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**STATEMENT OF OPERATIONS**

For the year ended September 30,	2022	2021
<b>REVENUES</b>		
Contributions		
General	\$ 2,823,838	\$ 2,695,417
Missions	164,792	105,334
Capital	15,763	28,561
Rental	152,600	25,475
Government assistance (Note 4)	147,597	309,113
Ministry	68,872	31,614
Interest and other	2,248	7,533
	<u>\$ 3,375,710</u>	<u>\$ 3,203,047</u>
<b>EXPENSES</b>		
Ministry (Note 11)	\$ 1,478,411	\$ 1,308,555
Administration (Note 11)	547,608	501,235
Amortization	410,066	399,512
Interest and associated loan fees	345,064	297,424
Building maintenance (Note 11)	309,601	238,038
Missions and outreach (Note 11)	192,482	152,983
	<u>\$ 3,283,232</u>	<u>\$ 2,897,747</u>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:</b>	<b>\$ 92,478</b>	<b>\$ 305,300</b>
Bad debt expense from Trinity Ravine Community Inc. (Note 5)	(5,137,270)	-
Loan interest income from Trinity Ravine Community Inc. (Note 5)	172,800	-
Donation from Trinity Ravine Community Inc. (Note 5)	-	11,784,967
	<u>-</u>	<u>11,784,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b><u>\$ (4,871,992)</u></b>	<b><u>\$ 12,090,267</u></b>

See accompanying notes

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## STATEMENT OF CASH FLOWS

For the year ended September 30,

2022

2021

### CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

#### OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (4,871,992)	\$ 12,090,267
Items not affecting cash:		
Bad debt expense from Trinity Ravine Community Inc.	5,137,270	-
Amortization	410,066	399,512
Amortization of deferred capital contributions	(1,000)	-
Non-cash portion of donation from Trinity Ravine Community Inc.	-	(11,460,147)
	<u>\$ 674,344</u>	<u>\$ 1,029,632</u>
Net change in non-cash working capital balances		
Accounts and other receivables	113,810	(39,693)
HST recoverable	(6,093)	(1,841)
Prepaid expenses	(6,051)	(1,281)
Accounts payable and accrued liabilities	9,018	17,027
Deferred capital contributions	5,000	-
	<u>\$ 790,028</u>	<u>\$ 1,003,844</u>

#### FINANCING ACTIVITIES

Proceeds from long-term debt	\$ -	\$ 7,400,000
Repayment of long-term debt	(220,547)	(12,208)
	<u>\$ (220,547)</u>	<u>\$ 7,387,792</u>

#### INVESTING ACTIVITIES

Reinvested interest on short-term investments	\$ (238)	\$ (1,146)
Decrease (increase) in short-term investments	-	29,593
Advance to Trinity Ravine Community Inc.	(58,803)	(8,027,011)
Purchase of capital assets	(42,572)	(158,715)
	<u>\$ (101,613)</u>	<u>\$ (8,157,279)</u>

#### INCREASE IN CASH AND CASH EQUIVALENTS

\$ 467,868 \$ 234,357

#### CASH AND CASH EQUIVALENTS - Beginning

234,357 -

#### CASH AND CASH EQUIVALENTS - Ending

\$ 702,225 \$ 234,357

#### Non-cash donation from Trinity Ravine Community Inc. (Note 5)

Guaranteed investment certificates	\$ -	\$ 104,750
Accounts receivable	-	98,319
HST recoverable	-	13,631
Property under development - Phase III	-	284,392
Capital assets	-	13,976,971
Prepaid expenses	-	5,261
Accounts payable and accrued liabilities	-	(74,633)
Due to Trinity Ravine Community Inc.	-	(2,948,544)
	<u>\$ -</u>	<u>\$ 11,460,147</u>

See accompanying notes

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# GLOBAL KINGDOM MINISTRIES CHURCH INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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### NATURE OF OPERATIONS

Global Kingdom Ministries Church Inc. (the "Church") is a multi-cultural family that worships together, grows together, and shares the Good News of Jesus Christ.

The Church was incorporated under the Corporations Act (Ontario) on June 28, 2018 and is a registered charity under the Income Tax Act.

On July 2, 2020, Fred Mitchell Ministries Inc. changed its name to Global Kingdom Ministries Church Inc. On October 1, 2020, Trinity Ravine Community Inc. (formerly Global Kingdom Ministries Inc.) donated the net assets of its ministry operations to the Church (Note 5).

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Change in Accounting Policy

##### Financial Instruments – Financial Instruments Originated or Exchanged in a Related Party Transaction

The Church adopted the amendments to FINANCIAL INSTRUMENTS, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on the Church's financial statements.

These financial statements include the following significant accounting policies:

#### a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

##### i) General Fund - Unrestricted

The unrestricted fund accounts for the Church's ministry and administrative activities that are not accounted for within the internally restricted fund.

##### ii) General Fund - Internally Restricted

The internally restricted fund consists of the Contingency and Reserve Fund and is set aside by a resolution of the Church's Board of Directors (the "Board") to cover unexpected costs arising from unforeseen circumstances and planned costs for major repair and maintenance.

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**1. SIGNIFICANT ACCOUNTING POLICIES - Continued**
**a) Fund Accounting - Continued**
**iii) Capital and Development Fund**

The Capital and Development Fund reflects internally restricted revenue and funds expended to purchase and develop property and equipment.

**b) Revenue Recognition**

The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance is recognized in the statement of operations when received and receivable in the year to which it relates. Government assistance received toward the purchase of capital assets are treated as deferred capital contributions and amortized into revenue on the same basis as the amortization of associated capital assets. Ministry, rental, interest and other income is recognized as earned if collection is reasonably assured.

**c) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates and assumptions include the collectability of accounts receivable and the estimated useful life of capital assets.

**d) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in the Church's bank accounts and cashable term deposits.

**e) Capital Assets**

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Building	40 years	straight-line
Furniture and equipment	5 years	straight-line
Computer equipment and software	3 years	straight-line

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****NOTES TO FINANCIAL STATEMENTS**SEPTEMBER 30, 2022

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**1. SIGNIFICANT ACCOUNTING POLICIES - Continued****e) Capital Assets - Continued**

The cost of property under development includes all expenditures incurred in connection with acquisition, including all direct development costs to prepare it for its productive use.

**f) Impairment of Capital Assets**

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

**g) Contributed Services**

Volunteers contribute significant hours per year to assist the Church in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**h) Financial Instruments****Measurement of Financial Instruments**

The Church initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Church is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Church subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments and accounts and other receivables. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

The Church has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

**Impairment**

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	2022	2021
Cash	\$ 122,225	\$ 214,357
Cash - internally restricted for Contingency and Reserve Fund	-	20,000
Cashable term deposits		
Interest at 3.45% per annum, matures March 2023	150,000	-
Interest at 3.25% per annum, matures December 2022	200,000	-
Interest at 3.15% per annum, matures November 2022	50,000	-
Interest at 2.65% per annum, matures November 2022	100,000	-
Interest at 3.00% per annum, matures October 2022	50,000	-
Cashable term deposits - internally restricted for Contingency and Reserve Fund		
Interest at 3.45% per annum, matures March 2023	<u>30,000</u>	-
	<u>\$ 702,225</u>	<u>\$ 234,357</u>

**3. SHORT-TERM INVESTMENTS**

Short-term investments consist of the following:

	2022	2021
Guaranteed investment certificate (GIC)		
Interest at 0.25% per annum, matures April 2023	\$ 76,541	\$ -
Interest at 0.25% per annum, matured January 2022	<u>-</u>	<u>76,303</u>
	<u>\$ 76,541</u>	<u>\$ 76,303</u>

**4. GOVERNMENT ASSISTANCE**

Government assistance consists of the following:

	2022	2021
Canada summer jobs grant	\$ 122,102	\$ 121,041
Canada Recovery Hiring Program (CRHP)	17,500	-
Canada Emergency Wage Subsidy (CEWS)	5,478	147,782
Canada Emergency Rent Subsidy (CERS)	1,517	25,928
Ontario Anti-Hate security grant	1,000	-
Temporary Wage Enhancement (TWE)	<u>-</u>	<u>14,362</u>
	<u>\$ 147,597</u>	<u>\$ 309,113</u>

Included in accounts and other receivables is \$Nil (2021 - \$50,956) due from the government with respect to COVID-19 relief programs and \$Nil (2021 - \$64,955) for Canada summer jobs grant.

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**5. RELATED PARTY TRANSACTIONS**

Trinity Ravine Community Inc. (formerly Global Kingdom Ministries Inc.) ("TRC") was incorporated under the Canada Corporations Act on September 4, 2007 and continued under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act. TRC's aim was to provide adult lifestyle housing for the community around the Church. The Church obtained control of TRC by virtue of its ability to elect TRC's Board of Directors immediately before the donation detailed below.

On October 1, 2020, TRC donated the net assets of its ministry operations to the Church. Net assets in the amount of \$14,733,521 were donated at their carrying amount to the Church in exchange for: (i) \$10; (ii) a note receivable from the Church in the amount of \$2,948,544; and (iii) a net donation of \$11,784,967.

The following net assets were donated at carrying amounts effective October 1, 2020:

Cash	\$	324,830
Guaranteed investment certificates		104,750
Accounts receivable		98,319
HST recoverable		13,631
Property under development - Phase III		284,392
Capital assets		13,976,971
Prepaid expenses		5,261
Accounts payable and accrued liabilities		<u>(74,633)</u>
Net assets donated	\$	14,733,521
Less: Note receivable (net of \$10 exchange)		<u>(2,948,554)</u>
Net donation	\$	<u>11,784,967</u>

Amounts due from TRC and transactions made are as follows:

	2022	2021
Balance - Beginning	\$ 5,078,467	\$ -
Transactions during the year:		
Note receivable from the Church to TRC	-	(2,948,544)
Loan related transactions	-	7,230,000
Costs paid by the Church on behalf of TRC/Transfers to TRC	116,375	797,011
Rental revenue payable by TRC	15,000	
Loan interest revenue payable by TRC	172,800	-
Payments from TRC	<u>(245,372)</u>	-
	\$ 5,137,270	\$ 5,078,467
Balance written off as bad debt expense	<u>(5,137,270)</u>	-
Balance - Ending	<u>\$ -</u>	<u>\$ 5,078,467</u>

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**5. RELATED PARTY TRANSACTIONS - Continued**

The intercompany balance due from Trinity Ravine Community Inc. was unsecured, and bore interest at 9% per annum (2021 - non-interest bearing). Transactions between the Church and TRC were measured at the exchange amount, which was the amount of consideration agreed upon by the related parties. During the year, the Church wrote off the balance owing from TRC in the amount of \$5,137,270.

TRC filed for creditor protection and restructuring under the CCAA process on February 23, 2022. The land at 1256 Markham Road, which was TRC's primary asset, was sold on September 26, 2022. Subsequent to year-end, on October 12, 2022, TRC filed for bankruptcy.

The Church ceased to have control of TRC effective February 23, 2022.

TRC has not been consolidated in the Church's financial statements. Financial summaries of TRC as at February 23, 2022 and September 30, 2021 and the periods then ended are as follows:

	<b>2022</b>	2021
	(unaudited)	
<b>Financial position</b>		
Total assets	\$ <b>26,300,289</b>	\$ 25,729,079
Total liabilities	<u><b>29,891,469</b></u>	<u>29,115,053</u>
Net deficit	<u><b>\$ (3,591,180)</b></u>	<u>\$ (3,385,974)</u>
<b>Results of operations</b>		
Total revenue	\$ -	\$ -
Total expenses	<u><b>(205,205)</b></u>	<u>(13,810,098)</u>
Deficiency of revenue over expenses	<u><b>\$ (205,205)</b></u>	<u>\$ (13,810,098)</u>
<b>Cash flows</b>		
Operating activities	\$ <b>179,037</b>	\$ (647,793)
Financing activities	<b>4,026,524</b>	(1,603,989)
Investing activities	<u><b>(4,845,523)</b></u>	<u>1,270,963</u>
Change in cash	<u><b>\$ (639,962)</b></u>	<u>\$ (980,819)</u>

**6. PROPERTY UNDER DEVELOPMENT**

To meet the growing need for more space resulting from increased ministry growth, especially with children and youth, Phase III of the original building plan has been started. Phase III will provide additional space of 24,834 square feet and the opening of the balcony. Further construction is currently on hold.

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**7. CAPITAL ASSETS**

Capital assets consist of the following:

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land at 1250 Markham Roac	\$ 4,204,026	\$ -	\$ 4,204,026	\$ 4,204,026
Building	13,652,178	4,669,909	8,982,269	9,323,573
Furniture & equipment	491,905	319,154	172,751	193,175
Computer equipment & softv	75,565	65,931	9,634	15,400
	<u>\$ 18,423,674</u>	<u>\$ 5,054,994</u>	<u>\$ 13,368,680</u>	<u>\$ 13,736,174</u>

**8. LONG-TERM DEBT**

Long-term debt consists of the following:

	2022	2021
Mortgage loan, payable in monthly payments of \$46,236, bearing interest at a fixed rate of 4.75% due August 25, 2024 secured by a mortgage registered against title to 1250 Markham Road, Toronto, Ontario	\$ 7,167,245	\$ 7,387,792
Less: current portion	<u>221,143</u>	<u>217,294</u>
	<u>\$ 6,946,102</u>	<u>\$ 7,170,498</u>

As at year end, future minimum principal payments are expected to be as follows:

2023	\$ 221,143
2024	<u>6,946,102</u>
	<u>\$ 7,167,245</u>

**9. LETTER OF CREDIT**

The Church has a letter of credit in the amount of \$62,000 from TD Canada Trust under agreement dated August 8, 2006 in favour of the City of Toronto relating to the current church building. As at the year end, \$Nil (2021 - \$Nil) of the letter of credit was being used. The letter of credit is secured by a GIC held with the bank.



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**GLOBAL KINGDOM MINISTRIES CHURCH INC.**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2022**


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**10. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions consists of government assistance received for the purchase of equipment. The change in deferred capital contributions for the year consists of the following:

	2022	2021
Balance - Beginning	\$ -	\$ -
Add: amount received for purchase of equipment	5,000	-
Less: amount recognized as revenue in the year	<u>(1,000)</u>	<u>-</u>
Balance - Ending	<u>\$ 4,000</u>	<u>\$ -</u>

**11. GENERAL FUND EXPENSES**

	2022	2021
<b>Ministry</b>		
Personnel	\$ 1,158,608	\$ 1,082,826
Next generation ministries	183,542	131,680
Church ministries and community	<u>136,261</u>	<u>94,049</u>
	<u>\$ 1,478,411</u>	<u>\$ 1,308,555</u>
<b>Administration</b>		
Personnel	\$ 338,448	\$ 306,430
Operating expenses	<u>209,160</u>	<u>194,805</u>
	<u>\$ 547,608</u>	<u>\$ 501,235</u>
<b>Building maintenance</b>		
Facility	\$ 234,890	\$ 171,489
Personnel	<u>74,711</u>	<u>66,549</u>
	<u>\$ 309,601</u>	<u>\$ 238,038</u>
<b>Missions and outreach</b>		
Local and national missions and outreach	\$ 102,728	\$ 73,989
Global missions and outreach	87,868	76,561
Mission and outreach training and promotion	<u>1,886</u>	<u>2,433</u>
	<u>\$ 192,482</u>	<u>\$ 152,983</u>

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****NOTES TO FINANCIAL STATEMENTS**SEPTEMBER 30, 2022

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**12. INTERFUND TRANSFERS**

Transfers between funds are recognized when resources of one fund have been authorized to finance activities and acquisitions in another fund. The Board authorized a \$630,325 (2021 - \$774,055) transfer of part of the General Fund excess of revenue over expenses to the Capital and Development Fund to assist with the purchase of capital assets, repayment of debt and to cover a portion of the bad debt expense from TRC. The Board also authorized a \$10,000 (2021 - \$20,000) transfer of funds to the internally restricted fund.

**13. FINANCIAL INSTRUMENTS****Risks and Concentrations**

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at September 30, 2022:

**a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Church is not exposed to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

**b) Liquidity Risk**

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and long-term debt. The Church manages this risk by ensuring that adequate cash reserves are maintained and holding GIC's and term deposits that can be readily converted into cash. There has been no change in the assessment of liquidity risk from the prior year.

**c) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Church is exposed to interest rate risk as follows:

**i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk with respect to its long-term debt. Fixed interest rate instruments subject an entity to fair value risk, since fair value fluctuates inversely to changes in market interest rates.

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**GLOBAL KINGDOM MINISTRIES CHURCH INC.****NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2022**

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**14. CONTINGENCIES**

On December 16, 2022, the current and former directors of the Church received a letter from the counsel for Deloitte Restructuring Inc., which is acting as the Trustee in relation to Trinity Ravine Community Inc. bankruptcy. The letter alleges that the transfer of land municipally described as 1250 Markham Road, Toronto, Ontario was under-valued based on the appraised value used by the Trustee. The resulting consideration paid to TRC by the Church is alleged to have been inadequate when taking into account the appraised value used by the Trustee. The Trustee intends to seek a Court declaration that the consideration shortfall be paid by any or all of the parties to this letter on a joint and several basis if an amicable resolution is not available.

The Church and its legal counsel disagree that the land was transferred at undervalue or that the current and former directors are persons who are privy to the land transfer such that they can be held personally liable for any shortfall. A response letter from the Church's legal counsel was sent to the Trustee on January 6, 2023.

As the final outcome of this claim cannot be predicted with certainty, no provision for the potential loss (if any) has been made in the financial statements.

**15. COMPARATIVE FIGURES**

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.

# Appendix F

## REPLY PLANNING REPORT OF PETER F. SMITH

This report has been prepared in response to the Planning Consultancy Report by Catherine A. Spears of gsi Real Estate & Planning Advisors Inc. dated January 30, 2024 (the gsi Report).

This Reply Planning Report addresses five key themes and a number of miscellaneous matters. The five key themes are:

1. The timing required to prepare and submit an employment conversion request.
2. The planning tests that would be applied to an employment conversion request.
3. The likelihood of approval of an employment conversion request.
4. The likely land use mix should an employment conversion request be approved.
5. The likely height and density should an employment conversion request be approved.

The five key themes are addressed in turn below.

### 1. **Timing for Submission of an Employment Conversion Request**

In paragraph 7 on page iii of the gsi Report, Ms. Spears expresses her opinion that it was unlikely that a submission in support of an employment conversion request could have been prepared between the effective date (April 16, 2021) and the August 3, 2021 deadline for filing such requests. The basis for her opinion is set out in paragraph 6 as follows:

*“The process of converting lands from Employment Area land to Mixed Use Area land requires an extensive and robust submission to the City of Toronto. The submission must also include a number of “required elements” as well as detailed reports and studies, such as air quality impact reports, noise impact studies, transportation impact studies, etc. Preparing a technical submission such as this typically takes between 6 to 8 months.”*

The gsi Report includes additional details related to the above opinion on pages 46 and 47.

## REPLY

Ms. Spears' opinion regarding the timing to submit an employment conversion request is factually incorrect. My experience, as detailed below, is that employment conversion requests could reasonably have been made by an experienced planning consultant within 2-3 months of a retainer, from start to finish.

In that regard, I submitted 10 conversion requests as part of the 2020-2021 Municipal Comprehensive Review. In addition, I later took over two requests mid-stream. Of the 10 requests I submitted, most were submitted within 2 to 3 months of me being retained. As a result, it was my experience that there would have been more than sufficient time as of the effective date to have filed an employment conversion request by August 3, 2021.

As of the effective date, all that was required in support of an employment conversion request was a planning rationale letter and a compatibility/mitigation study, together with a \$20,000 fee. No other studies were required. The fee for the request was introduced by By-law 1137-2020, enacted on December 18, 2020.

The planning rationale letter was required to address the criteria set out in Policy 2.2.4(17) of the City of Toronto Official Plan. Typically, the planning rationale letters I prepared ranged between 18 and 24 pages, exclusive of attachments. The compatibility/mitigation studies, which were prepared by environmental consultants, ranged from 9 to 32 pages, exclusive of attachments. In other words, they were not detailed reports that required a long time to prepare. As well, the planning rationale letters in each case were similar in scope and content, with the result that it was possible to rely in large part on the analysis completed for earlier letters.

It is noted that, prior to December 18, 2020, all that had been required to submit an employment conversion request was a planning rationale letter. The City typically responded to such requests by asking for additional information (including a compatibility/mitigation study). Such compatibility/mitigation studies were then typically completed within 1 to 2 months.

I had submitted 4 conversion requests prior to December 17, 2020, all of which were filed within less than 3 months of being authorized to commence work. These included employment conversion requests for 171 East Liberty Street (retained October 3, 2020, submitted December 17, 2020), 30-44 Milner Avenue (retained November 3, 2020, submitted December 17, 2020), 11 Davies Avenue (retained December 2, 2020, submitted December 17, 2020) and 1360-1364 Bloor Street West (retained December 2, 2020, submitted December 17, 2020).

For the 6 referral requests that I submitted after December 18, 2020 and prior to August 3, 2021, I was able to submit the requests within 1-1/2 months to 4 months of being authorized to proceed, with one exception. The exception was a conversion request for

the Toronto Stockyards Land Development Board at Keele and St. Clair, which was a more detailed submission including an Urban Design Brief, a Land Needs Assessment, a Community Services and Facilities Study, a Compatibility/Mitigation Study, a Transportation Assessment, a Functional Servicing Report and a Heritage Interpretation Framework. The reasons for the more detailed submission in that case were the larger size of the lands (14.05 hectares) and the fact that the submission also served as input into a separate City-initiated study (the Keele-St. Clair Local Area Study). For that request, we were retained on February 12, 2021 and the conversion request was submitted on July 30, 2021.

For one of the requests (710 Kipling Avenue), which we completed within one month (retained July 8, 2021, submitted July 29, 2021), we did not submit a compatibility/mitigation study because the client was seeking permission for a broader range of employment uses (also considered a conversion), but not for residential uses.

The other 4 conversion requests were for 560 Evans Avenue (authorization April 1, 2021, submitted July 29, 2021), 150R Sterling Road (retained May 7, 2021, submitted July 28, 2021), 105-109 Vanderhoof Avenue (authorization May 8, 2021, submitted July 26, 2021) and 1681-1725 Eglinton Avenue East (authorization June 24, 2021, submitted August 3, 2021). While we were given the go-ahead for 560 Evans Avenue slightly before the effective date in this matter (i.e. April 16, 2021), we were not formally retained until May 7, 2021; we could easily have completed the necessary material in that case in time to meet the August 3<sup>rd</sup> submission deadline had we been contacted later than we were.

In addition, I took over existing employment conversion requests for 4570 Sheppard Avenue East and 2450 Finch Avenue West in 2023. The conversion request for 4570 Sheppard Avenue East was dated July 2021 and I took over carriage of the file in December 2022; for 2450 Finch Avenue West, the conversion request was dated July 30, 2021 and I assumed carriage in July 2023.

## **2. Planning Tests**

In paragraph 9 on pages iii to iv of the gsi Report (repeated on pages 41-43), Ms. Spears expresses her opinion that a submission to convert the subject property for residential purposes would be “very unlikely to succeed”, by reference to the requirements set out in Policy 2.2.5(9) of the Growth Plan for the Greater Golden Horseshoe. In addition, on page 28, she expresses her opinion that a conversion of the subject property to residential uses proposed as Option 3 by Bousfields Inc. would not meet the Policy 2.2.5(10)(b) “test” as no significant jobs would be generated by the Conversion. Finally, on pages 58 and 59 of the gsi Report, Ms. Spears expresses her opinion that a conversion of the subject property would not meet the applicable Conversion/ Removal “tests” under Policy 2.2.4(17)(a-b) and (d-g) of the Official Plan.

## REPLY

I disagree. In all 10 of the planning rationale letters I prepared in support of the conversion requests I submitted, I addressed the policy tests set out in Policies 2.2.5(9) and 2.2.5(10) of the Growth Plan and Policy 2.2.4(17) of the Official Plan. While some of the tests are site-specific, a number of the tests are general ones that apply City-wide to all conversion requests.

In terms of the City-wide tests, Ms. Spears expresses her opinion that the following tests would not be met:

- *Growth Plan Policy 2.2.5(9)(a) and Official Plan Policy 2.2.4(17)(a) - - There is a need for the conversion.*

Ms. Spears states that the City does not need a conversion of the subject property to meet the mandated housing requirements based upon the 2051 population forecasts. She asserts that surplus potential housing units in the City's development pipeline is more than sufficient to accommodate forecasted growth.

Reply: I addressed this test as follows in my planning rationale letters.

"While City-wide population forecasts should not be determinative, Schedule 3 of the Growth Plan, as amended by Growth Plan Amendment No. 1, forecasts a population of 3,650,000 for the City of Toronto by 2051. The 2016 Census data indicates that population growth in Toronto is falling short of the updated Growth Plan forecast. The City's population growth from 2001 to the 2016 population of 2,822,902 (adjusted for net Census undercoverage) represents only 73.2% of the growth that would be necessary on an annualized basis to achieve the population forecast of 3,650,000 by 2051."<sup>1</sup>

- *Growth Plan Policy 2.2.5(9)(b) and Official Plan Policy 2.2.4(17)(b) - - The lands are not required over the horizon of this Plan for the employment purposes for which they are designated.*

Ms. Spears states that there is a finite supply of Employment Areas lands and that new Employment Areas lands are rarely created. She goes on to say that there is no basis to conclude that the subject property is not required for employment purposes over the long term.

Reply: I addressed this test as follows in my planning rationale letters.

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<sup>1</sup> Put in another way, population growth in Toronto is dependent on the development of housing units. If sufficient housing units are not built, there are not enough places for new people to live and, accordingly, population growth targets are unable to be achieved. In turn, the shortage of new housing supply has contributed to the ongoing housing crisis. There is a need for employment land conversions to create additional new housing supply, which in turn will help the City to meet its targets.



“Based on employment growth between 2001 and 2018, it appears that the City will achieve, and likely surpass, the employment forecast in the Growth Plan well before the 2051 horizon date. On a City-wide basis, the estimated number of jobs was 1,700,000 as of 2018 (the most recent available data)<sup>2</sup>. On that basis, the growth in employment between 2001 and 2018 was 142% of what would be required on an annualized basis to achieve to 2051 Growth Plan target of 1,980,000 i.e. 1.4 times higher than required.”<sup>3</sup>

If Ms. Spears’ analysis were correct, these City-wide tests could never be met. However, the City approved many of the employment conversion requests that were submitted. In the case of the 12 employment conversion requests that I worked on, the City approved 8 and refused only 4. Overall, of the 138 employment conversion requests, 72 were approved, 55 were refused and 11 were either deferred or withdrawn. Of the 72 that were approved, 59 involved redesignations to *Mixed Use Areas*, *Regeneration Areas* and *Institutional Areas*, permitting residential uses among other uses. It follows that, in approving these 59 conversions, the City would have determined that these tests had been met.

With respect to the site-specific tests, Ms. Spears expresses her opinion that the following tests would not be met:

- *Growth Plan Policy 2.2.5(9)(d) and Official Plan Policy 2.2.4(17)(d) - - The proposed uses would not adversely affect the overall viability of the employment area or the achievement of the minimum intensification and density targets in this Plan.*

Ms. Spears states that a conversion would adversely affect the overall viability of the *Employment Areas* as the subject property is part of a broader contiguous employment district with vacancy rates under 1% in 2021. She also states that the subject property (a place of worship) is a transitional use which provides buffering and distance separation to reduce land use conflicts between the employment uses to the south and the sensitive residential uses to the north while preserving the employment land for future uses. She concludes that encroachment into *Employment Areas* by residential uses has “the potential to disrupt the operation of a current business and also to impact the decision by a business as to where to locate”.

Reply: The subject property is located on the periphery of the *Employment Areas* designation with frontage on, and access to, a Major Arterial Road (Markham Road). It has no access to any internal roads within the *Employment Area*. No land use conflicts would be anticipated given the approved residential uses to the north at

<sup>2</sup> Russell Mathew evidence on behalf of the City of Toronto at the OPA 231 LPAT hearing (July 29, 2019 witness statement, paragraph 48).

<sup>3</sup> It therefore follows that the City’s employment growth targets can continue to be met, even with a reduced amount of employment land area.

1256 Markham Road, the open space/natural areas to the west, the office and commercial uses to the south, and the residential and commercial uses to the east.

- *Growth Plan Policy 2.2.5(9)(e) and Official Plan Policies 2.2.4(17)(e) and 2.2.4(17)(f) - - There are existing or planned infrastructure and public service facilities to accommodate the proposed uses.*

Ms. Spears states that there is a lack of transportation and community infrastructure (libraries, schools, community and recreational centres, parks, public services) within an acceptable radius of the subject property (1,000 m) to accommodate increased high density residential uses, and the majority of the existing facilities require crossing major streets (Markham Road and Ellesmere Road). She also states that there is also a lack of higher-order transit in the area to support high-density residential and increased residential traffic could negatively impact the ability of the *Employment Area* to use the existing transportation network to move goods.

Reply: Contrary to Ms. Spears' statement, the subject property is located close to a wide range of public service facilities within 1,000 metres of the property, including Woburn Collegiate Institute, Woburn Junior Public School, Churchill Heights Public School, Bellmere Junior Public School, St. Thomas More Catholic School, St. Thomas More Church, Centennial Recreation Centre, Woburn Park and Confederation Park. It is not unusual to cross a major street to access such public service facilities. The property is located on a Major Arterial Road (Markham Road) that is served by frequent transit and is 250 metres north of the planned Durham-Scarborough BRT higher order transit line on Ellesmere Road. As an arterial road that runs from Kingston Road to the City of Markham and beyond, Markham Road already carries a significant amount of general residential traffic.

- *Official Plan Policy 2.2.4(17)(g) - - Employment lands are strategically preserved near important infrastructure such as highways and highway interchanges, rail corridors, ports and airports to facilitate the movement of goods.*

Ms. Spears states that the subject property is strategically located 850 metres south of Highway 401 on Markham Road which is an important interchange and access point for the movement of goods to/from the Scarborough-Highway 401 Employment Area.

Reply: As noted above, Markham Road is an arterial road which already carries a significant amount of general residential traffic, as does the Markham Road/Highway 401 interchange.

Growth Plan Policy 2.2.5(10)(b) is addressed under Theme #4 below.

### 3. Likelihood of Approval

Throughout the gsi Report, Ms. Spears posits a number of reasons why, in her opinion, an employment conversion request for the subject property would be unlikely to succeed. I address these below:

- (a) *In paragraph 10 on page v of the gsi Report, Ms. Spears states that City Council previously rejected a request to convert the subject property to a Mixed Use Areas designation and nothing had changed at the effective date (and to this day) to suggest that the City would reverse itself on this same issue.*

Reply: Ms. Spears' statement is factually incorrect. City Council approved the conversion request and redesignated the northerly portion of the subject property to *Mixed Use Areas*. There was no request to redesignate the southerly portion of the property to *Mixed Use Areas*. The December 12, 2013 staff report stated as follows:

“Global Kingdom Ministries, owner of the site, submitted a request to the Planning and Growth Management Committee (PG28.2.177), to permit development of a stand-alone residential building to accommodate condominium style "Life-Lease" housing for seniors on the north portion of the property. Limited retail commercial uses are also proposed ...

“The proposed seniors housing site is isolated from a larger employment area. It fronts onto Markham Road, a major arterial road and there is a residential community on the opposite east side of Markham Road. It is also separated from any larger employment area by the Highland Creek valley lands that extend along west and north site boundary. To the south, the existing church building provides a substantial separation and buffering between employment lands and the proposed location of residential building. The north portion of the property is remote and well buffered from traditional employment uses.

“Given the site specific characteristics and its location on a major road, it is staff's opinion that the requested conversion will not adversely affect the overall viability of the larger Employment Area extending west of the Highland Creek lands or along Progress Avenue. Staff support the request to construct a seniors residence on the northerly portion of the parcel, and a new Site and Area Specific Policy is proposed to be added to Chapter 7 to permit a seniors residence on the existing church parking lot.”

Given that the subject property is virtually identical to the 1256 Markham Road property and shares virtually all of the same site characteristics, it is reasonable to conclude based on the evaluation above that staff would also support a redesignation of the subject property. Moreover, based on my review of the

December 2013 staff report, it is clear that the fact that the proposal at the time was for a seniors' housing development was not a critical element in staff's support for the requested conversion.

In addition, while the staff evaluation noted that the existing church building would have provided a substantial separation and buffering between employment lands and the proposed residential building on 1256 Markham Road, the lands abutting 1250 Markham Road to the south are developed primarily with retail, showroom and office uses. Since such uses are compatible with residential uses, it is my opinion that no buffering would be required.

- (b) *In paragraph 11 on page vi of the gsi Report, Ms. Spears expresses the opinion that the City and LPAT always considered the subject property and 1256 Markham Road as one large comprehensive development site and that the redevelopment of the north parcel has always been tied to the church remaining at 1250 Markham Road with the 1256 Markham Road development always pursued to provide affordable seniors accommodation in a "life-lease" format.*

Reply: I disagree. While Official Plan Amendment No. 231 permitted "only a residential building for senior citizens" on Parcel 'A' (1256 Markham Road) in addition to "ancillary uses limited to the ground floor, such as offices, community services and small scale retail", it was not tied to the church remaining. Rather, Official Plan Amendment No. 231 was permissive in terms of the church use i.e. it provided that "a place of worship and ancillary community facility and recreational uses are permitted on Parcel 'B'" (the subject property).

Importantly, the subsequent Zoning By-law Amendment did not restrict the permitted uses on 1256 Markham Road to a senior citizens' building, and included no restrictions related to affordable accommodation or a "life-lease" format. Rather, By-law 865-2019(LPAT) permits a maximum of 565 apartment dwelling units (Performance Standard 724). Exception 155 provides that the permitted uses include "dwelling units which, if operated by or under the sponsorship of a non-profit organization, may include ancillary common dining area and onsite support services and facilities for residents, which services may include but are not limited to: wellness and fitness programs; seniors daycare; recreational facilities and programming, counseling and training services; worship areas; and social and cultural programs" (my emphasis). Based on my reading of the by-law, it would permit any type of dwelling units without restriction.

- (c) *In paragraph 15 on page vii of the gsi Report, Ms. Spears refers to the 920-930 Progress Avenue conversion request as a comparable to the subject property and, in paragraph 17 on page viii, states that "the City rejected the submission in respect of 920 to 930 Progress Avenue". Additional details are provided at pages 48-52 of the gsi Report.*

Reply: I disagree. The City did not reject the conversion request for 920-930 Progress Avenue. In fact, it approved the requested employment land conversion in the form of a redesignation from *General Employment Areas* to *Institutional Areas* with a site and area specific policy (SASP 834) that permits, in addition to nursing homes, long-term care facilities and retirement homes, residential uses up to a maximum of 40% of the site area.

Based on a site area of approximately 1.49 hectares, SASP 834 would accordingly allow up to 0.6 hectares of the 920-930 Progress Avenue property (40%) to be used for residential uses. Assuming a density of 5.0 FSI, that would translate into approximately 30,000 square metres of residential gross floor area, or about 400 residential units (assuming an average gross unit size of 75 square metres). In addition to 30,000 square metres of residential gross floor area, SASP 834 would allow up to 26,500 square metres for nursing homes, long-term care facilities and retirement homes, provided that a minimum of 10,000 square metres of non-residential gross floor area was developed for offices, ancillary retail, post-secondary institutions, trade schools and other specified commercial uses. While a place of worship is permitted by SASP 834, it is not required.

Table 1 on page 49 of the gsi Report (Comparison of 1250 Markham Road and 920-930 Progress Avenue) is also incorrect in a number of other respects:

- 920-930 Progress Avenue is located approximately 300 metres north of 1250 Markham Road, not 250 metres.
- The 920-930 Progress Avenue request was not “refusal/denied”; it was approved in an amended form. Similarly, the 1250 Markham Road request in 2013 was not “refusal/denied”; it was approved.
- The 920-930 Progress Avenue Proposal was not for a place of worship and seniors’ accommodation; rather, the approval was for seniors’ accommodation facilities as well as other residential uses on a sizeable portion of the lands (40%). A place of worship, while permitted, was not required.

In summary, contrary to Ms. Spears’ opinion, based on my experience, it is very likely that a request for conversion of the subject property would have been approved given its locational characteristics. In this regard, three of the most important positive attributes in determining whether a conversion request will be approved are:

1. Frontage on a major street.
2. Location on the edge of an *Employment Area*.
3. Environmental compatibility (i.e. from heavy industrial uses, rail yards/corridors, airport noise contours, etc.)

Given that the subject property enjoyed all three of these positive attributes, the likelihood of success for an employment conversion request would be significantly higher than the overall percentage, which as noted above was more than 50% (i.e. 72 approved and 55 refused). For requests involving redesignations that would permit residential uses (e.g. redesignations to *Mixed Use Areas*, *Regeneration Areas* and *Institutional Areas*), 59 were approved (52.7%) and 53 were refused (47.3%).

However, for those properties with frontage on a major street which form the boundary of an *Employment Area* (i.e. as is the case for the subject property), the percentage of requests which were approved was significantly higher i.e. 46 approved (two-thirds) and only 23 refused (one-third).

Despite the positive locational attributes that applied to the 23 refusals, a number of them had significant negative qualities that nevertheless resulted in a refusal. For example, of the 23 requests that were refused, a number of them were refused in large part due to proximity to potentially noxious uses (e.g. works yards, waste transfer stations, rail yards, etc.) Based on both my personal knowledge and my review of the City's assessments, it is apparent that at least 8 of the refusals resulted in large part from these types of incompatibilities. There may well have been more; however, the City's assessments did not always include sufficient detail to ascertain the fundamental reasons for refusal. In contrast, the subject property is not located close to any such noxious uses.

As well, in some instances, the properties were already developed with uses that accommodated a significant number of jobs or were part of an employment "cluster"; neither characteristic applies to the existing place of worship.

At least as important as these overall statistics, consistency with Planning staff's rationale for supporting the conversion of the northerly portion of the subject property in 2013 is a strong predictor of how staff would likely have assessed a conversion request for the subject property in 2021. Given the 2013 Planning staff rationale set out above (e.g. isolation from a larger employment area, frontage on a major arterial road, proximity to a residential community on the opposite east side of Markham Road, separation from traditional employment uses, etc.), it would have been difficult for staff to take a contrary position with respect to a conversion request for the subject property.

While it is not possible to predict the outcomes of such processes with 100% certainty, it is my opinion based on my experience and analysis that an employment conversion request for the subject site would very likely have been approved i.e. in the order of 80% likely. The 80% number takes into account the fact that the overall approval rate was 67% for sites with the same locational attributes and that the site has none of the negative qualities that led to some of the refusals, as well as the previous approval for the immediately adjacent site at 1256 Markham Road.

#### 4. Land Use Mix

On page 28 of the gsi Report, Ms. Spears expresses her opinion that a conversion of the subject property to residential uses proposed as Option 3 by Bousfields Inc. would not meet the policy “test” in Policy 2.2.5(10)(b) of the Growth Plan because no significant jobs would be generated by the Conversion.

#### REPLY

I disagree. As set out on page 21 of my Planning Opinion Letter, Option 3 results in a residential Gross Floor Area of 73,952 square metres and a non-residential Gross Floor Area of 9,428 square metres (11.3% of the total Gross Floor Area). In my opinion, this is a significant amount of non-residential space and would generate a significant number of jobs. Applying a typical factor of 25-30 square metres per job, recognizing that the non-residential component includes a mix of retail and office uses, a total of 314 to 377 jobs would be generated. Based on my experience, this number of jobs would vastly exceed the number of jobs generated by the existing place of worship use.

#### 5. Height and Density

In paragraph 20 on page ix of the gsi Report, Ms. Spears expresses her opinion that none of the properties referred to in the Bousfields Report are comparable for 5 reasons. These reasons are repeated on pages 55-56 of the gsi Report under the title “Why the Bousfield Density is Too High”. On page 54, she states that the 33-storey height would be the tallest in the area.

#### REPLY

Provided that the employment land conversion was approved (which, for the reasons set out above, it is my opinion that it would be), the first four reasons would not be applicable i.e.

- none of these sites are existing employment lands, they are all residentially designated land that did not require conversion;
- development applications referenced are for increases in height and density not a change in designation or use, and as a result not comparable;
- none of the sites identified are close to or contiguous to an *Employment Area*, and none of the properties required an employment area conversion to permit residential redevelopment; and
- all of the sites are within an area which requires a much less onerous or different level of “test” to be applied for development than for land in an *Employment Area* conversion.

Rather, once the employment land conversion was approved, the height and density would be determined based on typical considerations that are applied in the City of Toronto to the evaluation of development applications e.g. fit with the built form context and built form impacts (including shadow impacts and light, view and privacy impacts). In this regard, it is notable that the density resulting from the massing analysis prepared by Bousfields (4.84 FSI) is virtually identical to the approved density at 1256 Markham Road (4.85 FSI). Like the subject property, the 1256 Markham Road property required a conversion, required a change in designation and use, was close to and contiguous to an *Employment Area* and was subject to the same level of “test”.

The fifth reason offered by Ms. Spears is that the comparable sites are located within the Markham-Ellesmere Revitalization Study Area, an area where the City explicitly and deliberately recognizes and encourages residential intensification, while the subject property is not. The reason that the subject property was not included in the Markham-Ellesmere Revitalization Study Area was that it was not designated for residential/mixed-use development at the time that the Revitalization Study was done. The same reason applied to 1256 Markham Road, which achieved a density of 4.85 FSI.

Ms. Spears’ statement that the 33-storey height would be the tallest in the area is incorrect. The approved heights include a 34-storey building at 1021-1035 Markham Road. In addition, a height of 36 storeys was proposed at 1125-1137 Markham Road and 2141 Ellesmere Road as of the effective date.

### **Miscellaneous Matters**

#### 1. Parking

On pages 53 to 54 of the gsi Report, Ms. Spears states that Option 3 would require parking at the City of Toronto parking standard for a mixed-use building in accordance with Table 200.5.10.1, whereas the LPAT specifically approved a reduced parking ratio for a dwelling unit under the sponsorship of a non-profit organization with a minimum of 0.6 parking spaces per dwelling unit. Because the Bousfield Report does not provide a parking or unit count, she estimates the required parking for Option 3 by relying on a “similar” development proposal at 1125-1137 Markham Road and 2141 Ellesmere Road.

#### Reply:

In my opinion, required parking would not have been determined in accordance with Table 200.5.10.1, and would have been considerably less than 1,054 spaces. As of the effective date, the City was undertaking a review of parking requirements for new development. City Planning had issued a report dated January 5, 2021 that recommended that the Chief Planner and Executive Director, City Planning conduct a review of the parking requirements in the Zoning By-law 569-2013 and to undertake



public and stakeholder consultations on the City's parking requirements and report back to Planning and Housing Committee with the results of the consultations and emerging recommendations on changes to the Zoning By-law 569-2013 in Q4 2021. The report noted the following:

*“Of the projects with at least one planning approval in the 2019 Q4 development pipeline for which automobile parking requirements could be easily determined, 46% (473 of 1033) were approved with parking levels below the minimum parking standards in ZBL 569-2013. This proportion varies widely by use. Over 81% (326 of 398) of the mixed use projects received a planning approval with less parking than the ZBL 569-2013 minimums ...*

*“Given these considerations, a review of the requirements is justified. The review should be guided by the principle that parking standards should allow only the maximum amount of automobile parking reasonably required for a given use and minimums should be avoided except where necessary to ensure equitable access, such as for accessible parking or in areas which would be difficult to serve with transit.”*

While after the effective date, the City enacted By-law 89-2022 on February 3, 2022, which eliminated minimum parking requirements for most uses (including resident parking, office, retail and places of worship) and instead specified maximum parking requirements for such uses.

Prior to the enactment of By-law 89-2022, the required parking for the place of worship on the subject property, including the proposed 2,307 square metre addition, was 486 parking spaces in accordance with minor variance application A211/14SC, approved on October 28, 2014. Despite the fact that it was not required by the applicable zoning, the April 26, 2018 staff report on the Zoning Amendment and Site Plan applications for 1250 Markham Road noted that the proposal included 778 parking spaces to serve the place of worship (27 surface spaces plus 751 spaces in a parking structure (at grade and on the 5 levels above)).

## 2. Provincially Significant Employment Zone

While Ms. Spears acknowledges that the subject property is not identified as a Provincially Significant Employment Zone (PSEZ), on page 19 of the gsi Report she expresses the opinion that Provincial determination of what is significant provincially is not a determinant of what is deemed significant municipally and goes on to say that “in the context of this report, whether or not the subject property is designated a PSEZ is irrelevant”.

Reply:

I disagree. The determination of whether a particular property is within a PSEZ is relevant from a policy context because a number of policies in the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe are dependent on that determination e.g. Policy 1.3.2.5 of the PPS and Policy 2.2.5(10). In general terms, the Provincial tests that apply to the conversion of employment lands within a PSEZ are more onerous than those that apply to a conversion outside a PSEZ.

Consistent with the foregoing, it is my opinion that the conversion of a property that is located outside of a PSEZ would generally raise less significant planning concerns regarding the retention of a supply of strategic employment lands over the long term. Accordingly, in my employment conversion request letters, I identified in each case whether the property was located within a PSEZ.

3. Compatibility/Mitigation Study

On page 59 of the gsi Report, Ms. Spears expresses the opinion that City Staff and Council would be concerned that the concentration of “sensitive land uses” was inappropriate for this location and would result in land use conflicts, and goes on to state that the Bousfield Report makes no mention or reference to a Compatibility/Mitigation Study and its mandatory requirements. Finally, she says that there is no evidence to support the statement that residential uses would be compatible with the employment uses in the area.

Reply:

I disagree. While a Compatibility/Mitigation Study would have been required by the City had a conversion request been submitted for the subject property, neither we nor gsi have commissioned such a study for the current purposes. In the absence of a Compatibility/Mitigation Study, I have specifically considered whether there would likely be any compatibility issues in my Planning Report (page 19), based on a detailed review of the employment uses to the south and west, which consist predominantly of retail, showroom and office uses.

While we were not required to do a Compatibility/Mitigation Study for the 1221 Markham Road development (immediately opposite the subject property), the Noise Study for that development considered the same noise sources as would be relevant here and did not identify any compatibility issues. The 1221 Markham Road application (879 units in buildings of 21, 27 and 30 storeys) was approved in June 2022.

#### 4. Frequent Transit

On page 58 of the gsi Report, Ms. Spears expresses her opinion that “Bousfield’s position also overstates the existing state of transportation in the area ... the subject property like other properties along Markham Road, Ellesmere Road and Progress Avenue (all major arterial roads) ... are served by ‘frequent transit’ meaning TTC buses.”

##### Reply:

Ms. Spears is incorrect. “Frequent transit” is a defined term pursuant to the Growth Plan. It does not mean TTC buses. It is defined as “a public transit service that runs at least every 15 minutes in both directions throughout the day and into the evening every day of the week”. The 102 Markham Road bus route meets this definition, forming part of the TTC’s 10-Minute Network (with a service frequency of 7-10 minutes), as does the 95 York Mills bus route, which runs along Ellesmere Road. In contrast, the 134 Progress bus route does not meet the definition of “frequent transit”, generally running every 15-18 minutes.

#### 5. Persons per Unit

On page 53 of the gsi Report, Ms. Spears states that the “Bousfield Report does not provide a unit count, but using an average unit size of 83 m<sup>2</sup> (895 ft.<sup>2</sup>) (1 bedroom plus den and 2 bedroom plus den) “similar” to 1256 Markham Road, we estimate the project would represent approximately 1,004 units at 2.7 persons per unit (apartments) or a yield of up to 2,710 people – 350% more people than 1256 Markham Road”.

##### Reply

Ms. Spears’ estimated 1,004 units is not unreasonable. A lower average unit size of 75 square metres would be more in keeping with typical unit sizes in the area; however, it should be applied to our estimated residential gross floor area (73,952 square metres), not to the entire gross floor area, resulting in an estimated 986 units.

However, more fundamentally, the 2.7 persons per unit (apartments) factor used by Ms. Spears is incorrect and substantially overstates any reasonable estimate of anticipated population. In fact, the 2.7 persons per unit is greater than the average household size for the entire City of Toronto (2.38 persons per household based on the 2021 Census), which includes all types of units, including detached, semi-detached and townhouse dwellings.

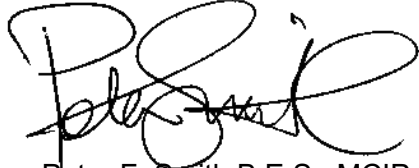
In the Development Charges Background Study (May 30, 2023) prepared by Hemson Consulting for the City of Toronto, the estimated household size for 2+ bedroom apartments is 2.16 persons per units and for 1-bedroom and bachelor apartments is

1.41 persons per unit. Assuming a mix of 40% 2+ bedroom apartments and 60% 1-bedroom and bachelor apartments, the average household size would be 1.71 persons per unit.

The resulting population estimate would be 1,686, or 38% less than what Ms. Spears had estimated (2,710). It would be 117% more than the estimated population for 1256 Markham Road (not 350%), resulting primarily from the fact that the subject site is 77% larger than 1256 Markham Road. (The remaining difference is due to the lower persons per unit factor of 1.37 that was used for 1256 Markham Road based on the assumed seniors' tenure.) Given the size of the site, it is my opinion that the resulting population (1,686 persons) is reasonable.

Yours very truly,

**Bousfields Inc.**



Peter F. Smith B.E.S., MCIP, RPP

PFS/kah:jobs

# Appendix G



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## **1250 Markham Rd**

March 21, 2024

Response to Altus  
and GSI Reports  
("Reply Report")

PRIVILEGED AND CONFIDENTIAL

March 21, 2024

Alan Merskey  
Partner  
Cassels Brock & Blackwell LLP  
Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance Street  
Toronto, ON M5H 0B4 Canada

**Re: Kroll Response to Altus and GSI Reports (“Reply Report”)**

Dear Mr. Merskey,

Pursuant to our engagement letter dated March 16, 2023, Kroll Canada Limited (“Kroll”, “we”, “our”, “us”) is pleased to provide Cassels Brock & Blackwell LLP (“Cassels”, “Law Firm” or “you”) rendering legal services to Deloitte Restructuring Inc. (“Deloitte”, the “Firm” or the “Client”) appointed Trustee in Bankruptcy (“Trustee”) of Trinity Ravine Community Inc (or “TRC”) in connection with the above-referenced matter (“Services”) with our Reply Report.

We understand, and acknowledge, that we continue to be engaged as an independent expert, and that we continue to have a duty to provide an opinion that is fair and objective, and that this duty prevails over any duty we owe to any party. Prakash Venkat’s Acknowledgement of Expert’s Duty is attached at the end of this Reply Report.

**Background**

Kroll was previously engaged by you to review the initial appraisal prepared by Altus (“Altus Appraisal 1”) dated March 9, 2023. This appraisal of 1250 Markham Road, Toronto, ON (the “Subject Property”) was conducted as at April 16, 2021 (the “Valuation Date”). For clarity, 1250 Markham Road is the southern land supporting Global Kingdom Ministries church. The Altus Appraisal 1 concluded that the highest and best use of the Subject Property was in its current form as a religious facility. Altus performed the direct comparison approach (or “DCA”), which indicated a value of \$21,900,000. However, the Altus Appraisal 1 also concluded that the Subject Property was operating at a 285 parking space deficit. Given the deficit, the Altus Appraisal 1 contemplated the construction of a 390 space multi-level parking garage, and the replacement of 65 existing surface parking spaces, to reach the 455 spaces required by the zoning by-law.

The resulting cost of the parking construction was estimated at \$14,152,320. **The residual market value estimate was \$7,750,000.**

Kroll was further engaged to prepare an independent appraisal of the Subject Property as of the Valuation Date. Kroll concluded that the current use of the Subject Property was not its highest and best use. Kroll was provided with a planning report from Bousfields (the “Bousfields Report”). Kroll accepted the Bousfields Report’s conclusion that a residential redevelopment at the Subject Property was a legally permissible use. Therefore, to value the Subject Property, Kroll used the DCA with a dollar per buildable square foot (or “\$/BSF”) approach. The appraisal prepared by Kroll dated August 17, 2023 “Kroll Appraisal” determined an achievable dollar per square foot buildable rate for the Subject Property of \$25. Applied to the development gross floor area at 5.0x density, as per the Bousfields Report, the buildable square feet of the Subject Property was 927,610. **The resulting market value estimate was \$23,200,000. Under this approach there is no necessity to build a parking garage and undervalue the Subject Property.** It should be noted that along with the Kroll Appraisal, we submitted a document critiquing the Altus Appraisal 1 “Kroll Review Report 1”.

To summarize, prior to August 17, 2023, Kroll had reviewed the following documents:

1. Altus Appraisal 1
2. Bousfields Report
3. An appraisal of 1256 Markham Road (the “Northern Lands”) completed by Wagner Andrews & Kovacs dated August 19, 2020 (the “Wagner Appraisal”). The Wagner Appraisal was commissioned by GKM and located by the Trustee in the TRC files. The Northern Lands consist of the 2.17 acre parking lot adjacent to the Subject Property. This report estimated that the market value of the Northern Lands as of August 17, 2020 was \$32,180,000, with a dollar per square foot buildable rate of \$55.

On February 23, 2024, we received the following three new reports:

1. “Supplementary Planning Report – Review of Kroll Comparable Sales” prepared by gsi Real Estate & Planning Advisors Inc. (“gsi Review Report”);
2. “Review of Appraisal Report By: Kroll Real Estate Advisory Group” prepared by Altus Group (“Altus Review Report”); and
3. An updated appraisal from Altus dated February 9, 2024 (the “Altus Appraisal 2”), which incorporates a planning report prepared by gsi Real Estate & Planning Advisors. The planning report attempts to strengthen the highest and best use



conclusion from the original Altus Appraisal 1. Other than the references to the planning report, the two Altus appraisals are materially the same.

On March 20, 2024, we received and reviewed a reply planning report from Bousfields.

All the new reports were prepared as of the Valuation Date.

To clarify, gsi and Bousfields are real estate planning firms. Altus and Kroll are real estate appraisers.

### **Scope of Services**

To the extent that we disagree with the analysis and conclusions in the gsi Review Report, the Altus Review Report, and the Altus Appraisal 2, we provide this Reply Report setting out our observations, comments and conclusions concerning matters raised in the aforementioned reports and our analysis and re-calculations of the market value of the Subject Property as of the Valuation Date. Specifically, we have been engaged by you to prepare a Reply Report as per the scope of services below:

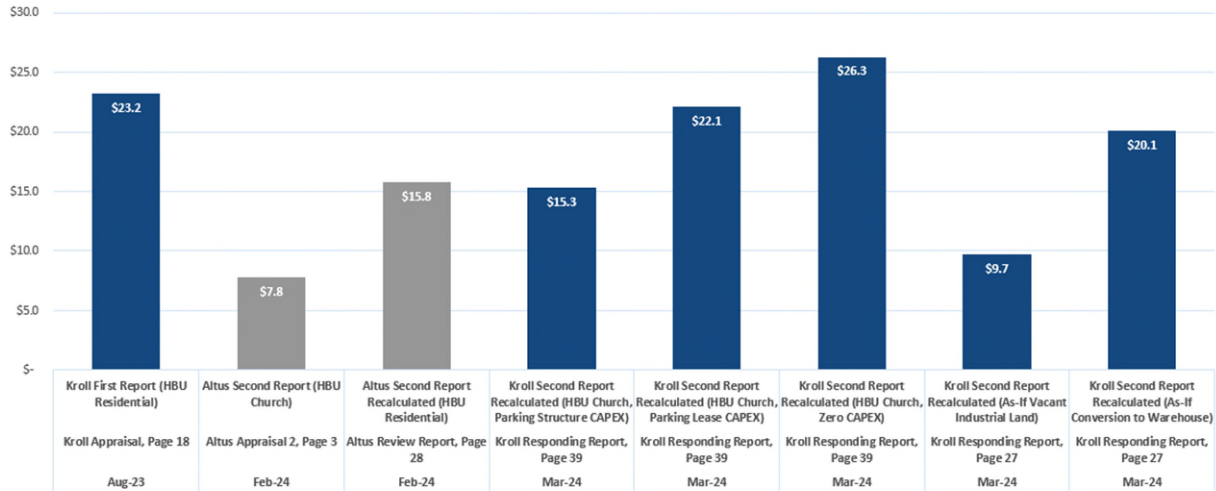
- Read and comment on the appropriateness and reasonableness of the analysis in the Altus Appraisal 2;
- Read and comment on the appropriateness and reasonableness of the analysis in the gsi Review Report; and
- Read and comment on the appropriateness and reasonableness of the analysis in the Altus Review Report.

This Report has been prepared by Prakash Venkat, Kroll's Canadian Practice Leader of Real Estate Advisory, in accordance with the reporting and consulting requirements set forth in the Canadian Uniform Standards of Professional Appraisal Practices ("CUSPAP") of the Appraisal Institute of Canada ("AIC"), effective as of the Valuation Date. Please refer to the "Restrictions and Qualifications" section at the end of this Reply Report for further details. This Reply Report assumes that the reader has read the Altus Appraisal 2, Kroll Appraisal and Review Report, gsi Review Report, the Wagner Appraisal, and the Altus Review Report.

### **Summary of all Appraisal Opinions of the Subject Property**

Because a number of different market value opinions and recalculations have been put forward between Kroll and Altus, we begin by providing a table summarizing those opinions below.

**Subject Property's Fair Market Values (\$MM)**  
**Valuation Date as of April 16, 2021**



Note: HBU stands for highest and best use

The results of Kroll’s analysis are contained and described in the various sections of the Reply Report herein.

If you have questions regarding the contents of this report, please contact Prakash Venkat, MBA, AACI, OLE, P. App, PLE at [prakash.venkat@kroll.com](mailto:prakash.venkat@kroll.com).

Yours truly,

*Kroll Canada Limited*

Kroll Canada Limited

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This Reply Report frequently discusses value in different units of measurement. For clarity, we will define the terms:

- Dollar per buildable square foot (or “\$/BSF” or “BSF”): the market value of real estate for every square foot of potential gross floor area. BSF implies that the property has future development potential, and therefore value is expressed in terms of the amount of potential square feet that can be added to a site.
- Dollar per square foot (or “\$/PSF” or “PSF”): the market value of real estate for every square foot of existing gross floor area. This metric considers what building(s) are in place and does not consider development potential.
- Dollar per acre (or “\$/Acre”): the market value of real estate for every acre of land. This metric is commonly used to analyze the value of vacant plots of land.

## 1. Introduction to gsi & Altus Reports

For reference, the following reports have been provided which comment on the Kroll Appraisal:

- gsi Review Report dated January 30, 2024;
- Altus Appraisal 2 dated February 9, 2024; and
- Altus Review Report dated February 9, 2024.

This introduction section will summarize the conclusions of the three reports. We will then provide our high level responses to the Altus Review Report [Section 4] and the Altus Appraisal 2 [Section 5]. The balance of the Reply Report will offer support for our responses.

### 1.1 Altus Appraisal 2 Conclusions

The Altus Appraisal 2 came to the following conclusions regarding the market value of the Subject Property as at the Valuation Date:

Final Estimate of Value	
79,625 Square Feet X \$275 per Square Foot	\$21,900,000
Less:	-
Cost to Construct 455 Parking Spaces	<u>\$14,152,320</u>
Equals:	=
<b>Subject Property Value as at April 16, 2021</b>	<b>\$7,750,000 (Rounded)</b>

**\*Note: Our valuation is Subject to the Terms of Reference, Hypothetical/Limiting Conditions & Extraordinary Assumptions as outlined in this report. The reader's attention is directed to these sections.**

### 1.2 gsi Review Report Conclusions

gsi critiqued Kroll's sale comparables from a land use controls perspective, looking at the location, official plan designation and zoning, proximity to higher order transit, and development application approval status. The gsi Review Report contrasts all of Kroll's sale comparables with the Subject Property through an official plan and zoning review. This analysis reveals that Kroll's sale comparables had different official plan status and zoning than the Subject Property at the time of sale. For all of Kroll's comparables, to varying degrees of certainty, gsi believes that multi-unit residential redevelopment would have been "appropriate" and "achievable". However, the gsi Review Report does not specifically critique Kroll's valuation analysis and conclusions. The purpose of their report was to "assist an appraiser in valuing the subject lands and the Court in a legal proceeding in the Ontario Superior Court of Justice regarding the transfer of the subject property" (Page ii).

### 1.3 Altus Review Report Conclusions

The Altus Review Report comes to the following conclusions regarding the Kroll Appraisal:

- Altus disagrees with Kroll's highest and best use conclusion for the Subject Property as a residential redevelopment site. Altus does not believe this use would pass the legally permissible test, and therefore cannot be the highest and best use. Altus received a planning report from gsi which supported their conclusion, as it stated that "the most likely redevelopment potential for the subject property at the effective date would be a continuation of the existing permissible legal use

as a place of worship and associated parking lot, together with the potential for expansion in accordance with the by-law” (Altus Appraisal 2, page 6);

- Altus believes that Kroll has relied on several comparable sales that are not cogent for valuation purposes. Further, Altus disagrees with Kroll’s adjustment of the sale comparables, in particular those for official plan and zoning status. Altus often refers to the gsi Review Report in support of these conclusions;
- Altus believes Kroll has neglected the sale of the property located immediately to the north of the Subject Property (1256 Markham Road), even though this sale occurred post-Valuation Date; and
- For purposes of recalculation, Altus hypothetically accepted Kroll’s highest and best use and adjusted their redevelopment sale comparables. Altus concluded that the market value in this scenario was within the \$16 to \$18 per buildable square foot range, much lower than Kroll’s estimate of \$25.

## 2. Kroll’s Conclusions

The gsi Reply Report has not specifically critiqued the Kroll Appraisal. Rather its mandate was to assist an appraiser (Altus) in determining market value.

### 2.1 Kroll’s Response to Altus Review Report

The following are Kroll’s responses to the Altus Review Report

- The Altus Review Report does not address any of the critiques in the previously submitted Kroll Review Report, dated August 17, 2023. We will summarize these critiques in this Reply Report [under Section 3]
- Kroll recognizes that the Subject Property must receive an official plan amendment (or “OPA”) and rezoning approval. Nevertheless, Kroll reaffirms Bousfields’ conclusion, which stated that these two applications would likely be approved by planning authorities. Kroll also affirms the Bousfields reply planning report. Kroll believes any prudent purchaser of the Subject Property would have anticipated approval of both an OPA and rezoning of the Subject Property to designations which permit residential development. Further, because of the Principle of Anticipation, other properties which have similar official planning and

zoning as the Subject Property still trade at a high \$/BSF, indicating sellers with well-located property can maintain higher prices. Lastly, any reasonable appraiser would use the search criteria employed by Kroll. The Kroll Appraisal prioritized nearby, recent sales in their search. Given that no two properties are identical, appraisers accordingly adjust for differences. These differences should not be the basis for rejection of comparables or value estimates.

- Kroll disagrees with Altus' claim that because the comparables differ in size, they would "attract a different set of market participants". Developers in Toronto accept projects of varying sizes, given there is financial incentive.
- Kroll disagrees with Altus' "Revised Comparable Sales Adjustment Chart". In their adjustment chart, Altus did not consider the fact that the comparables had no development applications at the time of sale. Reversing one of Altus' downward arrows in their chart leads to a \$/BSF range of \$21 to \$22, or a +26% increase from their revised value.
- Kroll agrees with Altus' critique on comparable 4, in terms of the land discrepancy. Kroll believes this comparable should be removed as it is an outlier with the corrected land area and arose from erroneous data that Kroll received.
- Kroll disagrees with Altus that the sale of the Northern Lands can be used as an indication of market value for the Subject Property as-is (i.e. without adjustments). Altus has been silent about the sale condition of the Northern Lands, specifically how this was a forced sale. Notwithstanding the foregoing, if we use the Northern Land sale, it would need to be adjusted upwards to account for sale condition. Also, we would like to reiterate that the Northern Lands sale happened post-Valuation Date.

## 2.2 Kroll's Critiques on the Altus Appraisal 2

Kroll has reviewed the Altus Appraisal 2 and has the following critiques.

### 2.2.1 Altus' Proposed Parking Garage

- The Altus Appraisal 2 states that the Subject Property must provide a minimum of 455 parking spaces, as per the zoning by law. However, in early 2022, the City

removed minimum parking spaces and replaced them with maximum parking spaces. Further, when determining the number of required parking spaces, Altus neglects the fact that the Subject Property’s parking requirements were contingent on the number of dwelling units provided by development of the Northern Land. Therefore, a potential purchaser would not be compelled to provide 455 parking spaces. A reasonable appraiser would have investigated this requirement further, especially since it compels the construction of a new parking garage which significantly reduces market value. Altus is silent on this nuance in their report.

- Kroll performed a hypothetical analysis by assuming that the parking requirement for a minimum of 455 spaces was in effect. Reviewing the Altus Appraisal 2, we do not believe their capital expenditures (or “CAPEX”) estimate of \$14,879,320 to build a 5-storey parking garage is supportable. We believe the true number is lower than this based on our independent costing estimates, consideration of alternative parking solutions, analysis of construction cost inflation, and independent contractor estimates.

### 2.2.2 Altus’ Application of the DCA

- Altus selects dated sale comparables that are as old as 2016. Of their 5 comparables, 4 of them are pre-COVID and 2 of them are from 2016. Additionally, three of their comparables are in Mississauga, a separate real estate market nearly 50km west of the Subject Property. These comparables are not cogent and are from a time that represents a significantly different economic environment. This results in the appraiser having to make significant adjustments, more so based on judgment than market data. Therefore, we believe that these comparables do not support Altus’ estimate of market value. Refer to table 1 below.

<b>Table 1 - Scarborough Market Changes</b>			
	<b>2016</b>	<b>2021</b>	<b>Delta (%)</b>
<b>Industrial Property Type</b>			
Cap Rate	5.50%	4.20%	-130 bps
Sale Price PSF	\$97	\$199	105%
Market Rent PSF	\$7.29	\$14.17	94%

Source: CoStar



- The Altus Appraisal 2 makes multiple unsupported adjustments to the sale comparables. Based on their professional judgement, Kroll has adjusted Altus' sale comparables and presented a "Recalculated Adjustment Grid". This grid yields a more supportable value range of \$290 to \$408 per square foot, with a conclusion of \$330 deemed reasonable. Please note these are not BSF values, rather dollar per square foot values to be applied to the area of the church. Kroll estimates the value of the Subject Property under three scenarios which consider different levels of CAPEX for parking.

### **Financial Feasibility Analysis**

- The Altus Appraisal 2 only considers the current use as a church when performing the highest and best use analysis. Altus has not considered market value under different scenarios, such as the underlying value of industrial land or conversion to a different type of industrial property. These scenarios produce higher values than the Altus Appraisal 2, indicating that the highest and best use test was insufficient.
- Altus has not commented on the decline in religious affiliation and participation in Canada over the past few decades. This demographic trend influences the Subject Property's highest and best use, further strengthening the case for residential redevelopment. Also, because Altus used dated sale comparables, the full effect of this demographic trend may not be reflected in the Altus Appraisal 2.

## **3. Unaddressed Critiques**

Kroll has previously submitted a review report critiquing the Altus Appraisal 1. This report was dated August 17, 2023. The Altus Review Report does not respond to the critiques contained therein.

- Dated Comparables: The Altus Appraisal 1 used dated comparables. Of their 5 comparables, 4 of them are pre-COVID and 2 of them are from 2016. These sales may not reflect current market conditions. If the Altus Appraisal 1 had used more current comparables, their market value would be affected. Therefore, we criticize the Altus Appraisal 1 for not selecting more recent comparables.
- Value in Use versus Value in Exchange: The Altus Appraisal 1 did not consider alternative uses of the Subject Property, and therefore we believe they conducted a value in use, not a value in exchange. Purchasers of the Subject Property would

consider its highest and best use, which involves alternatives. By only considering the existing operation in their highest and best use analysis, the Altus Appraisal 1 has not considered potential transformations of the property which could provide more value. Clearly defining the type of value estimated is fundamental to any appraisal. CUSPAP 2024 states the following to this effect:

*CUSPAP 2024 6.2.3: “In a Report the Member must identify the purpose of the Assignment, including a relevant definition of value if applicable.”*

The Altus Appraisal stated that their purpose was to estimate market value; however, value in exchange is a key component underpinning this type of estimate. We do not believe Altus has adequately explored the value in exchange. Therefore, we critique them for misrepresenting the purpose of the appraisal.

- **Financial Feasibility:** Altus has not considered the financial feasibility of a residential redevelopment. Putting aside the residential concept, other legally permissible uses, such as vacant industrial land or conversion to a warehouse would provide higher values than the conclusion in the Altus Appraisal 1 (See Appendix A & B). We critique the Altus Appraisal 1 for not evaluating other alternatives in the highest and best use analysis.

## 4. Altus Review Report

In this section we will address the critiques raised in the Altus Review Report. Our responses are centred around the sale comparables, DCA adjustments, and the sale of the Northern Lands. We also note that conceptually, many of Altus’ critiques could be similarly applied to the Wagner Appraisal; Altus is silent on this in their report.

### 4.1 Critique of Kroll’s Sale Comparables

The Altus Review Report provides commentary on all six (6) of the residential redevelopment comparables used in the Kroll Appraisal. The Altus Review Report references land use control information on the comparables contained in the gsi Review Report. Altus fundamentally believes that Kroll has not accounted for significant differences between the comparables and the Subject Property on account of two elements: land use controls, and development size. Altus’ critiques for many of the comparables are identical; therefore, rather than respond point by point, we will provide our broad response which applies to all their critiques with regards to the comparables used by Kroll.

#### 4.1.1 Official Plan & Zoning

The Altus Review Report has critiqued the Kroll Appraisal for not properly considering land use controls. Specifically, they outline differences in official plan designation and zoning between the Subject Property and the comparables, and critique Kroll for not making explicit adjustments. Altus argues a downward adjustment would be warranted—or in some instances rejection of the comparable altogether—because the Subject Property’s official plan designation and zoning are “General Employment Area” and “Industrial (M)”, respectively. Thus, approval from the government would be required to convert these designations to those which permit residential development.

Kroll recognizes that the Subject Property must receive an OPA and rezoning approval. Nevertheless, Kroll reaffirms Bousfields’ conclusion, which stated that these two applications would likely be approved by planning authorities. Their conclusion was reached based on the history of nearby approvals, the Subject Property’s transportation context, and planning policies which encourage mixed-use intensification. Given the foregoing, Kroll believes any prudent purchaser of the Subject Property would have anticipated approval of both an OPA and rezoning of the Subject Property to designations which permit residential development. We believe that with development properties, OPA, rezoning & development plan application need to be considered holistically under the context of land use controls. In other words, an appraiser cannot cherry-pick certain aspects of a property without considering the broader land use controls as a whole.

With this anticipated approval in mind, Kroll then believes that the source of land use control risk at the Subject Property lies on the entire process of getting the development plan application approved. The development application is how the owner receives approval for their specific project and requires various supporting documents including architectural plans, environmental impact analysis, and geotechnical studies. Further, the development application is vital because it contains the density of the project, which drives profitability. For example, a property with 100k square feet of land, in a market where developers pay \$30 per buildable square foot, would have a value of \$15M if the approved density is 5x ( $100k * 5 * \$30 = \$15M$ ). If the same project instead receives approval for only 4x density, the value drops by 20% to \$12M ( $100k * 4 * \$30 = \$12M$ ). Given the foregoing, Kroll adjusted the sale comparables for differences in their development application status at the time of sale which encompasses all types of approvals to get the land shovel ready.

## Principle of Anticipation

Kroll believes that buyers of development properties in the Greater Toronto area are willing to pay higher \$/BSF rates, even without official planning and re-zoning in place, because of the Principle of Anticipation. The Principle of Anticipation states that “anticipation of future benefits creates value in real estate markets...value is based on the market participants’ perception of the future benefits of acquisition”<sup>1</sup>. Therefore, part of the reason Kroll did not adjust for this difference is because market participants are still trading properties at a high price, notwithstanding the risk of official plan and zoning rejection.

To support this point, Kroll reviewed a sample of properties who, like the Subject Property, have a “General Employment Areas” designation on the official plan. Kroll looked at some of the properties who submitted unsuccessful City Conversion Requests to convert their designation to “Mixed Use Areas”. We then looked at what these properties traded at on a \$/BSF basis to understand the impact on pricing. As evidence, we submit the following two transactions, which traded at higher \$/BSF rates than our value estimate (\$25 bsf) despite having been rejected an OPA.

### Transaction Info

Address	Land Use Designation	City Decision	Date of Rejection	Buyer	Development Concept	Dev* GFA	Sale Date	Sale Price	\$/BSF
33 and 39 Davies Avenue	Core Employment Areas	Rejected	July 2023	First Gulf	15 storey office building is proposed	197,442 <sup>2</sup>	3/1/2020	\$12,750,000	\$65
4800-4830 Sheppard Avenue East	General Employment Areas	Rejected	July 2023	Terrabona and Kingsdale Developments.	Proposed 18-35 storey mixed use building with residential units.	1.3M <sup>3</sup>	8/1/2020	\$39,280,000	\$30

\*Dev stands for proposed development

<sup>1</sup> The Appraisal of Real Estate Third Canadian Edition, Page 3.3

<sup>2</sup> As per architectural plans submitted to the City of Toronto on January 18, 2023

<sup>3</sup> <https://terrabonacanada.com/>

The sale of 4800-4830 Sheppard Avenue East is a particularly relevant comparable for our analysis. This industrial flex and retail property is only 2km north of the Subject Property and sold with “General Employment Areas” official plan designation. At the time of purchase, the property had not secured a conversion to “Mixed Use Areas” on the official plan. Nevertheless, the purchaser shared the gross floor area for their proposed residential redevelopment on their website. Further, their purchase price of \$39,280,000 on August 1, 2020 represents a \$/BSF of \$30, which is consistent with Kroll’s comparables. Therefore, this sale is evidence that value for redevelopment sites can still crystalize at a level consistent with Kroll’s comparables, regardless of whether official plan redesignation has been approved.

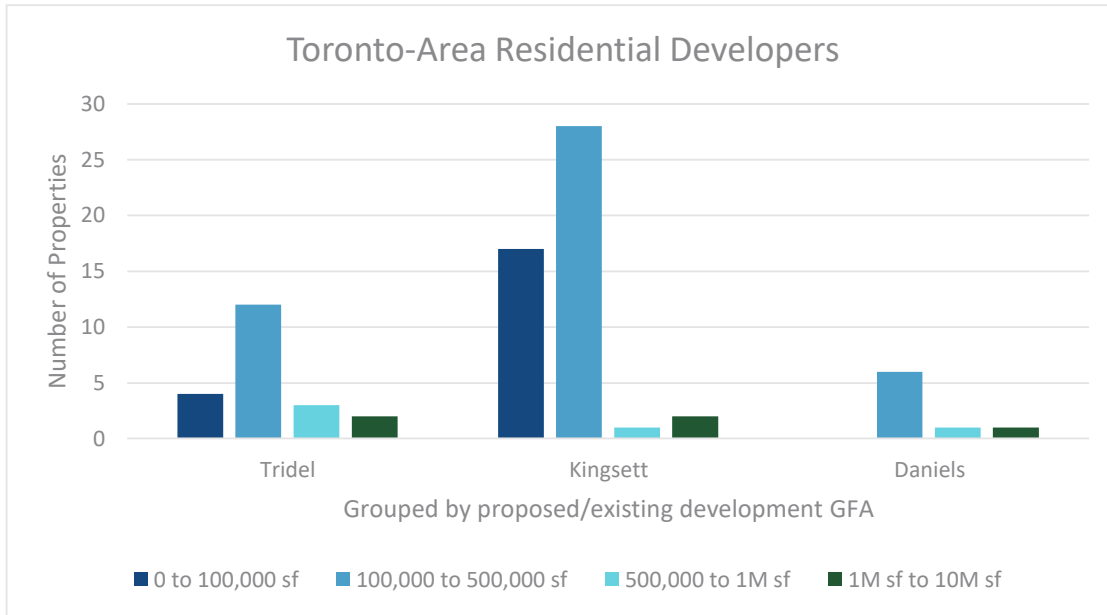
#### 4.1.2 Development Size

The Altus Review Report makes two separate critiques regarding the development size of Kroll’s comparables. Altus’ specific critiques and our responses follow.

##### **Differing Sizes and Market Participants**

Altus’ first critique is that Kroll’s sale comparables have such a sustainably smaller GFA than the Subject Property that they would “attract a different set of market participants, thus making this property not a cogent comparable” (Page 17). Therefore, Altus believes that certain comparables (1, 4, & 5) should be rejected on this basis.

Kroll critiques Altus for not providing any evidence to support the claim that market participants would not consider developments of varying sizes. These comments seem baseless, and we disagree with this characterization and believe that the same market participants could be attracted to both the Subject Property and its comparables, assuming that there is a financial incentive. To support this claim, Kroll researched the Toronto property portfolios of a few residential development companies. The results show that these firms have diverse portfolios with varying development sizes, indicating that they are willing to purchase properties of differing scale. We strongly disagree with Altus’s claim based on our own experience working with several small and large firms developing properties within the GTA.



Based on the rationale in the Altus Review Report, they consider Kroll’s comparables which have a development GFA of less than 500k square feet to be too small for comparison to the Subject Property. We can categorize “small” developments as those with less than 500k square feet, and “large” development as those with more. The above chart reflects the diversified nature of these developers’ portfolios.

**Lack of Adjustment for Size**

The Altus Review Report claims that a significant downward adjustment is required for comparables which have substantially higher GFAs compared to the Subject Property, given the inverse relation between the price per buildable square foot and GFA. Altus claims that “Kroll is silent on this in their report”.

Kroll’s response is that this statement is factually incorrect. Kroll made downward adjustments for land size in their “Improved Sales Comparison Table” on page 61 of the Kroll Appraisal. Additionally, Kroll discussed their rationale for these adjustments in their “Summary of Adjustments” section. For example, comparable 1 has a land area which is 162,435 square feet smaller than the Subject Property. This difference was considered on page 63 of the Kroll Appraisal:

*“Comp 1’s land area is much smaller than the Subject Property. Due to economies of scale, smaller land parcels typically trade on a higher \$/BSF basis, therefore we have adjusted the comparable downwards.”*

Kroll made similar adjustments for all comparables which had smaller land areas than the Subject Property.

#### 4.1.3 Application of the DCA with Limited Data

When searching for sales, Kroll used a 5km radius and only considered sales that occurred within two years of the Valuation Date. Also, given that the appropriate unit of comparison was the \$/BSF, Kroll only considered properties that had identifiable development proposals online which could be used in the denominator. Kroll recognizes that slightly expanding the search radius may result in selecting comparables that have differing locational characteristics. We also recognize that some comparables may have different land sizes than the Subject Property. However, we believe that any reasonable appraiser would have taken these comparables and adjusted for location and size based on the available data. Additionally, Kroll prioritized recent sales and thus had to expand the search radius. The academic literature states that the direct comparison approach involves “*comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices of the comparable properties...*”<sup>4</sup>. Therefore, Kroll does not believe that differences between the Subject Property and the comparables is a basis for rejecting them as indicators of value.

#### 4.2 Altus’ Revised Comparable Sales Adjustment Chart

Given their commentary on the Kroll Appraisal comparables, Altus prepared a “Revised Comparable Sales Adjustment Chart” on page 24. Before discussing their adjustment chart, Kroll would like to respond to the following critique.

Altus Review Report: “we do not believe that Kroll Comparable Sale No’s 1, 4, and 5 are cogent for valuation purposes, given that these sales feature proposed developments that are significantly smaller in scale than Kroll’s estimated gross floor area for the redevelopment of the Subject Property. Given the large discrepancy in buildable areas, each property would attract a different set of market participants, thus not satisfying the Principle of Substitution. In consideration of the foregoing, we have removed them from the Altus revised comparable sales adjustment chart.” (Page 24)

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<sup>4</sup> The Appraisal of Real Estate Third Canadian Edition, Page 13.1

Kroll's Response: As discussed in Section 4.1.2, the Altus Review Report does not provide any evidence that buyers of the comparables would not also demand the Subject Property. Kroll has provided observatory evidence by looking at three Toronto-area residential developers. Our results show that these developers own properties with a wide range of development gross floor areas. Therefore, Altus' claim that these properties would "attract a different set of market participants" is unfair and unsupported. Accordingly, these sale comparables should not be removed from the analysis.

Notwithstanding our disagreement with Altus, we have analyzed their revised adjustment chart under the premise that comparables 1, 4, and 5 are not suitable for the DCA. The Altus Review Report states that their adjustment chart implies a \$/BSF range of \$16 to \$18. Altus assigned two downward adjustment arrows for "Planning Status / Development Timing" for each of the comparables. We believe one of these arrows should have been removed to recognize the fact that none of these comparables had even submitted a development application at the time of sale, similar to the Subject Property. Using the numbers provided in Altus' revised sales chart, Kroll has calculated the value of an arrow and added it back to conclude on our revised \$/BSF rates. While Altus is not consistent across comparables, the average impact of an arrow on value is -16%.



Altus has 2 arrows. We suggest only 1, considering comps have no development application

Altus Revised Comparable Sales Adjustment Chart  
(As At April 16, 2021 Effective Date)

SALE NO.	UNADJUSTED PRICE PER SF Buildable	FINANCING	TIME	TIME ADJUSTED PRICE PER SF BUILDABLE	LOCATION	ACCESS	PLANNING STATUS / DEVELOPMENT TIMING	INTERIM INCOME	OVERALL ADJUSTMENT AFTER TIME	b	c	d	e	f	g	h	i	j	k
										Altus \$/BSF Range	Altus \$/BSF Range (high)	= b / a -1 % Overall Adjustment after Time (low)	= c / a -1 % Overall Adjustment after Time (high)	= average(b,c) / a -1 % Overall Adjustment after Time (average)	Net Number of Arrows	= f / g Value of an Arrow (%)	Kroll Number of Arrows	= i * h Kroll Revised % Adjustment	= a * (1+j) Kroll Revised \$/BSF
3	\$30	↔	↑	\$33.08	↔	↓	↓↓	↓	↓↓	16	18	-52%	-46%	-49%	4	-12%	3	-36%	\$21
6	\$25	↔	↑	\$28.99	↔	↔	↓↓	↓	↓↓	16	18	-45%	-38%	-41%	3	-14%	2	-28%	\$21
2	\$25	↔	↑	\$27.21	↓	↑	↓↓	↔	↓↓	16	18	-41%	-34%	-38%	2	-19%	1	-19%	\$22

Note: Adjustments are for general guidance (i.e. measure of magnitude) only.

Note: adjustments rounded to the nearest percentage

Revised \$/BSF	\$21
Development GFA	927,610 sf
Market Value	\$19,476,718
Kroll Original Value	\$23,200,000
Delta	-16%

Kroll's adjusted \$/BSF rates, after adding back an arrow to Altus' analysis, range from \$21 to \$22. We have selected \$21, based on the strength of comparable 6, which is situated on a similar sized land parcel and is located across the street from the Subject Property. Therefore, we gave this comparable the most weight in determining our conclusion.

### 4.3 The Sale of the Northern Lands

The Altus Review Report introduces the sale of the Northern Lands to support their revised \$/BSF rate of \$16 to \$18. Altus provides the following facts regarding this sale:

- Northern Lands sold on September 26, 2022 for \$11.5M
- The most recent development proposal for this property contains 707,727 square feet of gross floor area

These facts imply the unadjusted price of the transaction was \$16.25 per BSF. Altus adjusted the sale for changes in market conditions, development size, and planning status/development timing. Altus concludes that overall, a downward adjustment is warranted for the Northern Lands sale, which confirms their initial revised value estimate under Kroll's highest and best use.

Altus has neglected the fact that the sale conditions surrounding the Northern Lands transaction were abnormal; This property was sold out of insolvency proceedings. The Appraisal Institute of Canada (or "AIC") refers to this type of transaction as a "forced sale". On the AIC website, Iain Hyslop AACI, P. App. writes the following regarding forced sale valuations:

*"Further to this premise, in circumstances involving financial distress, the party being forced to sell may be an unwilling seller, hence creating circumstances where the seller is in a disadvantaged bargaining position contrary to the willing buyer/willing seller concept."<sup>5</sup>*

Our conversations with the Trustee reinforced our opinion that the Northern Land transaction qualifies as a forced sale. To this effect, the Trustee had the following comments:

*"With respect to the nature of the sale of the Northern Land please be advised that the Board of TRC, their legal advisors and the Monitor discussed at length the offers presented from the sale process conducted in 2022 and in each instance concluded that the property should be worth more and that the offers as presented were insufficient. However, given a lack of cash or other resources to maintain the property and take it back to market at a later date, the Company was forced to accept the highest and best offer available at the time which was the*

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<sup>5</sup><https://www.aicanada.ca/article/forced-sale-valuation/>

*offer presented to the court for approval. The sale of 1256 Markham Road was a forced sale.”*

The definition of market value has provisions for reasonable exposure time and assumes neither party is under undue stress. Both these conditions are not met in a forced sale and thus the transaction should not be considered reflective of market value. Thus, Altus’ claim that this transaction “*provides an accurate indication of market value for the Subject Property*” (Altus Review Report, page 25) is false.

Additionally, this transaction happened after the Valuation Date. CUSPAP 2020, the operative standards as at the Valuation Date, state the following regarding retrospective value opinions:

*CUSPAP 2020, 7.7.3: “Retrospective Value Opinion refers to an Effective Date prior to the date of the Report. The use of clear language and consistent terminology in a retrospective report (i.e. past tense throughout) is necessary so that **the reader is not misled and clearly understands market conditions as of the retrospective Effective Date.**”*

The market conditions as of the Valuation Date could not have foreseen a sale happening almost a year and a half in the future. Therefore, it is unfair that Altus has critiqued the Kroll Appraisal for not considering this sale. Including this sale in the Kroll Appraisal would not have been reflective of market conditions as of the Valuation Date.

Notwithstanding our concerns about the Northern Land’s sale condition, if we were to consider this transaction as indicative of market value, we would recommend a significant upward adjustment. In our professional judgement and based on previous experience, we believe the required adjustment for a forced sale would be between +10% to +20%. Therefore, the adjusted value (midpoint) of the Northern Land sale is \$18.69 per buildable square foot, or \$17,340,000 when applied to Kroll’s development proposal for the Subject Property.

#### 4.4 Wagner Appraisal

As previously mentioned in our letter of transmittal, the Wagner Appraisal was commissioned by GKM and located by the Trustee in the TRC files. The Wagner Appraisal valued the Northern Lands in a report dated August 19, 2020. Wagner was engaged by GKM and performed an appraisal with a valuation date of August 17, 2020. As of this date, the Northern Lands were designated “Mixed Use Area” on the official plan and zoned “M-Industrial”. Further, the owner had applied to the City of Toronto to

amend the zoning by-law to permit the development of residential uses, however the application was still under review as at the valuation date. Similar to the Kroll Appraisal, the Wagner Appraisal used residential redevelopment comparables in its DCA to estimate market value. Further, Wagner uses similar comparables to Kroll in that they had superior official planning and zoning at the time of sale, and they were for varying development sizes. The following Wagner Appraisal comparables are provided as examples:

- Index 1 (1560 Brimley Ave) – According to a final report for action dated August 26, 2019, this property had already been recommended for official plan amendment and rezoning at the time of sale. Additionally, this comparable has a development concept that is 383,195 sf smaller than the Northern Lands.
- Index 2 (4097 Lawrence Ave) – This comparable was also used in the Kroll Appraisal. At the time of sale, the comparable had commercial residential zoning. Also, the comparable had a development concept 409,803 sf smaller than the Northern Lands.
- Index 3 (1478 Kingston Road) – According to a final report for action dated August 28, 2019, this property had already been recommended for rezoning at the time of sale. Additionally, this comparable has a development concept that is 418,983 sf smaller than the Northern Lands.

The Wagner Appraisal’s comparables had the same differences which the Altus Review Report claimed were the basis for a transaction not being a “cogent” comparable. However, Altus is silent on these differences in their report.

## 5. Altus Appraisal 2 Critiques

### 5.1 Terms of Reference

As per CUSPAP 2024, the operative Standards as of writing, when completing a Review Report a member must identify various aspects of the report under review. These points of information are outlined below.

Information Required	Kroll Response
Identify the report under review	Altus Group appraisal dated February 9, 2024
Identify the author of the report	Robert Solnick, AACI, P .App

Identify the real property interest involved	Fee simple
Identify the Effective Date of the opinion	April 16, 2021
Identify whether the opinion is current, retrospective, or an update.	Retrospective
Identify the subject property.	1250 Markham Road, Toronto, ON

## 5.2 Market Conditions

Our research of conditions around the Valuation Date shows that market participants were shifting their focus away from religious facilities and towards traditional industrial properties. Given that the Subject Property has industrial zoning, we believe there would have been significant market pressure to convert the property from a church use into a more traditional industrial use. We critique Altus for not recognizing these market conditions and their implications on the Subject Property. Therefore, we believe Altus has failed the highest and best use test. The following two subsections will detail our research on the decline in religious affiliation in Canada, and the market appeal of alternative industrial uses.

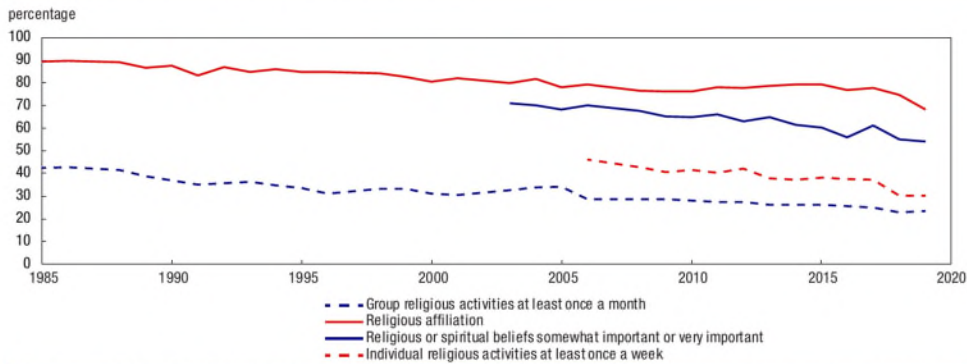
### 5.2.1 Decline in Religious Affiliation in Canada

In recent decades, Canada has seen a decline in religious affiliation and the practice of religious activities. In 1985, 90% of people aged 15 and older reported having a religious affiliation, compared with 68% in 2019, a decline of 22 percentage points. Also, the proportion of people who attend religious activities at least once a month halved during the same time period (from 43% to 23%). These results tend to be segregated by age. In general, the younger the cohort, the lower the proportion of those who report having a religious affiliation and the less frequent the participation in group religious activities<sup>6</sup>. This indicates that younger generations have a different relationship with religion, signaling a potentially fundamental shift. The chart below plots religious affiliation, perception of importance, and activities in Canada over the last forty years.

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<sup>6</sup> <https://www150.statcan.gc.ca/n1/pub/75-006-x/2021001/article/00010-eng.htm>

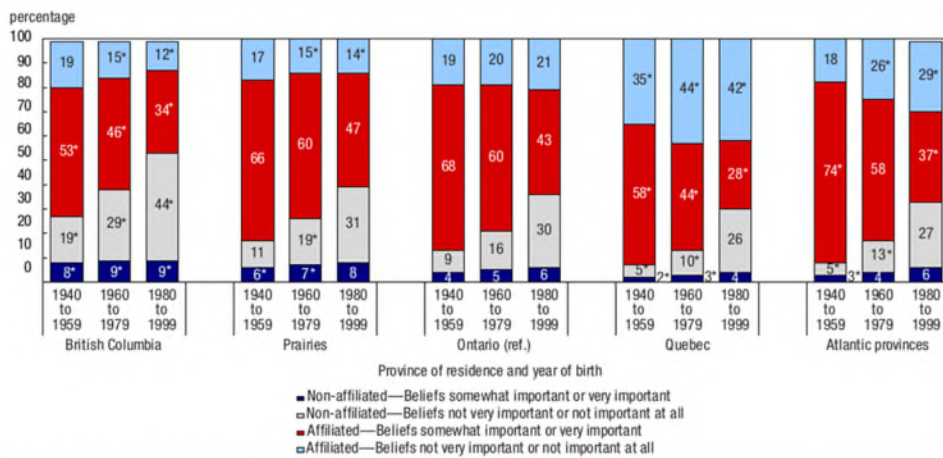
**Chart 1**  
Evolution of the different religiosity indicators, 1985 to 2019



**Note:** There were no GSS cycles in 1987 and 1997, and data from 2002 and 2007 were excluded from the study since these cycles only included people aged 45 or more. In addition, questions on group and individual religious practice were not asked in 2016. Missing values were replaced by the average of the preceding and following values.  
**Source:** Statistics Canada, General Social Survey, 1985 to 2019.

The chart below breaks these results out by province. In Ontario, as we study younger people, they are increasingly non-affiliated and do not believe religion is important.

**Chart 8**  
Religious affiliation and importance of religious or spiritual beliefs in how one lives one's life, by province of residence and year of birth, 2017 to 2019



\* different from the value for people in the same cohort residing in Ontario at  $p < 0.05$   
**Note:** Some result columns do not sum to 100% due to rounding.  
**Source:** Statistics Canada, General Social Survey, cycles 31, 32 and 34, 2017 to 2019

Declining religious affiliation and activity has an impact on the financial feasibility of a church. While churches are not income producing properties, appraisers should consider their economic profile as it can have an impact on the long-term viability of the operation. The most important part of any religious institution is fundraising, and if macro trends suggest religious participation is declining, this could impact the Subject Property in the form of reduced attendance and church revenues. The real estate needs of the church would change drastically, which would affect the highest and best use. The changing highest and best use is evident in the lack of church sales in the market.

Further, these reduced revenues are evidenced in market transactions where churches have sold surplus land to developers to raise funds. The Subject Property and the Northern Lands itself are an example of a church adapting to changing market conditions. The Subject Property owner recognized the increasing market for residential uses, and subsequent decline in their own real estate needs as a church, and felt it was appropriate to sever the parking lot and attempt to develop high rise towers. Another example is the 920-930 Progress Avenue transaction, referred to in the Bousfields responding report. This property was initially a church, but later had a site area specific plan approved for seniors' accommodation facilities and residential uses. These types of transactions are evidence of the real estate needs of churches being reduced and replaced by a more economically viable property type.

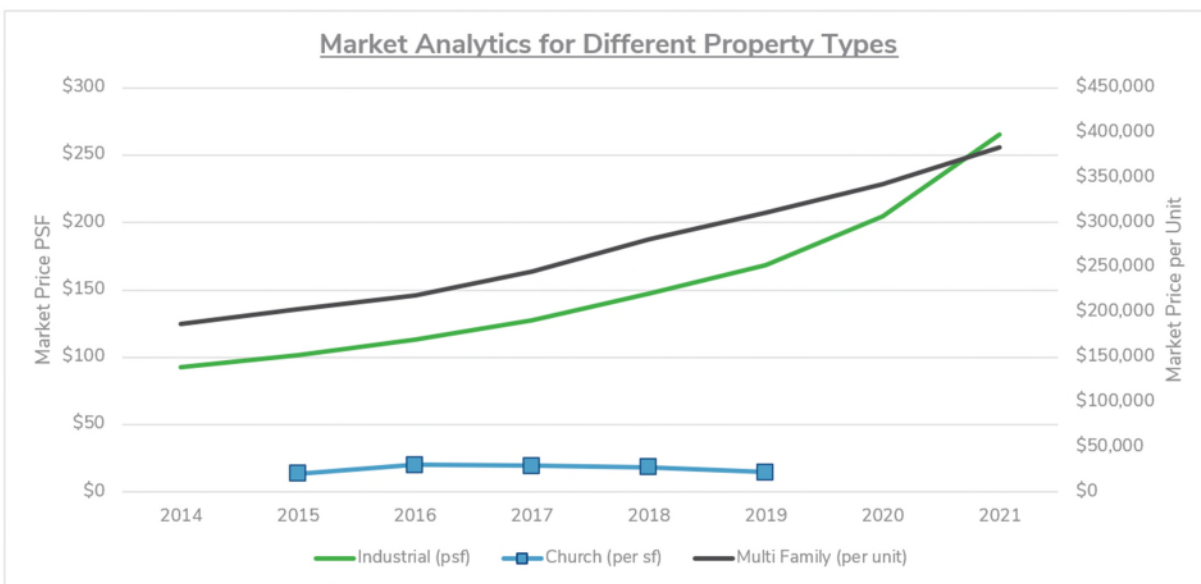
Separate from the highest and best use discussion is the impact of religious decline on property values. If religious institutions are suffering from declining attendance, it follows that budgets will be reduced. With less available capital, churches will shrink their footprints and focus on efficiency, rather than operating at the status quo. This proposition is supported by the data. In a study conducted by George Canning in 2020, 33 church property sales occurring after January 2010 were analyzed in and around Oxford County.



The purple line with red dots are the individual sales, and the black square dotted line is a smoothed trendline. The results indicate a downward trend in church pricing

beginning in 2018<sup>7</sup>. This data coincides with Chart 1, which showed an accelerated decline in religious affiliation in Canada starting in 2015.

To contrast these results with the broader real estate market, we have overlaid the above church figures with industrial and multi family property types. The line graph below plots the market price per square foot/unit of each asset from 2014 to 2021. The data indicate that while church values have slightly declined, industrial and multi family have seen almost exponential growth over the analysis period. The divergence in the line chart adds credibility to the argument that the highest and best use of the Subject Property is not as a church.



We critique Altus for not discussing these macro trends in their economic overview or highest and best use sections. The Subject Property operates in an environment where religious affiliation and activity have been declining in the country for decades. This may impact the financial feasibility of the church. This would impact not only highest and best use, but also property value. Further, Altus has not explained how these trends would affect their sale comparables. Three of Altus’ sale comparables occurred before 2019, and thus the use of dated data will reduce the accuracy of their market value estimate.

<sup>7</sup>[https://www.aicanada.ca/wp-content/uploads/CPV1-20Valuation\\_Church\\_Properties-English.pdf](https://www.aicanada.ca/wp-content/uploads/CPV1-20Valuation_Church_Properties-English.pdf)



### 5.2.2 Consideration of Alternative Uses

The Altus Appraisal 2 did not conduct a thorough financial feasibility test in their highest and best use analysis. Altus does not consider any alternative uses of the Subject Property, a key aspect of the financial feasibility test. Granted that Altus does not believe residential redevelopment is possible, there are other uses of the Subject Property under its “Industrial (M)” zoning designation that provide value. See below for two legally permissible and physically possible uses of the Subject Property, which would yield greater financial returns than Altus’ market value:

Financial Feasibility Analysis		
Use	Market Value	Notes
As-Is with Parking Costs (Altus)	\$7,750,000	See Appendix A for more details. Kroll performed a 10km radius industrial land sales search and selected the average of the unadjusted blended range to estimate the Subject Property’s land value. We then subtracted demolition costs, estimated using MVS.  See Appendix B for more details. Kroll estimated the market rent for the Subject Property if converted to a more traditional industrial use (i.e. warehouse, distribution). Kroll then capitalized this rent at an appropriate cap rate to estimate the market value as-if complete. Kroll then made adjustments for leasing commissions, tenant improvements, and revenue loss due to timing.
As-If Vacant Land Value	\$9,700,000	
As-If Converted to Industrial	\$20,060,000	

Under both these highest and best use options, the market value of the Subject Property is enhanced over the Altus Appraisal 2’s conclusion. Therefore, by not evaluating these viable alternatives, Altus failed the financial feasibility test and underestimated their market value.

### 5.2.3 Conclusion – Financial Feasibility

Given the changing market conditions, the Altus Appraisal 2 did not sufficiently analyze the financial feasibility of the Subject Property’s current or alternative uses. Accordingly, Altus has failed the highest and best use test as improved.

### 5.3 Parking Spaces

The Altus Appraisal 2 states that the Subject Property's zoning by-law requires them to provide at least 455 parking spaces. Accordingly, because the property as-is only provides 170 parking spaces, Altus concludes that a 5-storey parking structure is required to meet the threshold. Also, Altus states that the existing surface parking spots are in poor condition and require immediate replacement. In this section, we will investigate the basis for Altus' 455 space parking requirement and their claim that all surface parking spaces need to be replaced. Further, we will analyze Altus' projected parking costs to determine if they are reasonable.

#### 5.3.1 Parking Requirements Post-Severance

Page 31 of the Altus Appraisal 2 states the following regarding parking requirements at the Subject Property:

*On May 12, 2010, a Minor Variance was granted to permit a total of 455 parking spaces on the Subject Property site, whereas the zoning-by law required a minimum of 509 parking spaces.*

We believe this statement omits key details from the zoning by-law. On August 17, 2018, GKM received approval from the Local Planning Appeal Tribunal (or "LPAT") for a zoning amendment to permit their proposed TRC development. In that LPAT decision is contained the amended table of required parking rates (See Appendix E). The parking section only mandated a minimum number of parking spaces for dwelling units, offices, medical offices, retail stores, and other types of commercial real estate. The section also mentions that these spaces must be operated under the sponsorship of a non-profit organization for the parking requirements to be in effect. Nowhere in the parking section does it mention a place of worship, religious facility, or church. Therefore, it is our understanding that the multi-level parking structure would only be required if the Northern Land was being developed under the sponsorship of a non-profit organization, which in this case would have been TRC. Given that TRC has entered CCAA, and the Northern Land has been sold, we can conclude that the developer's initial plan will not be completed. Therefore, because the TRC development is not proceeding, there would not necessarily be a parking requirement at the Subject Property. We believe the Altus Appraisal 2 is misrepresenting the parking requirements of the Subject Property.

Additionally, the current zoning by-law contains a provision, enacted in 2022, which removes minimum parking requirements for places of worship. There are now maximum requirements as follows<sup>8</sup>:

Parking spaces must be provided:

- a) in Parking Zone A (PZA) at a maximum rate of 3.5 for each 100 square metres of gross floor area;
- b) in Parking Zone B (PZB) at a maximum rate of 4.0 for each 100 square metres of gross floor area; and
- c) in all other areas of the City, at a maximum rate of 6.0 for each 100 square metres of gross floor area.

For context, other property types that have similar parking requirements include industrial sales and service, manufacturing uses, warehouses, and wholesaling. The Subject Property is not in a parking zone. Therefore, based on the foregoing, the maximum spaces allowable at the Subject Property is 444.

Even though the by-law change occurred after the Valuation Date, the market would have been anticipating the revision because it was known to the development community. In a January 2021 “Report for Action” from the City of Toronto Chief Planner, the push for amendments to the parking requirements were described as follows:

*“Ongoing significant investments in transit and infrastructure are intended to provide travel choices to more people and reduce demand for automobile based travel. Removing minimum automobile parking requirements from and increasing the use of maximum automobile parking requirements in zoning by-laws would also reduce the risk of a future oversupply of automobile parking” (Report for Action, Page 1)*

This current parking rule is confirmatory evidence that the Subject Property did not require a minimum of 455 spaces. We critique Altus for not addressing the maximum, rather than minimum, parking requirements at the Subject Property.

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<sup>8</sup>[https://www.toronto.ca/zoning/bylaw\\_amendments/ZBL\\_NewProvision\\_Chapter200.htm](https://www.toronto.ca/zoning/bylaw_amendments/ZBL_NewProvision_Chapter200.htm)

### 5.3.2 Projected Parking Costs

As previously discussed, we disagree with Altus’ premise regarding the parking requirements at the Subject Property. However, for the purposes of this specific analysis, we have accepted that the Subject Property has a minimum parking requirement of 455 spaces. Altus has referred to a cost budget provided by Maple Reinders to estimate the cost of constructing a 390 space multi-level parking structure. Altus has also included the cost of replacing all 65 existing surface parking spaces, based on their conversations with the owner. In total, Altus has projected ~\$14M in CAPEX which needs to be immediately spent by any purchaser of the Subject Property. See the below table for their projections.

Parking Type	Number of Spaces	Cost per Space	Total Cost
Multi-Level Parking Structure	390	\$35,588 <sup>1</sup>	\$13,879,320
Surface Parking Space	65	\$4,200 <sup>2</sup>	\$273,000
<b>Total</b>	<b>455</b>	<b>\$39,788</b>	<b>\$14,152,320</b>

Kroll’s concerns are contained below.

#### 1. Reliance on Maple Reinders Estimate

To calculate the cost of constructing the multi-level parking structure, Altus relies on two budgets provided by Maple Reinders: as of May 2018, and May 2019. Altus calculates the cost per parking space under both scenarios, along with the annual percentage change (+19%). To estimate the cost per space as of the Valuation Date, Altus took the Maple Reinders May 2019 cost estimate and compounded two years of growth at +19%.

The Altus Appraisal 2 performs some due diligence on the Maple Reinders budget by costing the structure using the Altus Construction Cost Guide. However, by the guide’s own admission, “the construction data contained herein are of a general nature only and are subject to confirmation with respect to specific circumstances”<sup>9</sup>. We believe Altus should have gotten more customized cost estimates to corroborate Maple Reinders’

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<sup>9</sup> Altus Construction Cost Guide 2024, Page 10

budget. We have independently obtained three cost estimates for the multi-level parking garage as of the Valuation Date:

Source	Cost Estimate	Notes
Marshall & Swift Valuation Service (MVS)	\$10,998,259	Costing takes into consideration hard & cost costs, and entrepreneurial profit. See Appendix C for more details.
Third Party Contractor (1)	\$8,600,000	Cost does not include permit fees, development charges, and site plan costs
Third Party Contractor (2)	\$8,518,519	

Our research and analysis indicates that Altus’ cost estimate of \$13,879,320 to build the multi-level parking structure is high relative to our independent sources, and we critique the Altus Appraisal 2 for not adequately corroborating the Maple Reinders budget.

Separately, we note that the Maple Reinders construction budget in the Altus Appraisal 2 is for the construction of 752 parking spaces, which is 362 more than what Altus is proposing. Therefore, the budget might not be directly comparable to Altus’ multi-level parking structure.

**2. Estimate of Construction Cost Inflation**

As previously stated, the implied annual inflation rate in the Maple Reinders construction budget was 19%. To validate this number, Altus compared it to the pricing increases found in the Altus Construction Cost Guides, which were similar at 16% per annum.

We disagree with Altus’ approach of comparing previous cost guides to calculate construction cost inflation. The cost guide itself advises against such a comparison because its market standards, definition, and scope of building categories changes periodically.

See below for an excerpt from the FAQ section of the 2024 Altus Cost guide: (Used by Altus in its appraisal)

Q. I want to measure cost escalation from year to year. Will comparing the current Cost Guide numbers to previous Cost Guide numbers provide me with a useful measure of annual cost escalation?

A. We do not recommend using the Cost Guide to measure cost escalation...What is typical of one city may not be typical of another city. Similarly, what is typical of a building type today, may not have been typical of the same building type 5 years ago. We also change the definition and scope of the building categories periodically, thereby making accurate year over year comparisons unfeasible.

A reasonable appraiser would have found different sources to measure construction cost inflation. Kroll found the following two sources for measuring such inflation which are more supportable:

- MVS Comparative Cost Indexes – “The Purpose [of Section 98] is to present data necessary to bring previously established costs of buildings and equipment up to date or back in time, to compare typical costs established at different times and locations, or to form a basis of forecasting future cost changes”
- Statistics Canada Building Construction Price Index (BCPI) – “The BCPI are quarterly series that measure change over time in the prices that contractors charge to construct a range of new commercial, institutional, industrial and residential buildings”

These two sources are explicitly designed to compare current and historical costs, and therefore are a better basis for calculating the inflation that should be applied to the Maple Reinders budget. The construction cost inflation between May 2019 and the Valuation Date observed from these two sources are below:

MVS Issue	Location	Building Class	Index Value
April 2021 Index	Toronto, ON	B: Reinforced concrete frame	4541.1
May 2019 Index	Toronto, ON		4364.1
<b>% Change</b>			<b>4.1%</b>
Stats Canada Building Construction Price Index (BCPI)	Location	Building Class	Index Value
Q2 2021 Index	Toronto, ON	Non-residential buildings	119.9
Q2 2019 Index	Toronto, ON		108.3
<b>% Change</b>			<b>10.7%</b>
<b>Average</b>			<b>7.4%</b>

If we apply Kroll’s more supportable inflation estimate of 7.4% to the Maple Reinders’ cost per space estimate of \$25,047, we calculate a cost per space of \$26,896 as of the Valuation Date. This implies a multi-level parking structure cost estimate of \$10,489,565, which is ~\$3.4M below the Altus number.

### 3. Aldgate Parking Lease

In its analysis of required parking spaces at the Subject Property, the Altus Appraisal 2 did not mention the spaces which the owner leases from Aldgate Construction (1988) Limited (or “Aldgate”). As per the agreement to assign, amend, and extent the lease (the “Aldgate Lease”, attached as Appendix D), the owner leased parking spaces from Aldgate contained in a parking garage at 1200 Markham Road. This property is located just south of the church, with access provided off Markham Rd and Ellesmere Rd. The term of the Aldgate Lease, which is an extension of the original lease, is from August 1, 2021 to January 31, 2024. The owner pays Aldgate \$20,000 per month for access to the demised parking spaces.

We critique the Altus Appraisal 2 for not considering the Aldgate Lease. Given that the owner had access to off-site parking spaces to accommodate its congregation, this may have influenced the parking capacity requirements of the Subject Property. Further, the Subject Property owner could make an offer to purchase the parking spaces from Aldgate to offset some of the costs associated with building the multi-level parking structure. We present a simple calculation of the value of the Aldgate Lease below. While we were not provided with the number of parking spaces in the Aldgate Lease, the purchase of any spaces would help the Subject Property address its parking requirements.

Lease Commencement	9/1/2018
Lease Expiry	1/31/2024*
Rental Rate	\$20,000 per month

#### Kroll's Estimate to Buy the Parking Spaces

a	b	c = a / b
Rental Rate per Annum	Cap Rate for Parking Facilities	Value of Leased Parking Spaces
\$240,000	5.75% **	\$4,173,913

\* At the expiration of the term, the Tenant has the option to extend the lease for an additional 30 months at the same terms and conditions, given the Tenant provides at least 6 months’ notice.

\*\*Parking cap rate taken as the average of the range provided by JLL:  
<https://www.us.jll.com/en/views/parking-industry-considerations-for-investors>

The value of the parking spaces (~\$4.2m) is much lower than the cost of the multi-level parking structure provided by Altus (\$13.9m), indicating a potential opportunity to save costs.

### 5.3.3 Surface Parking Spots

The Altus Appraisal 2 concludes that all 65 existing surface parking spaces at the Subject Property are in a state of deferred maintenance and need to be replaced immediately. This assumption impacts value by way of a \$273,000 CAPEX charge to pay for the construction of new spaces. To support their conclusion, Altus states the following:

*“In addition, according to the Subject Property Owner, all of the existing surface parking spaces will need to be replaced due to their overall poor condition, current limiting load bearing capacity, as well as to accommodate the construction of the multi-level parking structure” (Page 34)*

The last point of Altus’ sentence is moot because as per their proposed site plan excerpt, the 65 surface parking spaces already exist on the periphery of the lot and will not be directly impacted by the multi-level structure; therefore, no accommodation is required.

Referring to Altus’ points regarding the parking spaces’ poor condition and current limiting load bearing capacity, the appraiser presents no supporting evidence to substantiate this claim, other than quoting the Subject Property owner. We critique Altus for accepting this statement from the owner and adjusting their market value without conducting any due diligence. A third party opinion should have been obtained to validate the owner’s claim that the parking spaces require immediate replacement. Therefore, because the premise of the \$273,000 surface parking space cost is unsupported, we believe this cost should be removed from the Altus Appraisal 2.

### 5.4 Altus’ Application of the DCA

While we disagree with the highest and best use analysis contained in the Altus Appraisal 2, for the purpose of a hypothetical valuation exercise and for the sake of argument, we will accept their conclusion that the highest and best use of the Subject Property is the as-is use as a religious facility.



The Altus Appraisal 2 makes unsupportable adjustments to their comparables. As a result, their market value is understated.

More specifically, in Altus' adjustment chart and commentary, we believe that:

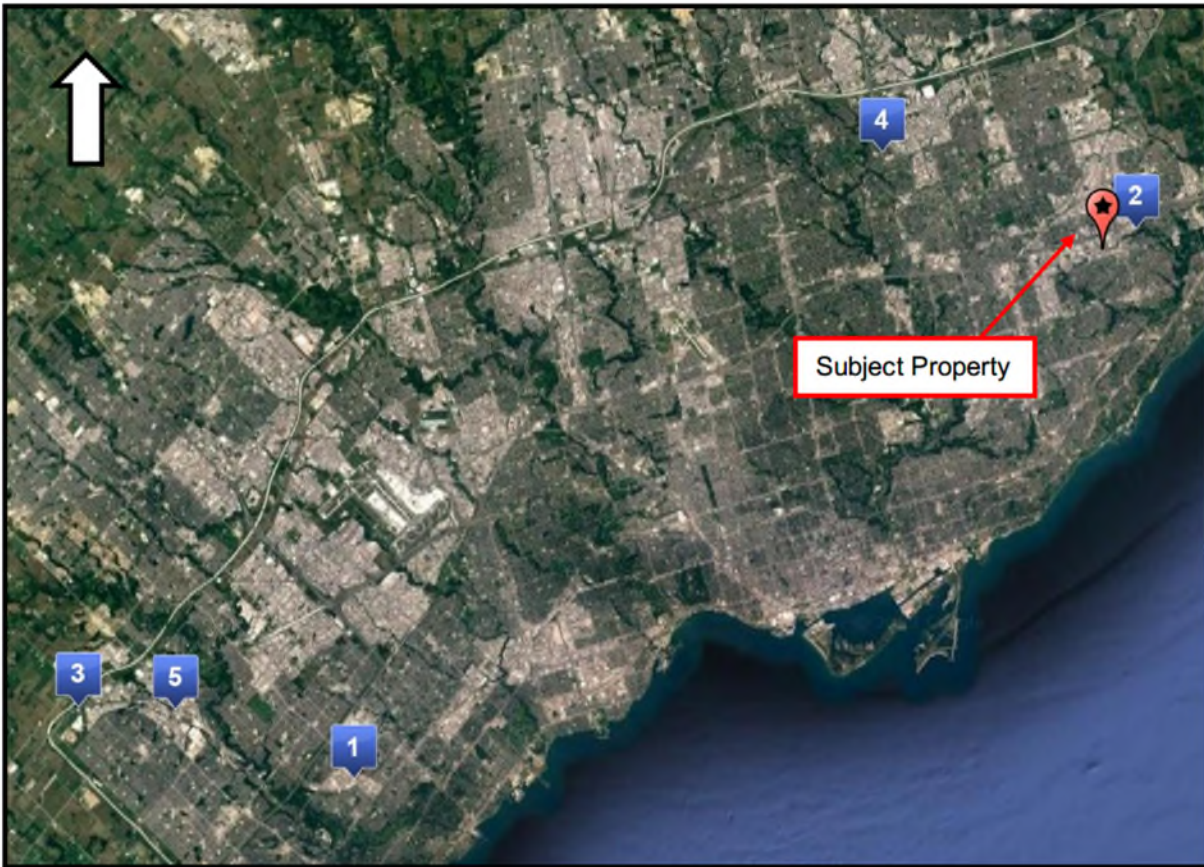
- They are not consistent in their application of the time adjustment;
- Comparable 5 transacted at a significantly lower price compared to the other comparables (\$148 PSF less than the second lowest price). This comparable is an outlier and not cogent for the DCA; and
- They make downward adjustments for location and quality which are not supported.

The Altus Appraisal 2 presents five (5) religious facility sale comparables for their DCA. These sales traded at unadjusted \$/PSF rates ranging from \$95 to \$390. See below for a table and map of Altus' comparables.

**Comparable Land Sales Chart**

No.	Effective Date / Transaction date	Address	Municipality	Price	Building size (sq.ft.)	Price/sq.ft.
Subject Property	4/16/2021	1250 Markham Road	Toronto	---	79,625	---
1	1/18/2021	3450 Wolfedale Road	Mississauga	\$7,500,000	26,000	\$288
2	2/28/2019	930 Progress Avenue	Toronto	\$8,500,000	35,000	\$243
3	6/28/2018	7755 Tenth Line West	Mississauga	\$15,500,000	39,751	\$390
4	8/31/2016	2 Simonston Boulevard	Markham	\$8,700,000	26,988	\$322
5	1/29/2016	6630 Turner Valley Road	Mississauga	\$4,750,000	49,850	\$95

**Comparable Sales Map**



Source: Google Maps, Modified by Altus.

Our critiques of Altus’ sale comparables and their adjustments follow:

**Comparable Analysis**

- Comparable 5 transacted at a significantly lower price compared to the other comparables (\$148 PSF less than the second lowest price). The sale occurred five years before the Valuation Date, is 44 years older than the Subject Property, and has a land area that is half the size. This comparable is an outlier and not cogent for the DCA.

**Time Adjustments**

- Comparable 2 transacted two years before the Valuation Date and received no time adjustment. However, other comparables that transacted before the Valuation Date (comparables 3, 4, & 5) received an upwards adjustment. Altus is not consistent in the application of the time adjustment. Consider the fact that comparable 3 was deemed to have inferior market conditions relative to

comparable 2, despite only eight months separating the transactions. Conceptually, it is difficult to understand how the market for religious facilities markedly improved over the course of eight months. To keep consistent, we believe comparable 2 should have been adjusted upwards for market conditions.

### Location Adjustments

- Altus adjusts comparables in Mississauga & Markham downward for location. They explain that these properties have “higher unit end pricing for employment properties” (Page 69). However, the appraiser has concluded the highest and best use of the Subject Property as a church. Therefore, the price of more traditional employment properties is irrelevant in the location adjustment. Religious facilities can be considered a specialty property type that does not mimic industrial valuation trends. The appraiser needs to prove that religious facilities in Mississauga & Markham sell at a premium to those in Scarborough. Altus is silent on this in their appraisal. Given that we could not find sufficient market data or reports on religious facilities to support a conclusion, we believe no adjustments are warranted for location.

### Property Characteristics Adjustments

- Comparable 1 was not adjusted for property characteristics. However, this property is 27 years older than the Subject Property and has 87 fewer parking spaces. Therefore, Altus’ lack of adjustment is not supportable. We find an upward adjustment for inferior quality supportable;
- Comparable 4 was adjusted downward for superior property characteristics. However, it is 18 years older than Subject Property and has 47 fewer parking spaces. Therefore, the downward adjustment is not supportable. In fact, an upward adjustment for inferior quality is supportable; and
- We believe both these adjustments should more than offset any downward adjustment made for the comparables’ smaller building sizes.

Based on the foregoing, we present a revised adjustment grid of Altus’ religious facility comparables.

### Kroll Recalculated Adjustment Grid

Sale No.	UNADJUSTED PRICE PER SF/BLDG	TIME		FINANCING	MOTIVATION	LOCATION/ AREA		PLANNING/ DEVELOPMENT TIMING	PROPERTY CHARACTERISTICS		OVERALL ADJUSTMENT AFTER TIME	
		Kroll	Altus			Kroll	Altus		Kroll	Altus	Kroll	Altus
3	\$390	↑		↔	↔	↔	↓	↔	↓		↓	
4	\$322	↑		↔	↔	↔	↓	↔	↑	↓	↑	↓
1	\$288	↑	↓	↔	↔	↔	↓	↔	↑	↔	↑	↓
2	\$243	↑	↔	↔	↔	↔		↔	↑		↑	

(1) Red indicates an arrow that contradicts with Altus

(2) Where Kroll shows an arrow, the magnitude of the adjustment is +/- 5%, except for time. Time adjustments are made based on the historical rate of CPI inflation.

Based on the revised adjustment grid, the sales indicate an adjusted \$PSF range of \$267 to \$393, with an average of \$334. In evaluating the comparables, we place the most weight on Comparable 2 as it is closest to the Subject Property (0.5km north) and transacted recently relative to the other deals. Therefore, a conclusion slightly below the average of \$330 PSF is deemed indicative of market value for the Subject Property, under Altus’ highest and best use.

We have presented the following three valuation scenarios regarding CAPEX. The first scenario accepts Altus’ requirement to construct a multi-level parking garage, however it substitutes their cost estimate with our MVS number (Appendix C). The second scenario assumes that the Subject Property owner buys the Aldgate Lease interest, which would satisfy their parking requirement. The third scenario assumes the existing parking capacity is sufficient and no CAPEX is required.

Kroll Religious Facility Market Value Conclusion				
DCA Value	79,625 sf	x	\$330 psf <sup>10</sup>	= \$26,276,250
	Scenario 1	Scenario 2	Scenario 3	
CAPEX for Parking	\$10,998,259	\$4,173,913	\$0	
<b>Market Value</b>	<b>\$15,280,000</b>	<b>\$22,100,000</b>	<b>\$26,280,000</b>	

## 6. Kroll’s Concluding Comments

### 6.1 Summary of Responses & Critiques

By way of conclusion, Kroll rejects the findings and conclusions set out in both the Altus Review Report and the Altus Appraisal 2. We have provided our detailed response above and conclude by summarizing the following points:

- The Altus Review Report does not address any of the critiques in the Kroll Review Report, dated August 17, 2023.
- Kroll recognizes that the Subject Property must receive an official plan amendment (or “OPA”) and rezoning approval. Nevertheless, Kroll reaffirms Bousfields’ conclusion, which stated that these two applications would likely be approved by planning authorities. Kroll also affirms the Bousfields reply planning report. Kroll believes any prudent purchaser of the Subject Property would have anticipated approval of both an OPA and rezoning of the Subject Property to designations which permit residential development. Further, because of the Principle of Anticipation, other properties which have similar official planning and zoning as the Subject Property still trade at a high \$/BSF, indicating this risk does not materially degrade prices. Lastly, any reasonable appraiser would have used the search criteria employed by Kroll. The Kroll Appraisal prioritized nearby, recent sales in their search. No two properties are identical, and appraisers adjust for differences. These differences are not the basis for rejection of comparables or value estimates.
- Kroll disagrees with Altus’ claim that because the comparables differ in size, they would “attract a different set of market participants”. Developers in Toronto accept projects of varying sizes given there is financial incentive.

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<sup>10</sup> PSF: the market value of real estate for every square foot of existing gross floor area. This metric considers what building(s) are in place and does not consider development potential.

- Kroll disagrees with Altus’ “Revised Comparable Sales Adjustment Chart”. In their adjustment chart, Altus did not consider the fact that the comparables had no development applications at the time of sale. Reversing one of Altus’ downward arrows in their chart leads to a \$/BSF range of \$21 to \$22.
- Kroll disagrees with Altus that the sale of 1256 Markham Road (the “Northern Lands”) can be used as an indication of market value for the Subject Property. Altus has not made any comment about the sale conditions of the Northern Lands, specifically how this was a forced sale. Also, it is unfair to critique Kroll for not considering this transaction, as it occurred after the Valuation Date.
- Kroll disagrees with the Altus Appraisal 2’s characterization of the parking requirements at the Subject Property.
- Kroll believes Altus has overestimated the cost of constructing parking improvements.
- The Altus Appraisal 2 uses dated and distant comparables in the DCA. These comparables are not cogent.
- Notwithstanding the foregoing, the Altus Appraisal 2 makes multiple unsupported adjustments to the sale comparables. Based on their professional judgement, Kroll has adjusted Altus’ sale comparables and presented a “Recalculated Adjustment Grid”.
- The Altus Appraisal 2 only considers the current use as a church when performing the highest and best use analysis. Altus has not considered market value under different scenarios, such as the underlying value of industrial land or conversion to a different type of industrial property. These scenarios produce higher values than the Altus Appraisal 2, indicating that the highest and best use test was insufficient. Also, Altus does not consider the impact of declining religious affiliation and participation in Canada. This significant trend impacts the Subject Property’s highest and best use, and market value.

## 6.2 Final Statement

Kroll affirms the views previously expressed in the Kroll Appraisal dated August 17, 2023.

## 7. Restrictions and Qualifications

### General Assumptions and Limiting Conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of liens, easements, encroachments, and other encumbrances unless otherwise stated, and all improvements are assumed to lie within property boundaries.
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.
4. Full compliance with all applicable federal, provincial and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the appraisal date hereof.
6. Responsible ownership and competent property management are assumed.
7. The allocation, if any, in this report of the total valuation among components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
8. Areas and dimensions of the property were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
10. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.

11. Neither Kroll REAG nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereto have been made.
12. This appraisal has been made in conformance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute of Canada.
13. We have not been engaged nor are we qualified to detect the existence of hazardous material, which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.
14. The date of value to which the conclusions and opinions expressed in this report apply is set forth in the opinion letter at the front of this report.

## 8. Extraordinary Assumptions

Under CUSPAP, an extraordinary assumption is defined as “An assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions.” The following extraordinary assumptions are applicable to the analyses contained in this report:

- We have not been provided with or completed an environmental site assessment. It is assumed as an Extraordinary Assumption that there are neither soil, subsoil, hazardous or environmental conditions that would preclude development of the property or that would adversely affect the Market Value estimates herein.
- Indications of development density and development timing were obtained from a sample of relevant planning applications for comparable properties in the vicinity of the Subject Property, and through the consideration of an independent professional land use planning opinion provided by Bousfields. These date sources indicate that a Floor Space Index (FSI) of 5.0x would appear reasonable for the Subject Property and are assumed herein as an Extraordinary Assumption.
- An interior inspection of the Subject Property was not completed. The condition of the building as reported herein is based on available information and is relied upon as an Extraordinary Assumption.



## 9. Hypothetical Conditions

Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in CUSPAP for hypothetical conditions.

No hypothetical conditions were made for this assignment.

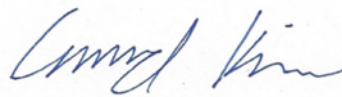
## 10. Certification

We certify that, to the best of our knowledge and belief:

- 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 impartial and unbiased professional analyses, opinions, and conclusions;
- We have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
- 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 and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
- We have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
- Conrad Kim has completed an exterior inspection of the property that is the subject of this report;
- As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program; and
- The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.



Prakash Venkat, AACI  
Senior Director  
Membership No. - 905486  
Expiration Date - August 31, 2024  
prakash.venkat@kroll.com



Conrad Kim, AIC Candidate Member  
Analyst  
Membership No. - 918391  
Expiration Date – September 30, 2024  
conrad.kim@kroll.com

## 11. Appendix

## Appendix A – Industrial Land Sales Analysis

Property Address	Price Per AC Land	Zoning	Land Area AC	Sale Price	Sale Date	Secondary Type
Silver Star Blvd	\$1,847,375	E 0.5	2.71	\$5,000,000	2021-03-11	Industrial
3161 Kennedy Rd	\$3,402,772	RM	2.88	\$9,800,000	2020-11-04	Industrial
116 Select Ave	\$1,326,524	E 0.7	0.98	\$1,300,000	2020-06-02	Industrial
28 Trojan Gate	\$3,960,788	EH 0.5	0.35	\$1,370,000	2020-03-11	Industrial
Scottfield Dr	\$1,615,385	E	1.30	\$2,100,000	2019-08-13	Industrial
1000 Markland St	\$2,148,636		1.98	\$4,263,435	2020-12-15	Industrial

20km Radius around Subject Property

Unadjusted Blended Range - \$/Acre			
	Comp Range	Subject Property Area	Subject Property Land Value
Low	\$1,326,524		\$5,649,667
High	\$3,960,788	4.259 acres	\$16,868,998
Average	\$2,383,580		<b>\$10,151,668</b>

Church Demolition Costs	
Gross Building Area	79,625 sf
MVS Demolition Cost PSF (Mar 2021)	\$5.65
<b>Total Demolition Cost</b>	<b>\$449,881</b>

As-If Vacant Industrial Land Value	
Industrial Land Value	\$10,151,668
Less: Demolition Costs	\$449,881
<b>Market Value</b>	<b>\$9,701,787</b>

Appendix B – Conversion to Industrial Facility

		Direct Capitalization		
Tenant	NRA (SF)	Market Rent	\$/Year	Comments
Speculative Industrial Tenant	79,625	12	\$955,500	
Vacancy & Credit Loss			0%	
Effective Gross Income			\$955,500	
Operating Expenses			0	Lease is net to the landlord.
Net Operating Income			\$955,500	
Cap Rate			4.25%	
Fair Market Value As-If Complete			\$22,482,353	
Less: CAPEX				
PV of Leasing Commissions			\$439,102	8% year 1 net rents, 3.5% thereafter
Tenant Improvements			\$756,438	\$4-\$15 PSF
Revenue Loss			\$1,222,317	Conversion from church to industrial will take 1 year, 5.75% discount rate
Fair Market Value			\$20,064,496	

## Appendix C – MVS Costing of Multi-Level Parking Structure

MVS DIRECT BUILDING COSTS		
BUILDING	1	TOTAL
Description	Parking Structure	
MVS Building Type	Parking (Parkade) Structures	
Number of Stories	5	
Height Per Story (Feet)		
MVS Section/Page	14/34	
Building Class	B	
MVS Publication Date	4/1/2021	
Quality Rating	Average	
BASE COST / SQUARE FOOT		
Component GBA SF	102,905	102,905
MVS Base Cost \$/SF	\$56.00	
SQUARE FOOT REFINEMENTS		
Stand Pipe	\$3.40	
Elevators	\$3.78	
Subtotal \$/SF	\$63.18	
HEIGHT & SIZE REFINEMENTS		
Number of Stories Multiplier	1.010	
Height Per Story Multiplier	1.000	
Floor Area Multiplier	0.949	
Subtotal \$/SF	\$60.56	
COST MULTIPLIERS		
Current Cost Multiplier	1.090	
Local Area Multiplier	1.280	
Subtotal \$/SF	\$84.49	
DIRECT BUILDING COSTS MARSHALL VALUATION SERVICES		
Direct Building Cost Total	\$8,694,276	\$8,694,276
<b>DIRECT BUILDING COSTS TOTAL</b>	<b>\$8,694,276</b>	<b>\$8,694,276</b>
<b>DIRECT BUILDING COSTS TOTAL \$/SF</b>	<b>\$84.49</b>	<b>\$84.49</b>

### MVS INDIRECT BUILDING COSTS

Market Range High	20%	
Market Range Low	10%	
Concluded	15%	

MVS INDIRECT BUILDING COSTS		
BUILDING	1	TOTAL
Direct Building Costs Total	\$8,694,276	\$8,694,276
Indirect Costs (Est.) 15.0% of Direct Building Costs	\$1,304,141	\$1,304,141
<b>INDIRECT BUILDING COSTS TOTAL</b>	<b>\$1,304,141</b>	<b>\$1,304,141</b>
<b>INDIRECT BUILDING COSTS TOTAL \$/SF</b>	<b>\$12.67</b>	<b>\$12.67</b>

CA\_BldgIndirect

MVS DIRECT & INDIRECT BUILDING COSTS		
BUILDING	1	TOTAL
Direct Building Costs Total	\$8,694,276	\$8,694,276
Indirect Building Costs Total	\$1,304,141	\$1,304,141
<b>FINAL MVS BUILDING RCN TOTAL</b>	<b>\$9,998,417</b>	<b>\$9,998,417</b>
<b>FINAL MVS BUILDING RCN TOTAL \$/SF</b>	<b>\$97.16</b>	<b>\$97.16</b>

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**CONCLUDED BUILDING REPLACEMENT COST NEW**

Entrepreneurial Profit	Yes	Mkt Rng Lo	5%	Mkt Rng Hi	25%
Optional Adjustment	No				

**BUILDING REPLACEMENT COST NEW**

Marshall Valuation Services			\$97.16	\$9,998,417
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**CONCLUDED BUILDING REPLACEMENT COST NEW**

Marshall Valuation Services			\$97.16	\$9,998,417
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**ENTREPRENEURIAL PROFIT**

Entrepreneurial Profit Total	10%	of Total Direct + Indirect Building Cost	\$9.72	\$999,842
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**CONCLUDED BUILDING REPLACEMENT COST NEW**

<b>CONCLUDED BUILDING REPLACEMENT COST NEW TOTAL</b>			<b>\$106.88</b>	<b>\$10,998,259</b>
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Appendix D – Aldgate Lease Extension

**AGREEMENT TO ASSIGN, AMEND AND EXTEND LEASE ("Agreement")**

**BETWEEN: ALDGATE CONSTRUCTION (1988) LIMITED and  
B. GOLDBERGER HOLDINGS LIMITED** (collectively, "Landlord")

-and-

**TRINITY RAVINE COMMUNITY INC.** ("Assignor")

-and-

**GLOBAL KINGDOM MINISTRIES CHURCH INC.** ("Assignee" / "Tenant")

DATE OF ORIGINAL LEASE: **August 23, 2018**, as extended and amended, and hereinafter referred to as "Lease"  
ADDRESS OF PREMISES: **"Parking Garage" attached to 1200 Markham Road** (Premises)

**I/WE: TRINITY RAVINE COMMUNITY INC.** (formerly known as **GLOBAL KINGDOM MINISTRIES INC.**) ("Assignor") hereby assigns the Lease to **GLOBAL KINGDOM MINISTRIES CHURCH INC.** ("Assignee / Tenant"), and the Landlord hereby confirms its consent to and agreement with the assignment of the Lease from the Assignor to the Assignee (and that the amendment to Section 8.14 set forth in Schedule "A" attached hereto shall apply to any future assignment of the Lease or subletting of the Premises), and the Landlord further agrees to extend the term of the Lease for a period of **Thirty (30) Months**, from **August 1<sup>st</sup>, 2021 to January 31<sup>st</sup>, 2024** at the Existing Rental Rates of **\$20,000.00 each month plus HST in advance on the first day of each month during the Term**.

**Security Deposit:** the Landlord currently holds **\$22,600.00** as Security Deposit.

Except as set out in this Agreement and Schedule "A" attached hereto, all other terms and conditions to remain the same as set forth in the Lease and any subsequent extensions thereof, with the exception of any previous options to terminate or leasehold improvements and shall remain in full force and effect during the extension period.

Provided that the Tenant is not then in default or has not been habitually in default, the Landlord will, at the expiration of the said term, upon the Tenant's written request, mailed by registered post to, or delivered to the Landlord not later than six (6) months before the expiration of the said term, grant to the Tenant a further extension of the Lease for a further term of **Thirty (30) months** upon the same terms and conditions except as to further extensions, options to terminate, or as to rental, which shall be based upon the then market price, at a rental to be agreed between the parties. The rental will not be less than the rental payable during the immediately preceding year. The Tenant will execute the Landlord's standard form of extension agreement. In default of agreement, to be determined by arbitration as follows, i.e. rent shall be settled by the award of a single arbitrator mutually agreed upon by the parties or selected pursuant to the Arbitration Act if the parties are unable to agree.

Confidentiality- Each of the parties hereby covenants that the contents, the terms and the conditions of this agreement shall be kept strictly confidential and not for 3rd party knowledge. It is understood that the Tenant will not, under any circumstances, discuss or reveal the details of this agreement with any arms-length parties including but not limited to: any other tenants in the building, prospective tenants, real estate agents, the Tenant's suppliers or customers, etc. excepting however, the Tenant's legal and financial advisors, any prospective sub-tenants or assignees and any disclosure that may be required by law.

Acceptance of this Agreement may be made by either party by email scan, telefax, or similar system reproducing the original, with the necessary signatures and initials. Such acceptance shall be deemed to be made when the email scan or telefax is received by the party, or his/her real estate agent or lawyer. The person sending such email scan or telefax shall immediately thereafter send, or deliver, the original to the receiver of the scanned document or telefax.

***[Remainder of page left blank. Signature page follows.]***



DATED AT Toronto, THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2021.

ASSIGNOR'S SIGNATURE AND COMPANY SEAL

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

**TRINITY RAVINE COMMUNITY INC.**

PER: \_\_\_\_\_

PER: Kern Kalideen

Kern Kalideen

I/We have the authority to bind the Company

ASSIGNEE/TENANT'S SIGNATURE AND COMPANY SEAL

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

**GLOBAL KINGDOM MINISTRIES CHURCH INC.**

PER: \_\_\_\_\_

PER: Tom Lodu  
Kern Kalideen

Kern Kalideen

I/We have the authority to bind the Company

LANDLORD'S SIGNATURE AND COMPANY SEAL

Witness: JA

**ALDGATE CONSTRUCTION (1988) LIMITED**

PER: \_\_\_\_\_

Name: Stephen M. Goldberger, OR  
Lawrence M. Goldberger

I have authority to bind the Company

LANDLORD'S SIGNATURE AND COMPANY SEAL

Witness: JA

**B. GOLDBERGER HOLDINGS LIMITED**

PER: \_\_\_\_\_

Name: Stephen M. Goldberger, OR  
Lawrence M. Goldberger

I have authority to bind the Company

Schedule "A"  
 ATTACHED TO AND FORMING PART OF THE AGREEMENT TO EXTEND LEASE BETWEEN:  
 ALDGATE CONSTRUCTION (1988) LIMITED  
 B. GOLDBERGER HOLDINGS LIMITED (LANDLORD)  
 AND  
 TRINITY RAVINE COMMUNITY INC. ("Assignor")  
 AND  
 GLOBAL KINGDOM MINISTRIES CHURCH INC. ("Assignee" / "Tenant")

It is understood and agreed that the clause 8.14 and 9.01 in the Original Lease shall be replaced by the following:

**8.14 Assignment and Subletting** -The Tenant shall have the right to assign this Lease or sublet the whole or part of the Leased Premises to an assignee or subtenant (hereinafter called "the Assignee") approved in writing by the Landlord, which approval shall not be unreasonably withheld, provided that the Landlord is satisfied, acting reasonably, that the Assignee meets the following conditions and qualifications:

- (a) that the Assignee has the financial strength necessary to fulfil and perform all of the obligations of the Tenant under this Lease;
- (b) that the Assignee has a proven and has demonstrated expertise in operating a business similar to that of the Tenant as described in paragraph 5.06 hereof;
- (c) that the Assignee will prior to the assignment or subletting coming into effect, execute an acknowledgment and covenant in favour of the Landlord whereby the Assignee agrees to be bound by all of the terms and conditions of this Lease as though it were the Tenant named herein.
- (d) at no time shall the Base Rent charged by the Tenant to the sub-lessee be greater than the Base Rent payable to the Landlord as specified herein;
- (e) if the Tenant herein shall receive from any assignee of this Lease, either directly or indirectly, any consideration for the assignment of this Lease, either in form of cash, goods or services, the Tenant shall forthwith pay an amount equivalent to such consideration to the Landlord and same shall be deemed to be further Additional Rent hereunder;
- (f) if the Tenant herein is a private corporation and if by sale, transfer or other dispositions of its shares, the control of such corporation is altered so that 51% of the shares are transferred in any manner, then same shall be deemed as an assignment and the provisions of this Section 8.14 shall apply. The Tenant covenants and agrees to advise the Landlord forthwith if such a transfer is contemplated;

In the event of assignment of this Lease or in the event of subletting the Leased Premises, the Tenant shall nevertheless continue to be directly and primarily bound by all of the terms and conditions of this Lease as though such assignment or subletting had not been made. **The Tenant agrees to pay the reasonable legal fees of the Landlord's solicitor relating to the preparation of the Landlord's consent as well as an administration fee payable to the Landlord in advance of not less than \$500.00 plus HST.**

**In the event of any sub-letting or assignment, any special pre-existing terms of the Lease relating to Early Termination, Free Rent, Rental Abatements or concessions or Landlord's Work, shall become null and void upon the Commencement Date of the new Assignment or Sub-Lease.**

**ARTICLE IX - DEFAULT**

**9.01 Default and Right to Re-Enter**

In the event that the Tenant shall be in default of any of its covenants or obligations hereunder including, but not limited to, the following:

- (i) the Tenant fails to pay Base Rent or Additional Rent;
- (ii) a receiver or a receiver and manager is appointed for all or a portion of the Tenant's property;

- (iii) any steps are taken or any actions or proceedings are instituted by the Tenant or by any other party including without limitation any court or governmental body of competent jurisdiction for the dissolution, winding up or liquidation of the Tenant or its assets;
- (iv) the Tenant or any agent of the Tenant falsifies any report required to be furnished to the Landlord pursuant to this Lease;
- (v) this Lease or any of the Tenant's assets are taken under a writ of execution;
- (vi) the Tenant assigns, transfers or encumbers this Lease or sublets or permits the occupation or use or the parting with or sharing possession of all or any part of the Leased Premises by anyone except in a manner permitted by this Lease;
- (vii) any insurance policies covering any part of the Building or any occupant thereof are actually or threatened to be cancelled or adversely changed as a result of any use or occupancy of the Leased Premises by any person;
- (viii) the Tenant advises the Landlord that it does not intend to continue operating its business in the Leased Premises;

in addition to any other right which the Landlord may have hereunder, the Landlord may give to the Tenant notice in writing stating that said default with reasonably sufficient particulars, and requiring that the said default be remedied and that if such default is not remedied by the Tenant within seven (7) days after the receipt of such notice or such longer period as may be reasonably necessary in view of the nature of the default, the Landlord may at its option either enter into and upon the Leased Premises or any part thereof in the name of the whole and have again, re-possess, and enjoy the same as of its former estate and the said Lease shall thereupon terminate, or itself take steps and to do or cause to be done such things as may be necessary to remedy and correct such defaults. Provided further that in the event that the Landlord shall be entitled to, and shall elect to make a re-entry as hereinbefore provided for, any re-entry or other action so taken shall not be deemed to relieve the Tenant of its obligation to pay Base Rent or Additional Rent and other monies payable as Base Rent or Additional Rent hereunder and such Base Rent and Additional Rent and other monies payable as Base Rent or Additional Rent in accordance with the provisions hereof shall continue to accrue and be payable until such time as the Landlord is able to re-let the Premises, or otherwise deal with the same in such manner that it did not sustain any loss should the Tenant thereafter fail to pay the Base Rent or Additional Rent and other monies payable as Base Rent or Additional Rent or otherwise under this Lease. Provided further that in addition to all other rights hereby reserved to it, the Landlord shall have the right to re-enter the Leased Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor, and to re-let the whole or any portion of the Leased Premises for any period equal to or greater or less than the remainder of the then current Term of the Tenant and to receive the Base Rent and Additional Rent therefor, said Base Rent and Additional Rent to be any sum which it may deem reasonable, to any Tenant which it may deem suitable and satisfactory, and for any use and purpose which it may deem appropriate, and in connection with any such Lease, the Landlord may make such changes in the character of the improvements of the Leased Premises as the Landlord may determine to be appropriate or helpful in effecting such Lease; but in no event shall the Landlord be under any obligation to re-let the Leased Premises in whole or in part for any purpose which the Landlord may regard as injurious to the demises Premises, or to any Tenant which the Landlord, in the exercise of reasonable discretion, shall deem to be objectionable and to apply any rent derived from so re-letting the demised upon account of the Base Rent and Additional Rent due hereunder, and the Tenant shall remain liable to the Landlord for the deficiency, if any, it being the intention hereof that nothing herein contained and no entry made by the Landlord hereunder shall in any way release the Tenant from the payment of the Base Rent and Additional Rent hereby reserved during the Term hereof beyond such sum as may be realized by the Landlord by such re-letting or by the proceeds of any distress made by the Landlord against the Tenant; and provided that the Landlord shall not in any event be required to pay to the Tenant any surplus of any sums received by the Landlord on a re-letting of the Leased Premises in excess of the Base Rent and Additional Rent reserved hereunder.

## Appendix E – Subject Property Parking Requirements

3  
City of Toronto By-law No. xxx-20~

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parking **structure** may extend to a maximum of 82 m southerly from the western limit of the northernmost **lot line**. The 82 m limit does not apply to a below grade pedestrian-only connection extending between the underground parking **structure** and an adjacent **place of worship**.

1121. Minimum setback of 8 m and a maximum of 85 m from the south **lot line**, except that an above-ground parking **structure** may be setback a minimum of 2.5 m and a maximum of 83 m from the south **lot line**.

### SETBACKS – OTHER YARDS

1173. Minimum setbacks above the fifth **storey**;
- a. Minimum 6 m from the Markham Road **street line**.
  - b. Minimum 11 m from the west **lot line**.
  - c. Minimum 18 m (excluding mechanical and stairwell structures projecting above the roof of the fifth **storey**) from the north **lot line**.

### PARKING

1697. Notwithstanding **CLAUSE V - GENERAL PROVISIONS**, Sub-clause 7.2. Table of Required Parking Rates:
- a. **Dwelling units** operated by or under the sponsorship of a **non-profit organization** shall be provided with a minimum of 0.6 parking spaces per **dwelling unit** of which:
    - i. A minimum 0.4 parking spaces per **dwelling unit** shall be provided for residents; and
    - ii. A minimum 0.2 parking spaces per **dwelling unit** shall be provided for visitors, which may be provided wholly or partially within an integrated underground parking structure and/or within an above-ground parking structure located a maximum of 175 m southerly from the western limit of the northernmost **lot line**.
  - b. Minimum 1.5 parking spaces per 100 m<sup>2</sup> of **gross floor area** shall be provided for offices, medical offices, retail stores, retail services, **financial institutions, personal service shops, service shops, restaurants, massage therapy and wellness centre uses** which are not **ancillary** to the principal residential use.
1698. **Bicycle parking spaces** shall be provided in accordance with the following:
- a. a minimum of 0.75 **bicycle parking spaces** per **dwelling unit**, allocated

## Contacts

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# Appendix H

**THIS INDENTURE made,**  
(in pursuance of The Short Forms of Leases Act).

**BETWEEN:ALDGATE CONSTRUCTION (1988) LIMITED**

a corporation incorporated under the laws of the Province of Ontario,  
having its head office in the City of Scarborough, in the Province of Ontario,  
hereinafter called the "Landlord" OF THE FIRST PART,

**AND: GLOBAL KINGDOM MINISTRIES INC. - "CHURCH"**

hereinafter called the "Tenant" OF THE SECOND PART.

WHEREAS the meaning of certain words and phrases hereinafter mentioned are defined in Article XI hereof;

AND WHEREAS the Tenant desires to lease and rent out the Leased Premises from the Landlord upon the terms and conditions and for the purposes hereinafter set out;

NOW THEREFORE, THIS INDENTURE WITNESSETH:

**ARTICLE I - THE PREMISES**

**1.01 Description - THAT** in consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Tenant to be respectively paid, observed and performed, the Landlord does demise and lease unto the Tenant that part of the **Building Facility** as more particularly known as the "**Parking Garage**" attached to **1200 MARKHAM ROAD**, which said parts of the Parking Garage are herein referred to as the "Leased Premises" or the "Premises".

**1.02 The Leased Premises shall be known as Parking Garage**

**ARTICLE II - Term**

**2.01 Initial Term - TO HAVE AND TO HOLD** the Leased Premises for and during the **Term of Thirty (30) Months (hereinafter called the "Initial Term")** but, **only for the days and hours expressly specified herein on Schedule "B"**, to be computed from and inclusive of the Lease Commencement Date and thenceforth next ensuing to be fully complete and ended on the Expiry Date.

**2.02 Second Term - Open For Discussion**

**2.03 Exercise of Extension Option -** If the Tenant wishes to exercise his option to extend this Lease for the Second Term as contemplated by paragraph 2.02 hereof shall be by notice to that effect given by the Tenant to the Landlord in writing not later than six (6) months prior to the expiry date of the initial Term failing which, the said option to extend shall be null and void and the Tenant shall no longer be entitled to exercise same.

**2.04 Overholding -** If the Tenant shall continue to occupy the Premises after the expiration of the Term with the consent of the Landlord, then, unless there shall be some written agreement to the contrary, the Tenant shall be deemed to be a monthly tenant at a monthly rental equivalent to twice the monthly instalment of Base Rent applicable in the last full calendar month of the Term, plus all additional charges herein provided for, including Percentage Rent (where applicable) and Additional Rent, and all terms and conditions hereof shall, so far as applicable, apply to such monthly tenancy.

**ARTICLE III - RENT**

**3.01 Base Rent - YIELDING AND PAYING THEREFOR** unto the Landlord in lawful money of Canada, for each and every year of the Term, without any prior demand therefor and without any deduction, abatement, set-off or compensation whatsoever, a minimum or base rent (hereinafter called "Base Rent") as follows: **for each month of the Initial Term: instalments of \$20,000.00 each month plus HST, in advance on the first day of each month during the Term.**

**3.02            Additional Rent - It is understood that this is a Gross Lease and that the Tenant shall not be responsible for any Additional Rental unless stated otherwise under the Lease.**

**3.03            Direct Payment by Tenant - The Landlord may from time to time notify the Tenant in writing as to those Operating Costs, if any, which the Landlord requires to be billed to and paid for directly by the Tenant, whereupon the Tenant shall assume responsibility for direct payment of such Operating Costs and shall supply to the Landlord receipted bills in respect thereof as may be requested by the Landlord from time to time. Notices as aforesaid shall be binding upon the Tenant unless and until such time as the Landlord gives further notice to the Tenant of any change in the Tenant's responsibility for direct payment of Operating Costs or any of them.**

**3.04            Estimation of Additional Rent - Deleted.**

**3.05            Annual Re-adjustment of Additional Rent - Deleted.**

**3.06            Additional Rent Treated as Rent - Deleted.**

**3.07            Above-normal Utilization - Provided that if there are special circumstances within the Premises causing utilization of any service or utility in excess of that reasonably expected for the use of the Premises in accordance with paragraph 5.06 hereof, the Landlord may, in its sole discretion, designate a professional engineer to review such above-normal utilization and determine the extent thereof and, upon such determination and delivery of a copy of the engineer's report to the Tenant, the Landlord may, if such report so indicates, increase the Tenant's payments on account of such Additional Rent by such amount as is equal to such above-normal utilization as long as such utilization shall continue. The Tenant shall pay to the Landlord, as long as such utilization shall continue, the amount as had been determined by the Landlord, in its sole but reasonable opinion and in accordance with the engineer's report to be attributable to such above-normal utilization. The Tenant shall also pay to the Landlord as Additional Rent any extra insurance costs resulting from such above-normal utilization.**

**3.08            Advance Rent - Upon execution of this Lease, the Tenant shall submit to the Landlord a certified cheque in the amount of \$45,200.00 representing:**

- (a)            **the sum of \$22,600.00 on account of the first month of the Term in respect of which Monthly Rent plus HST is payable and;**
- (b)            **the sum of \$22,600.00 to be held as a Security Deposit. Such Security Deposit to be held by the Landlord as stated below, and to be returned to the Tenant after the Lease has expired and upon the Landlord's satisfaction that the Tenant has fulfilled all of its obligations under this Lease. In the event same is paid as an amount that should equal to the last month's rent, then upon settlement of rent for the Second Term pursuant to subparagraph 3.01(b), the Tenant shall forthwith pay to the Landlord such additional amount which when added to the aforementioned amount set out in this subparagraph (b), will equal the rent required to be paid on account of the last month of the Second Term.**

All of the above to be held by the Landlord as advance rent (hereinafter called "Advance Rent") and as security for the performance by the Tenant of all terms, covenants and conditions herein to be respectively paid, observed and performed by the Tenant; and, if the Tenant shall breach any of such terms, covenants and conditions, the Landlord may, at its option and without prejudice to any other remedy or right to damages it may have hereunder, appropriate and apply the Advance Rent, or so much thereof as may be necessary, to compensate the Landlord for loss or damage suffered or sustained by the Landlord arising out of or in connection with such breach by the Tenant. The Tenant shall not be entitled to interest in respect of Advance Rent held by the Landlord. In the event of a sale, transfer or assignment of this Lease by the Landlord, the Landlord shall transfer such Advance Rent, or so much thereof as shall then remain, to the purchaser, transferee or assignee and thereupon the Landlord shall be freed and discharged from any further responsibility for or liability in connection with such Advance Rent.

**3.09            (a)            Payment of Rent - All payments required to be made by the Tenant under or in respect of this Lease shall be made to the Landlord at the Landlord's address for notices set out in paragraph 10.05 or to such agent or agents of the Landlord or at such other place as the Landlord shall hereafter from time to time direct to the Tenant in writing.**

**(b)            Pre-Authorized Payments - Preferred**

**(c)            Post-dated Cheques - Deleted.**

**3.10            Additional Rent Deemed Rent - Deleted.**

**3.11            Arrears of Rent - All arrears of rent of any kind whatsoever and all costs or charges to be paid by the Tenant hereunder shall bear interest at the rate of eighteen percent (18%) per annum (calculated monthly at the rate of 1.5% and per diem at the rate of 0.0493%), such interest to be calculated from the time such arrears, cost or charges become due until paid by the Tenant, and the Tenant shall in addition pay to the Landlord a late payment charge of Fifty Dollars (\$50.00) per month or part thereof.**

**3.12            Evidence of Payments - The Tenant shall from time to time at the request of the Landlord produce to the Landlord satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Lease.**

**3.13            Application of Payments - No payment by the Tenant or receipt by the Landlord of a lesser amount than monthly rent and other charges herein stipulated will be deemed to be other than on account of the earliest stipulated rent, nor will an endorsement or statement on a cheque or in a letter accompanying a cheque or payment be or be deemed to be an accord and**



satisfaction, and the Landlord may accept a cheque or payment without prejudice to the Landlord's right to recover balance of all rents and other charges due or pursue any other remedy in this Lease.

**3.14** **No Set-Off** - The Tenant hereby expressly waives the benefit of Section 35 of the Landlord and Tenant Act, R.S.O. 1980, c.232, and any amendments and/or successors thereto and any present or future Act of the Province of Ontario permitting the Tenant to claim a set-off against rents for any cause whatsoever.

**3.15** **H.S.T.** - The Tenant will pay to the Landlord (acting as agent for the taxing authority if applicable) or directly to the taxing authority (if required by the applicable legislation) in the manner and at the times specified by the Landlord, the full amount of all goods and services taxes imposed pursuant to The Goods and Services Tax Act, S.C. 1990, c.45, on the Tenant in respect of the rent payable by the Tenant under this Lease, or in respect of the rental of Premises by the Tenant under this Lease (collectively and individually, "GST"). GST will be considered to be rent and the Landlord will have all of the same remedies for and rights of recovery with respect to GST as it has for non-payment of rent under this Lease or at law.

#### ARTICLE IV - CONSTRUCTION OF THE PREMISES

**4.01** **Completion of Landlord's Work** - Deleted. Tenant accepts The Parking Garage in "as is" condition.

**4.02** **Completion of Tenant's Work** - Deleted.

**4.03** **Manner of Completion** - Deleted.

#### ARTICLE V - TENANT'S COVENANTS

##### THE TENANT COVENANTS AND AGREES WITH THE LANDLORD AS FOLLOWS:

**5.01** **Rent** - To pay rent and all other costs and charges as herein provided;

**5.02** **Business and Other Taxes** - To pay, as the same becomes due, all business taxes and other taxes from time to time levied against or payable by or personal to the Tenant in respect of the Tenant's business or the Tenant's occupancy of the Premises.

**5.03** **Repair** - That save and except for structural repairs and reasonable wear and tear, the Tenant will maintain the whole of the Premises and all fixtures and equipment therein and improvements therein in good working order and first class condition and repair as determined by the Landlord, acting reasonably, and make all needed repairs and replacements with due diligence and dispatch. Where an inspection reveals repairs are necessary, the Landlord may give the Tenant notice thereof in writing and thereupon the Tenant will repair or commence repair of the same and proceed diligently and expeditiously within three (3) days after delivery of such notice, or sooner if such repairs are of an exigent nature, failing which, the Tenant shall pay to the Landlord on demand the cost of making good the same, including the Landlord's reasonable overhead and consulting costs and an administration charge equal to fifteen percent (15%) of all costs incurred by the Landlord in relation to making good the repairs.

**5.04** **Expiration or Early Termination of Term** - That the Tenant will, on the Expiry Date or upon earlier Termination of the Term, do the following:

- a) peaceably surrender and give up unto the Landlord vacant possession of the Leased Premises in the condition and state of repair in which same is required to be kept pursuant to this Lease, excepting any reasonable wear and tear, and damage by fire, lightning, tempest or other casualty not due to the negligence of the Tenant, its agents, employees, invitees or licensees;
- b) surrender all keys for the Leased Premises to the Landlord;
- c) remove from the Leased Premises all personal property owned by the Tenant or in its possession, subject to Section 8.01, below; and
- d) Deleted.

**5.05** **Assignment** - That the Tenant will not assign this Lease or sublet all or part of the Premises or otherwise part with or share possession of the Premises.

**5.06** **Use of Leased Premises** - That, throughout the Term, the Leased Premises shall be continuously, actively and diligently operated, fully fixtured and occupied by the Tenant, its agents, employees and invitees, and the Tenant shall not use the Leased Premises for any purpose other than for Parking of Vehicles used by Attendees or Visitors of the Church and the Tenant shall not cause or permit any act or omit from doing any act that would result in the Leased Premises or any part thereof being assessed other than as presently assessed. The Tenant covenants and agrees that its use of the Leased Premises will at all times comply with the uses of the Building legally permitted by the general zoning by-law for the Building as well as comply with all other provisions of the said by-law as same may be amended from time to time. And that a business conduct or practice carried on or maintained by the Tenant (including any contravention of the Ontario Human Rights Code or the Canadian Charter of Rights and Freedoms), whether through advertising, rental procedures or otherwise, which may harm or tend to harm the business or reputation of the Landlord or reflect unfavourably on the Landlord, its agents, employees, licensees and invitees, or which may tend to confuse, mislead, deceive or be fraudulent to the public, will immediately be discontinued by the Tenant at the request of the Landlord.

**5.07** **Alterations** - That the Tenant will not make or permit any alterations of or additions to the Premises or the Building or any part of either of them nor will the Tenant erect any additional building, structure or improvement in or about the Premises or erect, affix, remove or change the location or style of any partitions or fixtures, including building services, within or serving the Premises.

**5.08** **Removal of Goods** - That no fixtures, goods or chattels of any kind will, except in the ordinary course of business, be removed from the Premises during the Term or at any time thereafter without the written consent of the Landlord being first

obtained, until all rent in arrears as well as all rent to become due during the remainder of the Term shall have been fully paid, or the payment thereof secured to the satisfaction of the Landlord, acting reasonably.

**5.09 Compliance with Laws** - The Tenant shall, in the use and occupation of the Leased Premises and in the prosecution or conduct of any business thereon, comply promptly with the requirements of all applicable laws, by-laws, ordinances, rules, regulations, orders and/or demands of the federal, provincial, municipal and other governmental authorities having jurisdiction and of any insurance company providing coverage on or in respect of the Leased Premises in whole or part, and will save harmless the Landlord from any costs, charges or damages to which the Landlord may be put or suffer by reason of the breach thereof; provided that the Tenant shall not be so obligated in respect of any such non-compliance of the Leased Premises existing or outstanding prior to the Lease Commencement Date.

**5.10 Confidentiality** - The tenant hereby covenants that the contents, the terms, and the conditions of this agreement shall be kept strictly confidential and not for third party knowledge. It is understood that the Tenant will not, under any circumstances, discuss or reveal the details of this agreement with any arms-length parties including but not limited to: any other tenants in the building, prospective tenants, real estate agents, the tenant's suppliers or customers, etc. excepting however, the tenant's legal and financial advisors.

**5.11 DELETED**  
**5.12 DELETED**

**5.13 Care of Premises** - That the Tenant will keep the Premises and every part thereof in a clean and tidy condition and will not permit waste, paper, garbage, ashes or other objectionable material to accumulate thereon and will not accumulate, gather, store or deposit the same on or about the Premises or the Common Areas.

**5.14 Garbage Removal** - That the Tenant will abide by the Landlord's regulations governing garbage removal. If the Tenant's garbage is perishable or bio-degradable, the Tenant shall keep such garbage in containers satisfactory to the health authorities and comply with their regulations, and those of any other authority having jurisdiction, and the Tenant will maintain at its own expense a regular program of pest control satisfactory to the Landlord.

**5.15 Nuisance** - The Tenant shall not do or suffer any waste, damage, disfiguration or injury to the Leased Premises or the Building or the fixtures and equipment thereof and shall not use or permit to be used any part of the Leased Premises for any dangerous, noxious or offensive trade or business and shall not cause, maintain, permit or omit upon or about the Leased Premises any act which the Landlord, in its sole but reasonable opinion, deems to be a nuisance, annoyance, grievance, damage or disturbance to the Landlord, other tenants of the Landlord, the occupiers or owners of adjacent lands or the public at large, as the case may be, and the Tenant shall take every reasonable precaution to protect the Leased Premises and the Building from danger of fire, water damage or the elements.

**5.16 Overloading** - That the Tenant will not bring upon the Premises or any part thereof or in the Common Areas, any machinery, equipment, article or thing that by reason of its weight, size, or use might injure or destroy any part of the Premises or the Common Areas and will not at any time overload any floors or exceed or overload the capacity of plumbing, electrical, heating, ventilating or air conditioning equipment or other building services, and that if any damage is caused to all or any part of the Building (including the Premises or any part of the Common Areas and including, without limitation, any plumbing, electrical, mechanical, heating, ventilating and air conditioning equipment and/or installations and other building services) by any machinery, equipment, article or thing or by overloading or by any act, neglect, carelessness or misuse on the part of the Tenant or any of its servants and agents or any person having business with the Tenant, the Landlord may give the Tenant notice thereof in writing and thereupon the Tenant will repair or commence repair of same within three (3) days after delivery of such notice, or sooner if such repairs are of an exigent nature, failing which, the Tenant shall pay to the Landlord on demand the cost of making good the same, including the Landlord's reasonable supervision, overhead, consulting and legal costs and an administrative charge in the sum equal to fifteen per cent (15%) of the total of such cost, all of which shall be chargeable as Additional Rent.

**5.17 Locks** - That no additional locks shall be placed upon any door of the Premises without the written consent of the Landlord, and that the Tenant will maintain the glass, locks and hardware on the Premises in the same condition as it found them, and will undertake all routine or minor repairs thereto as needed. The Tenant will deliver to the Landlord all keys to the Premises as may be necessary for access at any and all times to all parts hereof.

**5.18 REPRESENTATIONS AND WARRANTIES ON ENVIRONMENTAL MATTERS:** The Tenant and the Guarantor(s) represent and warrant that :

- (i) the Premises and the activities and operations of the Tenant at the Premises, and those of any employee, lessee, licensee or other occupant, comply in all material respects with Environmental Law, and are not subject to any existing judicial, governmental, regulatory or other investigations, proceedings, inquiries or notices, and neither the Tenant nor any lessee, employee, owner, occupant or licensee of the Premises or any part thereof, or any person having the charge, management or control thereof, has filed any notice or report pursuant to any Environmental Law in connection with the Premises;
- (ii) neither the Tenant nor the Guarantor(s) have any knowledge of any Environmental Activity in respect of the Release of any Contaminant at, upon, under, over, within or with respect to the Premises to or from which the Release of a Contaminant could reasonably be anticipated;
- (iii) neither the Tenant nor any other party will be, or is, involved in any operations at, near or with respect to the Premises which operations could lead to the imposition of liability on the Tenant or on the Landlord or on any subsequent Tenant or occupier or person who has or will have the charge, management or control of the Premises, or the creation of a lien on any part of the Premises under any Environmental Law; and
- (iv) no underground storage tanks or surface impoundments or equipment containing, or that has contained PCBs or related chemical substances, will be located on or under the Premises.

**COVENANTS ON ENVIRONMENTAL MATTERS:** The Tenant and the Guarantor(s) will comply and will cause all occupants and/or users of the Premises to comply in all respects with the requirement of any Environmental Law applicable to the Premises. In the event of any Release of a Contaminant, the threat of a Release of a Contaminant, or the presence of any Contaminant affecting the Premises or any part thereof, whether or not the same originates or emanates from the Premises or any contiguous real property and/or if the Tenant or the Guarantor(s) shall fail to comply with any of the requirements of Environmental Law, the Landlord may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed and/or take any and all other actions as the Landlord shall deem necessary or advisable in order to abate the discharge of any Contaminant, remove the Contaminant or cure the Tenant's and the Guarantor(s)' non-compliance. If the Landlord, or someone on the Landlord's behalf, retains the services of any lawyer or solicitor or any engineer, scientist or any environmental consultant or other consultant in connection with any environmental matter, the Tenant and the Guarantor(s) shall pay all costs and fees thereby incurred

if retained as a result of any breach of Environmental Law or in connection with any enquiry or investigation by a federal, provincial, municipal or local government or agency in connection with Environmental Law or if the services performed are necessary for the performance of the Landlord's functions under this Lease or for the preservation or protection of the Premises and Buildings. If the Tenant or the Guarantor(s) should fail to pay such costs or fees forthwith the Landlord may, but shall not be obliged to, pay the same. All obligations, costs, charges, fees and expense which the Landlord incurs with respect to any matter referred to in this Subsection shall be deemed Additional Rent and shall be secured by the Lease and Guarantee and shall be payable forthwith and be a charge on the Tenant and Guarantor(s), together with interest thereon calculated at the rate and at the times and in the manner provided for herein for Rent, and in default the Landlord may exercise any and all of its remedies hereunder.

**ENVIRONMENTAL INDEMNITY:** The Tenant and the Guarantor(s) shall at all times indemnify and hold harmless the Landlord against and from any and all claims, suits, actions, debts, damages, costs, losses, obligations, judgments, charges, and expenses, of any nature whatsoever suffered or incurred by the Landlord whether upon realization of the liens, mortgages, charges and security interests created by the Lease, or as the Landlord to the Tenant, or as successor to or assignee of any right or interest of the Tenant, or as a result of any order, investigation or action by any governmental or regulatory authority relating to the Tenant or its business undertaking, property or assets or as secured creditor or mortgagee in possession of property or as successor or successor-in-interest to the Tenant as a result of any taking of possession of all or any property or by foreclosure, deed in lieu of foreclosure, receivership action, enforcement of the Lease, or by any other means relating to the Tenant, under or on account of any breach of Environmental Law, or the assertion of any lien, mortgage, charge or security interest thereunder with respect to:

- (i) the Release of a Contaminant, the threat of the Release of any Contaminant, or the presence of any Contaminant affecting the Premises and the Building, whether or not the same originates or emanates from the Premises or any contiguous real property or personal property located thereon, including any loss of value of the Premises as a result of any of the foregoing,
- (ii) the Release of a Contaminant owned by, or under the charge, management or control of, the Tenant, or any predecessor or assignor of the Tenant,
- (iii) any costs incurred by any federal, provincial, municipal, local or other governmental or regulatory authority or any other person or damages from injury to, destruction of, or loss of natural resources in relation to, the Premises and the Buildings or elsewhere or personal property located thereon, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Environmental Law,
- (iv) liability for personal injury or property damage arising by reason of any civil law offences or quasi-offences or under any statutory or common law tort or similar theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, near, or with respect to the Premises and the Building or elsewhere, and/or
- (v) any other environmental matters affecting the Premises and the Building or the operations and activities of the Tenant within the jurisdiction of any federal, provincial, municipal or local environmental agency.

The Tenant's and the Guarantor's obligations under this Subsection shall arise upon the discovery of the presence of any Contaminant, whether or not any federal, provincial, municipal or local environmental agency has taken or threatened any action in connection with the presence of any Contaminant. The Tenant and the Guarantor(s) acknowledge that the Landlord has relied upon the Tenant's and the Guarantor(s) representations, warranties and covenants. It is the intention of the Tenant, the Guarantor(s) and the Landlord that the provisions of this section shall supersede any other provisions in this Lease, and all other documents and instruments which in any way limit the liability of the Tenant or the Guarantor(s) and that the Tenant and the Guarantor(s) shall be liable for any obligations arising under this Subsection even if the amount of the liability incurred exceeds the outstanding amount of the balance due under the remaining Lease Term. The obligations of the Tenant and the Guarantor(s) arising under this Subsection are absolute and unconditional and shall not be affected by any act, omission or circumstance whatsoever, except in respect of the negligence or wilful misconduct by the Landlord. This Subsection shall survive the execution and delivery of this Lease and repayment of all amounts owing under this Lease and shall survive the transfer of any or all right, title and interest in and to the Premises by the Tenant to any party, whether or not an Affiliate of the Tenant. Any amount payable or owing under this Subsection shall be added to the Rent due under the Lease and shall be secured by the Lease and Guarantee and shall be payable forthwith, together with interest thereon calculated and payable at the rate and at the times and in the manner provided for in this Lease for interest arrears on Rent.

**5.19 a) Protection of Landlord's Insurance** - That the Tenant will not carry on or permit to be carried on in the Premises, any trade or occupation, or allow anything to be done which may cause the cancellation of or an increased premium for any insurance on the Premises, the Building or any part thereof. Without affecting any other legal remedy available to the Landlord, if the foregoing covenant is breached, in the event that notice of cancellation shall be given to the Landlord respecting any insurance policy, or if any insurance policy upon the Premises, the building or any part thereof shall be cancelled or refused to be extended by an insurer by reason of the use or occupancy of the Premises or any part thereof, or by reason of anything being carried on or done by the Tenant in the Premises, the Common Areas or the Building, the Tenant shall forthwith remedy or rectify such use or occupation upon being requested to do so in writing by the Landlord. If the Tenant fails to remedy or rectify such use the Landlord may, at its option, Terminate this Lease by notice in writing to the Tenant whereupon an amount equivalent to the next ensuing six (6) month's rent shall be at once due and payable and the Landlord may re-enter and take possession of the Premises in the manner provided herein.

**b) No Interest in Landlord's Insurance** - The Tenant acknowledges and agrees that, notwithstanding any contribution by the Tenant to the payment of premiums for the Landlord's insurance policies, no insurable interest is conferred upon the Tenant under any of the Landlord's insurance policies and the Tenant shall have no right to recover any proceeds thereunder.

**5.20 Tenant's Insurance** - The Tenant shall, at its sole cost and expense, take out and maintain in full force and effect and pay all premiums for, throughout the Term and during such other time as the Tenant occupies the Leased Premises or any part thereof, the following insurance:

- i) insurance upon property of every kind and description owned by the Tenant, or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, including without limitation, stock-in-trade, if appropriate, equipment, furniture, fixtures, plate glass if appropriate, and leasehold improvements, in an amount of not less than the full replacement cost thereof, which amount shall be conclusively determined by the Landlord in the event of any dispute with respect thereto. Such coverage shall insure at least against fire and such other perils as are from time to time included in the standard "all-risks" coverage, including, without limitation, sprinkler leakages, earthquakes, flood and collapse;
- ii) if appropriate, broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount no less than the full replacement cost of all leasehold improvements and of all boilers, pressure vessels, climate control equipment and miscellaneous electrical apparatus owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant, in or serving, the Leased Premises;
- ii) comprehensive general liability insurance, including but not limited to property damage, bodily injury liability, contractual liability, tenant's legal liability including loss of use of the Leased Premises, owner's and contractor's protective

insurance coverage with respect to the Leased Premises, to include the activities conducted by the Tenant and any party on the Leased Premises, those for whom the Tenant is in law responsible, and any party performing work on behalf of the Tenant. Such policies shall have inclusive limits of at least **Five Million Dollars (\$5,000,000.00)** for each occurrence involving bodily injury, death or property damage, or such higher limits as the Landlord or any Mortgagee may from time to time reasonably require;

- iv) business interruption insurance in such amounts as from time to time are necessary to reimburse the Tenant for direct or indirect loss of earnings attributable to any of the perils required to be insured against by the Tenant pursuant hereto, and any other perils commonly insured against by prudent tenants in similar circumstances, or attributable to prevention of access to the Leased Premises as a result of such perils;
- v) standard owner's form automobile policy, providing owned and non-owned automobile and third party liability insurance, with inclusive limits of not less than Two Million Dollars (\$2,000,000.00), and accident benefit insurance, and covering all licensed vehicles owned by or operated by or on behalf of the Tenant; and
- vi) any other form of insurance, in such amounts and against such risks, as the Landlord, or any Mortgagee, may from time to time reasonably require to protect the Landlord's or any Mortgagee's interest in the Leased Premises.

#### 5.21 Tenant's Insurance Policies to Contain

- a) Each of the Tenant's insurance policies shall name the Landlord, and any party or Mortgagee designated by the Landlord, as additional named insured as their interests may appear, and shall contain, as appropriate:
  - i) the standard mortgage clause as may be required by an Mortgagee;
  - ii) a waiver of any subrogation rights which the Tenant's insurers would have against the Landlord or any party for whom the Landlord is in law responsible;
  - iii) a severability of interests clause and cross-liability clause;
  - iv) a provision stating that the Tenant's insurance policy shall be primary and shall not call into contribution any other insurance available to the Landlord; and
  - v) a waiver, as respects the interests of the Landlord and of any Mortgagee, of any provision in any of the Tenant's insurance policies with respect to any breach of any warranties, representations, declarations, or conditions contained in the said policies.
- b) All of the Tenant's insurance policies shall be taken out with such insurers licensed in the Province of Ontario and be in such form as are satisfactory from time to time to the Landlord. The Tenant shall deliver to the Landlord either certificates of insurance in the form designated by the Landlord or certified copies of the Tenant's insurance policies, as soon as practicable after the placement of such insurance, and shall from time to time furnish to the Landlord certificates or other evidence acceptable to the Landlord as to the Tenant's insurance in effect and its extension or continuation in force, together with such evidence as may be required by the Landlord as to the method of determination of the full replacement cost of the Tenant's stock-in-trade, equipment, furniture, fixtures, plate glass and leasehold improvements.
- c) All of the Tenant's insurance policies shall contain an undertaking by the insurer that no material change, cancellation or Termination of any policy will be made unless the Landlord and any Mortgagee which is a named insured has received not less than thirty (30) days prior written notice thereof, delivered in accordance with the provisions of this Lease.

**5.22 Landlord's Right to Place Tenant's Insurance** - If the Tenant at any time fails to take out, maintain in force or pay the premiums on, any such insurance as required herein, or if the Tenant fails from time to time to deliver to the Landlord satisfactory evidence of the good standing of any such insurance or the payment of premiums thereon, as required herein, then in any such event the Landlord shall, without prejudice to any of its other rights and remedies under this Lease, have the right but not the obligation, to effect such insurance on behalf of the Tenant, and the cost thereof together with all reasonable expenses incurred by the Landlord, shall be paid by the Tenant to the Landlord upon demand as Additional Rent.

**5.23 Mutual Release for Insured Perils** - Except to such extent as may be prohibited by any policy of insurance effected pursuant to the terms of this Lease, the Landlord and the Tenant release each other, including their respective officers, employees, agents, representatives and parties for whom they may in law be responsible, from any and all liability covered, and to the extent only of such coverage, by insured perils.

**5.24 Tenant to Utilize Insurance Proceeds** - The Tenant agrees that in the event of damage or destruction to the leasehold improvements in the Leased Premises covered by insurance required to be taken out by the Tenant pursuant to paragraph 5.20, the Tenant shall use the proceeds of such insurance for the purpose of repairing or restoring such leasehold improvements. In the event of damage or destruction entitling the Landlord to Terminate this Lease, then, if the Leased Premises have also been damaged or destroyed, the Tenant shall forthwith pay or cause to be paid to the Landlord all of the insurance proceeds relating to the leasehold improvements in the Leased Premises.

**5.25 Tenant to Comply With Insurer's Requirements** - The Tenant shall comply promptly with all requirements of the Insurer or of any Insurer now or hereafter involved, pertaining to or affecting the Leased Premises.

**5.26 Landlord's Non-Liability** - The Tenant agrees that the Landlord shall not be liable or responsible in any way for any injury or death to any person or for any loss or damage to any property, at any time on or about the Leased Premises or any property owned by or being the responsibility of the Tenant or any of its servants, agents, customers, contractors or persons for whom the Tenant is in law responsible elsewhere on or about the Project, no matter how the same shall be caused unless resulting from negligence, proven in a court of competent jurisdiction, of the Landlord, its servants, agents, employees, contractors or persons for whom the Landlord is in law responsible. Without limiting the generality of the foregoing, the Landlord shall not be liable or responsible for any injury, death, loss or damage to any persons or property caused or contributed to or by any of the following: fire, explosion, steam, water, rain, snow, dampness, leakage, electricity or gas. Without limiting or affecting the interpretation of the foregoing, it is agreed that the Landlord shall in no event be liable for any indirect or consequential damages suffered by the Tenant.

**5.27 Indemnification of the Landlord** - Notwithstanding any other provisions of this Lease, the Tenant shall indemnify the Landlord and save it harmless from all loss (including loss of Net Rent and Additional Rent) claims, actions, damages, liability and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising out of this Lease, or any occurrence in, upon or at the Premises, or the occupancy or use by the Tenant of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of the Tenant or by anyone permitted to be on the Premises by the Tenant. If the Landlord shall, without fault on its part, be made a party to any litigation commenced by or against the Tenant, then the Tenant shall protect, indemnify and hold the Landlord harmless in connection with such litigation. The Landlord may, at its option, participate

in or assume carriage foregoing, or any other matter for which the Tenant is required to indemnify the Landlord under this Lease. Alternatively, the Landlord may require the Tenant to assume carriage of and responsibility for all or any part of such litigation or discussions.

**5.28 Disclosure of Principals** - The Tenant represents and warrants to the Landlord that the persons listed in Schedule "F" annexed hereto and forming a part hereof are, as at the date hereof, all of the non-arm's length associates, affiliates and financial partners of the Tenant and all of their respective officers, directors and shareholders.

**5.29 Solicitation of Business** - That the Tenant, its agents and employees, will not solicit business in any of the Common Areas, nor will the Tenant erect any display or advertisement outside the Premises without the Landlord's prior written consent.

## ARTICLE VI - LANDLORD'S COVENANTS

### THE LANDLORD COVENANTS AND AGREES WITH THE TENANT AS FOLLOWS:

**6.01 Quiet Possession** - Subject to payment of the Base Rent, and other sums herein reserved and to the due performance by the Tenant of the covenants and agreements herein contained, that the Tenant shall have quiet possession and enjoyment of the Leased Premises; provided, however, that the Tenant acknowledges that there may be excess residual noise from adjacent streets and properties, mechanical systems, through floors and demising walls and other disturbances as may be common or uncommon in structures of a like nature and age.

**6.02 Realty Taxes** - That the Landlord will pay Realty Taxes.

**6.03 Maintain Common Areas** - That the Landlord will provide service and supplies necessary to maintain and keep the Common Areas in a first class condition of cleanliness, neatness and upkeep, but the manner in which the Common Areas are managed and maintained and the incurring of expenditures therefor shall be at the sole discretion of the Landlord.

**6.04 Heating and Air Conditioning** - Deleted.

**6.05 Repairs to Building** - That, subject to the provisions of this Lease, the Landlord will make repairs to the Building necessitated by structural defect or weakness in the design or construction thereof including, without limitation, the roof, interior concrete slab floors and exterior and interior demising wall, except for repairs necessitated as a result of any wilful or negligent act or omission of the Tenant or those for whom the Tenant is in law responsible.

**6.06 Exclusive Mechanical Systems** - Deleted.

## ARTICLE VII - DELETED

## ARTICLE VIII - GENERAL COVENANTS

**8.01 Fixtures** - Deleted.

**8.02 Signs** - Deleted..

**8.03 Landlord's Right to Relocate** - Deleted.

**8.04 Destruction or Damage** - Provided and it is hereby expressly agreed that, if and when during the Term hereby demised, the Building is destroyed or damaged by fire, lightning, or other perils, including malicious damage, or by a natural catastrophe or by any other casualty, the following provisions shall apply:

a) If the damage or destruction is such that the Building is rendered wholly unfit for occupancy or it is impossible or unsafe to use and occupy it and if, in either event, the damage, in the sole opinion of the Landlord to be given to the Tenant in writing within thirty (30) days of the happening of such damage or destruction, cannot be repaired with reasonable diligence within one hundred and eighty (180) days after the happening of such damage or destruction, then either the Landlord or the Tenant may, within ten (10) days next following receipt of the Landlord's opinion as aforesaid, Terminate this Lease by giving to the other party notice in writing of such Termination. In the event that neither the Landlord nor the Tenant so Terminate this Lease, then the Landlord shall repair the Building with all reasonable speed and the rent hereby reserved shall abate from the date of the happening of such damage or destruction until the date which is the earlier of thirty (30) days after the same shall be made good to the extent of enabling the Tenant fully to use and occupy the Premises and the date on which the Tenant re-opens the Premises or any part thereof to conduct business. The Tenant covenants to make any repairs required to be made to the Tenant's Work with all reasonable speed and re-open the Premises for business forthwith upon completion thereof. Should the Landlord or the Tenant Terminate this Lease as hereinbefore provided in this subparagraph, the Term hereby demised shall cease and be at an end as of the date of such destruction or damage and the rents and all other payments for which the Tenant is liable under the terms of this Lease shall be apportioned and paid in full to the date of such destruction or damage.

b) If the damage is such that the Building is rendered wholly unfit for occupancy or it is impossible or unsafe to use or occupy it, but if, in either event, the damage, in the sole opinion of the Landlord to be given to the Tenant in writing within thirty (30) days of the happening of such damage, can be repaired with reasonable diligence within one hundred and eighty (180) days after the happening of such damage, then the Landlord shall repair such damage with all reasonable speed and the rent hereby reserved shall abate from the date of the happening of such damage until the date which is the earlier of thirty (30) days after the damage shall be made good to the extent of enabling the Tenant fully to use and occupy the Premises or any part thereof to conduct business. The Tenant covenants to make any repairs required to be made to the Tenant's Work with all reasonable speed and re-open the Premises for business forthwith upon completion thereof.

c) If, in the sole opinion of the Landlord, the damage can be made good, as set forth in sub-paragraph 8.05(b) hereof, within one hundred and eighty (180) days of the happening of such damage, and the damage is such that the Premises are capable of being partially used for the purposes for which they are hereby demised, then only until such damage has been repaired, Base Rent and Additional Rent (except for those items of Additional Rent payable pursuant to sub-paragraph 3.02(a) hereof) shall abate in the proportion that the Rentable Area of the part of the Premises which is

rendered unfit for occupancy bears to the Rentable Area of the Premises. The Landlord shall repair such damage with all reasonable speed and, upon completion of such repairs, Base Rent shall once again be repayable in full.

**8.05** Landlord's Repairs - The Landlord and any persons authorized by the Landlord shall have the right to use, install, maintain and/or repair pipes, wires, ducts or other installations in, under or through the Premises for or in connection with the supply of any services (including, without limiting the generality of the foregoing, gas, electricity, water and sanitation) to the Premises or any other part of the Building, provided that, in so doing, the Landlord shall take reasonable efforts not to interfere with the Tenant's business; and in this regard, the Landlord, its employees and others authorized by it may enter upon the Leased Premises at any time upon twenty four (24) hours prior notice to the Tenant, or without notice if such maintenance and/or repairs are of an exigent nature, and may take all materials required therefor into the Leased Premises without such acts constituting an eviction of the Tenant in whole or in part or otherwise being construed as a breach of the Landlord's covenant to the Tenant for quiet enjoyment.

**8.06** Interruption of Services - When necessary by reason of accident or other cause or when considered necessary by the Landlord in order to make any repairs, alterations or improvements in or relating to the Premises or other parts of the Building, the Landlord may cause such reasonable and temporary obstruction of Common Areas as may be necessary and may interrupt or suspend as necessary the supply to the Premises of electricity, water, heat, ventilating, air-conditioning, elevator and other services until said repairs, alterations, improvements or additions have been completed. The Landlord, its agents, employees and others authorized by or on behalf of the Landlord, may, for the foregoing purposes, enter the Premises and carry out work therein for such purposes and may take all materials into the Premises required therefor without such acts constituting an eviction of the Tenant in whole or in part or otherwise being construed as a breach of the Landlord's covenant to the Tenant for quiet enjoyment. Furthermore, the Landlord shall have the right to make permanent changes, alterations, improvements or additions to the Building, the Common Areas and/or the Lands, erect buildings or structures thereon or sell or lease part or parts thereof, but in doing so, the Landlord shall not permanently interrupt or impair to a substantial degree access to and egress from the Premises by the Tenant, its servants, agents, employees, invitees or licensees.

**8.07** Landlord Not Liable for Proper Interference - The Landlord shall not be liable to the Tenant for any interference, inconvenience or loss of use and enjoyment caused by anything permitted in paragraph 8.06, nor shall rent be suspended or abate, but the Landlord shall undertake all work expeditiously and shall co-operate with the Tenant to minimize any interference or inconvenience.

**8.08** Rules and Regulations - The Landlord may in its discretion from time to time make reasonable rules and regulations respecting the use and operation of the Premises, the Common Areas, the Building and the Lands. The Tenant covenants with the Landlord to observe and to require its employees and, so far as possible, its invitees and licensees to observe such rules and regulations. All such rules and regulations in force from time to time shall be read as forming part of this Lease to the same extent as if they were embodied herein. The Landlord may in such rules and regulations restrict or prevent access to the Building or Common Areas outside normal business hours but, if requested, the Landlord shall make special arrangements with the Tenant for access by employees under supervision outside normal business hours. The Landlord's current Rules and Regulations are attached hereto as Schedule "E", which forms a part hereof.

**8.09** Mechanic's Liens - If any lien within the meaning of the Construction Lien Act, 1983, as amended from time to time, or any lien within the meaning of any statute successor thereto, or any other liens or order for payment of money shall be filed against the Premises or the Lands by reason of or arising out of any services or materials supplied at the request of the Tenant, its agents, employees, licensees or invitees to any improvement made thereto or to the Tenant or to anyone claiming through the Tenant, before, during or after the Term, the Tenant shall, within five (5) days after notice to the Tenant of the filing thereof, cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such liens or orders, whether against the Landlord or the Tenant, at the Tenant's sole expense. The Tenant hereby agrees to indemnify and save the Landlord harmless from any expense or damage as a result of such lien or orders. Should such liens or orders not be discharged within five (5) days as aforesaid, then the Landlord shall have the right, but not the obligation, to pay the amount of such claim together with any costs into the appropriate court in order to obtain such discharge of such lien, and the amount so paid by the Landlord together with reasonable solicitor's costs and expenses shall be payable forthwith by the Tenant to the Landlord as Additional Rent.

**8.10** Corporate Ownership - If the Tenant (including for the purposes of this paragraph any assignee or subtenant) is a corporation having no shares listed for sale on a recognized stock exchange in Canada and if, after the date of execution of this Lease, part or all of the corporation shares or voting rights of shareholders of the Tenant or of an associated, affiliated or parent company of the Tenant are transferred by sale, assignment, bequest, inheritance, operation of law or other disposition, or issued by subscription or allotment, or cancelled or redeemed, so as to result in a change in the effective voting or other control of the Tenant to persons other than those referred to in paragraph 5.28 hereof, or if other steps or actions are taken to accomplish such change of control, the Tenant will promptly notify the Landlord in writing of the change, which change will be considered to be an assignment of this Lease in respect of which paragraph 5.05 shall apply; and whether or not the Tenant does so notify the Landlord, the Landlord may Terminate this Lease within sixty (60) days next following the day on which the Landlord learns of such change unless the Landlord had previously given its consent thereto in writing.

**8.11** No Picketing - In the event that any employee of or other person associated, directly or indirectly, with the Tenant causes or participates in any demonstration or picketing on or about the Premises whether pursuant to a labour dispute or otherwise, the Tenant shall immediately take any and all steps necessary to put an end to same and if such demonstration or picketing continues for a period of greater than thirty (30) days and the Tenant has not diligently and in good faith undertaken any and all reasonable steps necessary to put an end to same, then this Lease shall, at the option of the Landlord exercisable by notice in writing, cease and determine and the Term shall immediately become forfeited and void and the Landlord may re-enter and take possession of the Premises as though the Tenant were overholding at the expiry of the Term.

**8.12** Notice "For Rent" or "For Sale" - Deleted.

**8.13** Acknowledgement re: Rentable Area - Deleted.

**8.14** Assignment and Subletting - The Tenant shall not have the right to assign this Lease or sublet the whole or part of the Leased Premises.

## ARTICLE IX - DEFAULT

### 9.01 Default and Right to Enter

- a) The failure of the Tenant to pay any Base Rent, Additional Rent, or any other sum payable hereunder, on the date appointed for the payment thereof shall constitute a default hereunder. Should such default continue for a period of twenty four (24) hours after written notice to the Tenant of such default the Landlord may elect to re-enter the Leased Premises.
- b) The failure of the Tenant to observe or perform any other of the terms, covenants, conditions and agreements of this Lease to be observed or performed by the Tenant (other than such as specified in subsection (a) shall constitute a default hereunder. Should such default continue for a period of seven (7) days after written notice to the Tenant specifying with reasonable particularity the nature of such default and requiring the same to be rectified, the Landlord may elect to re-enter the Leased Premises. Provided however, if within such seven (7) day period the Tenant commences and proceeds diligently to completion but fails to cure such default, the Tenant shall be permitted such longer time as reasonably required due to the nature of the default to complete and cure the same.

**9.02** Re-Entry - Should the Landlord elect to re-enter the Leased Premises as set forth in paragraph 9.01 or should it take possession pursuant to legal proceedings, or pursuant to any notice provided for by law, the Landlord may without notice or any form of legal process whatsoever forthwith re-enter upon the Leased Premises or any part thereof in the name of the whole.

### 9.03 Effect of Re-Entry

- a) Should the Landlord re-enter the Leased Premises it may elect to declare the Term and this Lease to be forfeited and void and the Landlord may repossess and enjoy the Leased Premises as of its former estate anything contained in any statute or law to the contrary notwithstanding. Such forfeiture shall be wholly without prejudice to the right of the Landlord to recover arrears of Rent or damages for any antecedent default under this Lease, and provided further that the Landlord may subsequently recover from the Tenant damages for loss or Rent suffered by reason of this Lease having been prematurely determined.
- b) Should the Landlord re-enter the Leased Premises it may from time to time without Terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises, and relet the Leased Premises or any part thereof as agent for the Tenant for such Term or terms (which may be for a Term extending beyond the Term of this Lease) and at such rental or rentals and upon such other terms and conditions as the Landlord in its sole discretion may deem advisable. Upon each reletting all rentals received by the Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than Rent due hereunder from the Tenant to the Landlord; second, to the repayment of any costs and expenses of such reletting, including brokerage fees and solicitors' fees and the costs of such alterations and repairs; third, the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by the Landlord and applied in payment of future Rent as the same may become due and payable hereunder. If such Rent received from such reletting during any month be less than that to be paid during that month by the Tenant hereunder, the Tenant shall pay any such deficiency to the Landlord. Such deficiency shall be calculated and paid monthly; however, if there is an excess on hand held by the Landlord, the deficiency shall be deducted from the excess before the Tenant shall be required to pay an deficiency.
- c) No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to Terminate this Lease unless a written notice of such intention be given to the Tenant or unless the Termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without Termination, the Landlord may at any time hereafter elect to Terminate this Lease for such previous breach.
- d) Should the Landlord at any time Terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it may incur by reason of such breach, including the cost of recovering the Leased Premises, and including the worth at the time of such Termination of the excess, if any, of the amount of Rent reserved in this Lease for the remainder of the Term hereof over the then reasonable rental value of the Leased Premises for the remainder of the Term hereof, all of which amounts shall be immediately due and payable from the Tenant to the Landlord. In determining the Rent which would be payable by the Tenant hereunder, subsequent to default, the annual Rent for each year of the unexpired Term shall be equal to the average annual Base Rent together with all Additional Rent which would have been payable during the calendar year in which this Lease was Terminated, pro-rated over a part of a calendar year, if required.

**9.04** Legal Expenses - In case suit shall be brought for recovery of possession of the Leased Premises, for the recovery of Rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of the Tenant to be kept or performed and a breach shall be established, the Tenant shall pay to the Landlord all expenses incurred therefor, including reasonable solicitors' and counsel fees on a solicitor and his own client basis.

**9.05** Bankruptcy, etc. - The Tenant covenants and agrees that if the Term or any of the goods and chattels of the Tenant on the Leased Premises shall at any time during the Term be seized or taken in execution or attachment by any creditor of the Tenant, or if the Tenant shall make any assignment for the benefit of creditors, or any bulk sale (without the consent of the Landlord which shall not be unreasonably withheld) or, becoming bankrupt or insolvent, shall take the benefit of any statute or law now or hereafter in force for bankrupt or insolvent debtors, or if any order shall be made for the winding up of the Tenant, or should a receiver or manager be appointed for the assets or undertaking of the Tenant, or if the Leased Premises shall without the written notice of the Landlord (which consent shall not be unreasonably withheld) become and remain vacant for a period of fifteen (15) days (except during the making of repairs, replacement or restoration), or be used by any party other than such as entitled to use them under the terms of this Lease, or if the Tenant shall without the written consent of the Landlord abandon or attempt to abandon the Leased Premises, or to sell or dispose of goods or chattels of the Tenant, or to remove them or any of them from the Leased Premises (except in the ordinary course of business), so that there would not in the event of such abandonment, sale or disposal be sufficient goods on the Leased Premises subject to distress to satisfy the Rent then due and accruing due over the next ensuing three (3) months, then and in every such case the then current month's rent and the next ensuing three (3) month's rent shall immediately become due and be paid. In any such event the Landlord may re-enter and take possession of the Leased Premises as though the Tenant or the servants of the Tenant or any other occupant of the Leased Premises were holding over after the expiration of the Term, and the Term and this Lease shall, at the option of the Landlord, forthwith become forfeited and determined, and in every one of the cases above, such accelerated rent shall be recoverable by the Landlord in the same manners as the Rent hereby reserved and as if Rent were in arrears. The said option shall be deemed to have been exercised if the Landlord or its agents give notice to such effect to the Tenant as provided for herein.

**9.06 Landlord May Perform Covenants**

- a) if the Tenant shall fail to perform any of its covenants or obligations under or in respect of this Lease, the Landlord may upon ten (10) days written notice to the Tenant from time to time at its discretion, perform or cause to be performed any of such covenants or obligations, or any part thereof, and for such purpose say do such things upon or in respect of the Leased Premises or any part thereof as the Landlord may consider requisite or necessary.
- b) All expenses incurred and expenditures made by or on behalf of the Landlord under this Section shall be forthwith paid by the Tenant. If the Tenant fails to pay the same, the Landlord may add the same to the Rent and recover the same by all remedies available to the Landlord for the recovery of Rent to arrears.

**9.07 Landlord May Follow Chattels** - In case of removal by the Tenant of the goods and chattels of the Tenant from the Leased Premises contrary to the provisions of this Lease, the Landlord may follow the same for thirty (30) days in the same manner as is provided for in The Landlord and Tenant Act of Ontario.

**9.08 Waiver of Exemptions re: Distress** - The Tenant hereby covenants and agrees with the Landlord in consideration of the Premises and of the leasing by the Landlord to the Tenant of the Leased Premises for the Term hereby created (and it is upon that express understanding that these presents are entered into) that notwithstanding anything contained in The Landlord and Tenant Act, R.S.O., 1980, C232, Section 30, or in any other statute which say hereafter be passed to take the place of the said Act or to amend the same, none of the goods or chattels of the Tenant on the Leased Premises at any time during the continuance of the Term shall be exempt from levy by distress for Rent in arrears. Upon any claim being made for such exemption by the Tenant this covenant and agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to the levying upon any such goods as are named as exempted in said Section or amendment(s) thereto, the Tenant waiving as the Tenant hereby does, all and every benefit that could or might have accrued to the Tenant under and by virtue of the said Section of the said Act or any amendment or amendments thereto but or this covenant.

**9.09 All Amounts Collectible** - If the Tenant is in default in the payment of any amount or charges required to be paid pursuant to this Lease, such shall, if not paid when due, be collectible as Rent forthwith on demand, but nothing herein contained is deemed to suspend or delay the payment of any amount of money at the time it becomes due and payable hereunder, or limit any other remedy of the Landlord. The Tenant agrees that the Landlord may, at its option, apply or allocate any sums received from the Tenant against any amounts due and payable hereunder in such manner as the Landlord sees fit.

**9.10 Remedies Not Inclusive** - Mention in this Lease of any particular remedy in favour of the Landlord in respect of a default by the Tenant does not preclude the Landlord from any other remedy in respect thereof, whether available at law or in equity or by statute or expressly provided for in this Lease. No remedy shall be exclusive or dependent upon any other remedy, and the Landlord may from time to time exercise any one or more of such remedies generally or in combination, such remedies being cumulative and not alternative. Whenever the Tenant seeks a remedy to enforce the observance or performance of one of the terms, covenants and conditions contained in this Lease on the part of the Landlord to be observed or performed by the Landlord, the Tenants only remedy shall be for damages that the Tenant shall be able to prove in a court of competent jurisdiction that it has suffered as a result of a breach by the Landlord in the observance or performance of any of the terms, covenants and conditions contained in this Lease on the part of the Landlord to be observed or performed. The right of the Tenant to seek a remedy is however expressly subject to the provisions of this Lease.

**ARTICLE X - MISCELLANEOUS**

**10.01 Non-Waiver** - Any condonement, excusing or overlooking by the Landlord of any default, breach or non-observance by the Tenant at any time or times in respect of any covenant, proviso or condition herein contained shall not be construed or operate as a waiver of the Landlord's rights hereunder in respect of any subsequent default, breach or non-observance and shall not be construed or operate so as to defeat or affect in any way the rights of the Landlord hereunder in respect of any subsequent default, breach or non-observance.

**10.02 Subordination and Attornment** - The Tenant's rights under this Lease shall at all times be subordinate and subject to the rights of all present and future encumbrancers and trustees under bond debentures of the Premises (including the Mortgage) and the Tenant agrees to execute from time to time, upon request by the Landlord, postponements of all of its rights hereunder in favour of such encumbrancers and trustees, and to attorn to such encumbrancers and trustees, provided however that the Landlord covenants to use its best commercial efforts to obtain an agreement from each such encumbrancer or trustee obtaining its interest subsequent to the date hereof that the Tenant's possession under the Lease shall not be disturbed so long as the Tenant is performing its obligations hereunder. If within, five (5) business days after delivery to the Tenant of a request by the Landlord to the Tenant to execute all instruments or certificates to give full effect to the foregoing, the Tenant has not executed the same, the Tenant irrevocably appoints the Landlord as the Tenant's attorney with full power and authority to execute and deliver in the name of the Tenant any such instruments or certificates.

**10.03 Force Majeure** - Whenever and to the extent either party is prevented, hindered or delayed in the fulfillment of any obligation hereunder in respect of the supply or provisions of any service or utility or the doing of any work or the making of any repairs or replacements by reason of force majeure, (but not in respect of any obligation of either party to pay money to the other) that party's liability to perform such obligation shall be postponed and it shall be relieved from any liability in damages or otherwise for breach thereof for so long as and to the extent that such prevention, hindering or delay continues to exist. The Term "force majeure" means any fire or catastrophe, act of the Queen's enemies, riot or civil insurrection, strike, lockout or labour disturbance, inability to obtain material, goods, equipment, services or utilities required, or any law, by-law, regulation or order of a public authority or inability to obtain any permission or authority required thereby; but does not include any inability to obtain funds.

**10.04 Joint and Several** - The covenants by the Tenant, if more than one person, firm or corporation, are hereby declared to be joint and several. The word "Tenant" is deemed to be taken to mean each and every person or party mentioned as Tenant herein, and if there is more than one such party, any notice required under this Agreement may be given by or to any one of them, and has the same force and effect as if given by or to all of them.

**10.05 Notices** - All notices or other communications required to be given or which may be given under or pursuant to this Lease shall be in writing, duly executed by the party given such notice or its solicitors, and shall be personally delivered or transmitted by registered mail, telegram, fax or telex addressed as follows:

- a) Notices to the Landlord shall be addressed to the Landlord c/o 2100 Ellesmere Road, Suite 200, Scarborough, Ontario M1H 3B7, or other such address in the Municipality of Metropolitan Toronto as the Landlord may by notice specify from time to time.



- b) Notices to the Tenant shall be addressed to the Tenant at its Head Office if so directed.

All notices given by personal delivery shall be deemed to have been received on the day of and at the time of such delivery. Notices given other than by personal delivery shall be deemed to have been received at 12:00 noon on the second business day after the sending thereof as aforesaid. In the event of actual or reasonably apprehended postal disruption, all notices shall be given by fax or personal delivery only.

**10.06** Registration of Lease - Neither the Tenant nor any party on the Tenant's behalf or claiming under the Tenant shall register this Lease, any notice of this Lease, or any assignment or sublease of this Lease or any document evidencing any interest of the Tenant in this Lease, or the Leased Premises, against the title to the Building, or any part thereof without the express consent in writing of the Landlord which, may be unreasonably withheld. Any registration contrary to this paragraph shall constitute a default under this Lease, and the Tenant shall in such event indemnify and save the Landlord harmless from all losses, costs, charges and expenses incurred as a result, and further, the Landlord at its option may Terminate this Lease if within five (5) days after notice in writing from the Landlord so stating the Tenant has failed to cancel, withdraw or delete from the title the prohibited registration.

**10.07** Further Assurances - The Tenant agrees that it will at all times and from time to time hereafter and upon every reasonable request to do so by the Landlord, make, do, execute, deliver cause to be made, done, executed and delivered, all such further acts, deeds, assurances and things that may be required to more effectively implement and carry out the true intent and meaning of this Lease.

**10.08** Standard of Interpretation - Unless otherwise specifically excepted or qualified herein, all covenants and agreements herein contained shall be reasonably interpreted or construed by the parties.

**10.09** Entire Agreement - The Tenant acknowledges that there are no covenants, representations, warranties, agreements or other conditions expressed or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Lease save as expressly set out or incorporated by reference herein and that this Lease constitutes the entire agreement duly executed by the parties hereto, and the parties further acknowledge that no amendment, variation or change to this Lease shall be binding unless the same shall be in writing and signed by the parties hereto.

**10.10** Headings, Gender and Number - The headings set out in this Lease are inserted for convenience and reference only and shall in no way affect, define, limit or describe the scope, intent or construction of any of the provisions hereof. This Lease shall be read and construed with all changes of gender and number of the party or parties referred to in each case as required by the context.

**10.11** Severability - If any paragraph or paragraphs or any part or parts thereof in this Lease be illegal or unenforceable, it or they shall be considered separate and several herefrom, and the remaining provisions of this Lease shall remain in full force and effect and be binding upon the parties hereto as though the provision or provisions or any part or parts thereof had never been included herein.

**10.12** Lease Binding Upon Successors - This Lease, together with all Schedules annexed hereto and forming a part hereof and together with all rights, entitlements, duties and obligations arising from the same, shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective heirs, legal personal representatives, successors and assigns (as limited by the provisions hereof), and all rights or powers reserved to the Landlord may be exercised by either the Landlord or its agents and representatives.

**10.13** Governing Law - This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the parties attorn to the jurisdiction of the Province of Ontario.

**10.14** No Partnership - By this Lease the Landlord does not, in any way, or for any purpose, become a partner of the Tenant in the conduct of its business or otherwise, or joint venture or a member of a joint enterprise with the Tenant. Neither the method of computation of rent nor any other provision contained herein, nor any acts of the parties hereto shall create a relationship between the parties other than that of Landlord and Tenant.

**10.15** No Option by Submission - The submission of this Lease for examination does not constitute a reservation of or option for the Premises and this Lease becomes effective as a lease only upon execution and delivery thereof by the Landlord and Tenant.

## ARTICLE XI - DEFINITIONS

The following words and phrases shall have the following meanings used in this Lease:

**11.01** "Additional Rent" means the sum of money payable to the Landlord as specified in paragraph 3.02 of this Lease as well as any of the sums, amounts, costs, charges or cost escalations as are required to be paid by the Tenant to the Landlord pursuant to any provisions of this Lease.

**11.02** "Architect" means the architect from time to time selected by the Landlord. The decision of the Architect, whenever required hereunder and certificate related thereto shall be final and binding on the parties hereto. The Architect shall be duly qualified to practice in the Province of Ontario and in good standing under all applicable laws and regulatory requirements.

**11.03** "Base Rent" means the sums of money payable to the Landlord as specified in paragraph 3.01 hereof.

**11.04** "Building" means the Lands and the building or structure now erected upon the Lands and **known municipally as 2100 Ellesmere Road and 1200 Markham Road** together with all other buildings, improvements and fixtures erected upon the Lands and used in connection therewith or in connection with such building or structure and all appurtenances thereto now or hereafter installed or erected thereon and all alterations and additions made thereto from time to time.

**11.05** "Common Areas" means those areas, facilities, utilities, improvements, equipment and installations adjacent to or outside the Building which serve or are for the benefit of the Building, which do not comprise part of the Leased Premises and which, from time to time, are not designated or intended by the Landlord to be for the Landlord's exclusive use and are not designated or intended by the Landlord to be leased to the Tenant or any other tenants of the Building, their respective employees, agents, customers and invitees, in common with all others entitled to the use and benefit thereof in the manner and for the purposes permitted by this Lease, and which include all corridors, hallways, lobbies and stairwells, all pedestrian walkways and sidewalks, all landscaped and planted areas, the roof and exterior walls of the Building, exterior and interior structural elements and walls of the Building, common washrooms, all parking and loading areas and all entrances and exits thereto and all structural elements thereof, all access ways, truck courts, driveways, delivery passages, loading docks and related areas, all electrical, telephone, meter, valve, mechanical, mail, storage, service and janitorial rooms, fire prevention, security and communication systems, and generally all areas forming part of the Building which do not constitute rented or rentable Premises.

The Common Areas shall at all times be subject to the exclusive management and control of the Landlord. The Landlord reserves the right to lease parts of the Common Areas from time to time and to alter the layout or configuration of and/or reduce the size of the Common Areas as the Landlord shall from time to time determine. The Tenant shall have the right of non-exclusive use, in common with others entitled thereto, for their proper and intended purposes of those portions of the Common Areas intended for common use by tenants of the Building, provided that such use by the Tenant shall always be subject to such reasonable Rules and Regulations as the Landlord may from time to time determine.

**11.06** DELETED

**11.07** DELETED

**11.08** "Expiry Date" means the date of expiry of the current Term, namely:

- i) with respect to the Initial Term, the date of expiry of Thirty (30) Months from and after the Lease Commencement Date; or the 28th day of February, 2021.

**11.09** "Landlord's Work" means construction of the Leased Premises by the Landlord as referred to in paragraph 4.01 hereof.

**11.10** "Lands" means those lands and Premises located in the City of Scarborough, in the Municipality of Metropolitan Toronto and Province of Ontario, known municipally as.

**11.11** "Lease Commencement Date" means the 1st day of September, 2018.

**11.12** "Lease Year" shall mean initially the period commencing on the Lease Commencement Date and ending on the next following Thirty First (31st) day of December; and thereafter each Lease Year shall consist of a period of Twelve (12) consecutive months corresponding to the calendar year, save and except for the last Lease Year of the Term, which last Lease Year shall consist of the period from January 1st of such Lease Year to the Expiry Date.

**11.13** "Mortgagee" means any mortgagee or hypothecary creditor (including any trustee for bond holders) of the Building or any part thereof.

**11.14** "Occupiable Space" - Deleted.

**11.15.01** "Operating Costs" - Deleted.

**11.15.02** Deleted.

**11.15.03** Deleted.

**11.16** "Premises", "Demised Premises" or "Leased Premises" means the Premises leased to the Tenant as referred to and described in paragraph 1.01 of this Lease.

**11.17** "Rentable Area" means:

- i) with respect to the Occupiable Space;
- ii) with respect to a multi-tenancy floor - Occupiable Space plus a proportion of all non-Occupiable Space on such floor. Such proportion will be determined by multiplying the non-Occupiable Space on the floor by a fraction, the numerator of which is the Occupiable Space of the Leased Premises and the denominator of which is the total Occupiable Space on that floor (whether leased or not).

**11.18** "Realty Taxes" means all real property taxes, rates, duties and assessments (including local improvements rates), impost charges or levies, whether general or special, that are levied, charged or assessed against the Building or any part thereof from time to time by any lawful authority, whether federal, provincial, municipal, school or otherwise, and any taxes payable by the Landlord which are imposed in lieu of, or in addition to, any such real property taxes whether of the foregoing character or not and whether or not in existence at the commencement of the Term, and any such real property taxes levied or assessed against the Landlord on account of its ownership of the Building or its interest therein.

**11.19** "Tenant's Proportionate Share" means the fraction which has as its numerator the Rentable Area of the Premises and as its denominator the total Rentable Area of the Building.

**11.20** Deleted.

**11.21** "Term" means the "Initial Term" or the "Second Term", as the case may be, which shall have the meanings assigned thereto by paragraphs 2.01 and 2.02 hereof respectively.

**11.22** The Addendum which follows, if any, forms part of this Lease.

**11.23** The following Schedules, if applicable, are attached hereto and form part of this Lease:

SCHEDULE "A" - NOT APPLICABLE  
 SCHEDULE "B" - LANDLORD'S SPECIAL TERMS  
 SCHEDULE "C" - NOT APPLICABLE  
 SCHEDULE "D" - NOT APPLICABLE  
 SCHEDULE "E" - RULES AND REGULATIONS  
 SCHEDULE "F" - DISCLOSURE OF PRINCIPALS  
 SCHEDULE "E" - PRE-AUTHORIZED DEBIT AGREEMENT

**11.24 GUARANTEE BY INDIVIDUAL(S)**


To induce the Landlord to execute and deliver the annexed lease (the "Lease") and in consideration of the execution and delivery thereof by the Landlord, the undersigned (the "Guarantor(s)"), jointly and severally, as principal and not as surety hereby covenants with and guarantees to the Landlord that:

1. The Tenant named in the Lease shall duly perform and observe each and every covenant, obligation and agreement in the Lease on the part of the Tenant to be performed and observed, including the payment of rent and all other payments agreed to be paid or payable under the Lease at the times and in the manner therein specified, and that if for any reason including the insolvency or bankruptcy of the Tenant, the Tenant shall fail to pay the rent or other sums provided to be paid by the Tenant under the Lease as and when they are provided to be due and payable or makes default in the performance or observance of any of the covenants, obligations or agreements which under the terms of the Lease are to be performed, or observed by the Tenant, the Guarantor(s) shall forthwith pay to the Landlord on demand such rent and other sums in respect of which such default shall have occurred and all damages that may arise in consequence of the non-observance or non-performance of any of the said covenants, obligations or agreements.
2. The Guarantor(s) is/are jointly and severally bound with the Tenant for the fulfilment of all covenants, obligations and agreements of the Tenant under the Lease. In the enforcement of its rights hereunder the Landlord may proceed against the Guarantor(s) as if the Guarantor(s) were named as tenant under the Lease.
3. The Landlord shall not be required to proceed against the Tenant or to proceed against or to exhaust any security held from the Tenant or to pursue any other remedy whatsoever which may be available to the Landlord before proceeding against the Guarantor(s), and the Guarantor(s) hereby waive(s) any right to require the Landlord to do so.
4. No neglect or forbearance of the Landlord in endeavouring to obtain payment of the rent reserved in the Lease or other payments required to be made under the provisions of the Lease as and when they become due, no delay of the Landlord in taking any steps to enforce performance or observance of the several covenants, obligations or agreements contained in the Lease to be performed, or observed by the Tenant, no extension of time which may be given by the Landlord from time to time to the Tenant, and no other act or failure to act of or by the Landlord shall release, discharge or in any way reduce the obligations of the Guarantor(s) under the covenants herein contained.
5. In the event of Termination of the Lease, except by surrender accepted by the Landlord, or in the event of disclaimer of the Lease pursuant to any statute, then, at the option of the Landlord to be exercised at any time within 6 months thereafter the Guarantor(s) hereby covenant to execute a new lease of the Premises between the Landlord as lessor and the Guarantor(s) as lessees for a Term equal in duration to the residue of the Term of the Lease remaining unexpired at the date of such Termination or such disclaimer. Such new lease shall contain the same lessor's and lessee's obligations respectively and the same covenants, obligations, agreements, terms and conditions in all respects (including the proviso for re-entry) as are contained in the lease.
6. This Guarantee shall extend to and enure to the benefit of the Landlord's successors and assigns and shall be binding on the Guarantor(s) and the respective heirs, executors, administrators and successors of each Guarantor.

IN WITNESS WHEREOF the parties hereto have hereunto set their seals duly attested to by their proper signing officers authorized in that behalf.

LANDLORD: ALDGATE CONSTRUCTION (1988) LIMITED  
I/we have authority to bind the company

Witness

  
per: Stephen M. Goldberger  
Position: Vice President or  
per: Lawrence M. Goldberger  
Position: Vice President Property Management

TENANT: GLOBAL KINGDOM MINISTERIES INC.  
"CHURCH"

I/we have authority to bind the company

Witness

  
Per: Kern Kalideen

Position: Chief Executive Officer

Witness

Signing as an officer of the church and not as an individual guarantor

Witness

Per: Tom Lodu

Signing as an officer of the church and not as an individual guarantor

Witness

  
Position: Operations Manager

**SCHEDULE "B"**

**LANDLORD'S SPECIAL TERMS**

**Rental Rate:**

\$20,000.00 per month plus HST.

**Tenant and Landlord Cancellation Agreement:**

It is understood and agreed that at any time, the Landlord can give notice to the Tenant to fix an issue to his satisfaction, within forty-eight (48) hours for whatever reason. If the problem has not been resolved, the Landlord can provide the Tenant with thirty (30) days prior written notice to cancel the contract.

It is also agreed and understood that on the first or last day of any month in the Term the Tenant can give the Landlord sixty (60) days prior written notice to cancel the Agreement.

**Holiday Exceptions:**

**Parking is allowed in the Garage only on Sundays and with the following exceptions:**

- Monday, December 24<sup>th</sup>, 2018 - Evening;
- Monday, December 31<sup>st</sup>, 2018 - Evening;
- Friday, April 19<sup>th</sup> 2019 - (Good Friday) - Public Holiday
- Tuesday, December 24<sup>th</sup> 2019 - Evening;
- Tuesday, December 31<sup>st</sup> 2019 - Evening;
- Friday, April 10<sup>th</sup> 2020 - (Good Friday) - Public Holiday
- Thursday December 24<sup>th</sup> 2020 - Evening;
- Thursday December 31<sup>st</sup> 2020 - Evening;
- Friday, April 2<sup>nd</sup> 2021 - (Good Friday) - Public Holiday

Some additional Saturdays (no more than 12 per year) with adequate notice at the additional charge of \$1,500.00 per day.

**Parking Conditions:**

Church staff, in charge, will meet with an Aldgate representative to discuss all parking matters and Signage as proposed, prior to beginning of Lease;

Top deck of garage is closed throughout the winter months;

Aldgate will allow surface parking, **in designated areas only**, for the above holiday exceptions, if needed, but must be arranged in advance;

Church will provide Security throughout the garage as long as the garage is open and do not admit people who are not attending Church;

Parking garage must be cleaned nightly and signed off by Aldgate security staff on closing of garage;

**Construction Opening:**

Construction Opening between the two properties, paid for by the Church, must be approved by Aldgate and a gate will be constructed solidly so no one can break through when closed and only be open on Sundays when Church is in session and controlled by Church and Aldgate;

No construction vehicles and construction workers' vehicles be allowed to enter onto any of the Aldgate's properties at any time;

All Plans for joining the properties to be approved by Aldgate Construction (1988) Limited and B. Goldberger Holdings Limited such Land includes the following properties:

- Parking Garage,
- 2100 Ellesmere Rd,
- 1200 Markham Rd,
- 1220 & 1210 Markham Rd,
- 2040 & 2050 Ellesmere Rd,
- 2030 -2060 Ellesmere Rd.

**Clean-up:**

Church will maintain the lands between the two properties and make sure all debris in the walkways is picked up and kept clean on a daily basis (on days used by the Church). Same applies to the stairways in the garage;

**Snow Contract:**

The Church to have the same Contractor as Aldgate.

**Insurance:**

Church to have up-to-date insurance policy that covers \$5,000,000.00 Liability on all lands owned by Aldgate and totally absolving Aldgate of any lawsuits (for attendees and visitors of GKM on days used by GKM) due to Accidents ( slips and falls, any damage to buildings, etc.) Any Court dealing or discovery hearings that an employee of Aldgate has to attend to there will be a charge of \$800.00 per hour and this will be charged to the Church.

**Indemnity Agreement:**

An Indemnity Agreement shall be prepared by Aldgate's lawyer (at Church's cost) and Lease shall be declared null and void if the Agreement is not signed.

**CREDIT INFORMATION**

COMPANY/INDIVIDUAL NAME:.....

Previous Business Address: .....Postal Code:.....

Date Incorporated.....SIN#.....Telephone:.....

GST #.....

OWNER'S NAME: .....Telephone:.....

Residence: .....Postal Code:.....

OWNER'S NAME :.....Telephone:.....

Residence: .....Postal Code:.....

BANK:.....Acct. No.:.....

Address:.....

Contact.....Telephone:.....

BUSINESS REFERENCE:.....Telephone:.....

Contact:.....Address:.....

BUSINESS REFERENCE:.....Telephone:.....

Contact:.....Address:.....

**DETAILED DESCRIPTION OF NATURE OF BUSINESS**

.....  
.....

**EQUIPMENT USED OR CONTEMPLATED:**

.....  
.....

The undersigned is providing this information and giving its permission so that the prospective Landlord may conduct such investigations and credit checks as the Landlord may deem appropriate for the purposes of approving/accepting the undersigned as a Tenant.

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## SCHEDULE "E"

### RULES AND REGULATIONS

1. The Tenant **shall not permit any cooking, including micro waving of popcorn or any other strong smelling foods in the Premises** without the written consent of the Landlord.
  
2. The sidewalks, entries, passages, elevators and staircases shall not be obstructed or used by the Tenant, his agents, servants, contractors, invitees or employees, for any purpose other than ingress to and egress from the Premises. The Landlord reserves entire control of all parts of the office used for the common benefit of the Tenants and (without restricting the generality of the foregoing) of the sidewalks, entries, corridors and passages not within the Premises, washrooms, lavatories, air-conditioning closets, fan rooms, janitor's closets, electrical closets and other closets, stairs, elevator shafts, flues, stacked pipe shafts and ducts, and shall have the right to place such signs and appliances therein, as it may deem advisable, provided that ingress to and egress from the Premises is not unduly impaired thereby. **No garbage (boxes, papers, magazines, etc.) is to be left in the hallways. It must be stored inside the Tenant's suite for pick-up, clearly marked "garbage".**
  
3. The Tenant, his agents, servants, contractors, invitees or employees shall not bring in or take out, position, construct, install or move any safe, business or other heavy office, or other heavy equipment without first obtaining the consent in writing, of the Landlord. In giving such consent, the Landlord shall have the right in its sole discretion, to prescribe the weight permitted and the position thereof, and the size and design of planks, skids or platforms to distribute the weight thereof. All damage done to the Office or other areas by moving or using any heavy equipment or other office equipment or furniture shall be repaired at the expense of the Tenant. The moving of all heavy equipment or other office equipment or furniture shall be carried out only **during the following times: 6:00-8:00 a.m.; 9:30 a.m.-11:30 a.m.; 1:15 p.m.-4:30 p.m.; 5:30 p.m.-10:00 p.m. upon providing the Landlord with forty-eight (48) hours notice** and at no other time unless consented to by the Landlord. **(If notice is not given to the Landlord forty-eight (48) hours prior to moving, Security of the Building, can stop the removal until such consent from the Landlord is given.)** The persons employed to move such equipment or furniture in and out of the Office must be acceptable to the Landlord. Safes and other heavy equipment will be moved through the halls and corridors only upon steel bearing plates. No freight or bulky matter of any description shall be received into the Office or carried in the elevators, except during the hours approved by the Landlord.
  
4. All persons entering and leaving the Office part of the building containing the Leased Premises at any time except during normal business hours shall register in the books kept by the Landlord at or near the night entrance and the Landlord shall have the right to prevent any person from entering or leaving the Office unless provided with a pass in a form to be approved by the Landlord. Any person found in the Office at such times without such pass will be subject to the surveillance of the employees and agents of the Landlord. The Landlord shall be under no responsibility for failure to enforce this rule.
  
5. The Tenant shall not place or cause to be placed any additional locks upon any doors of the Premises **without the approval of the Landlord** and subject to any conditions imposed by the Landlord. Additional keys may be obtained from the Landlord at the expense of the Tenant. The Landlord has the right to remove at the Tenant's cost, without any prior notice to the Tenant, any additional locks which the Tenant may place on the doors to the Leased Premises and such removal shall not constitute a breach of this Lease or a re-taking of possession of the Leased Premises by the Landlord.
  
6. The water closets and other water apparatus shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, rags, ashes or other substances shall be thrown therein. Any damage resulting from misuse

shall be borne by the Tenant by whom or by whose agents, servants or employees such damage is caused. Tenant shall not let the water run unless it is in actual use, and shall not deface or mark any part of the Office, or drive nails, spikes, hooks or screws into the walls or woodwork thereof.

7. No one shall use the Premises for sleeping apartments or residential purposes, or for the storage of personal effects or articles not required for business purposes.
8. The Tenant shall permit window cleaners to clean the windows of the Premises during normal business hours.
9. Canvassing, soliciting and peddling in the Office are prohibited.
10. Any hand trucks, carryalls or similar appliances used in the Office shall be equipped with rubber tires, side guards and such other safeguards as the Landlord shall require.
11. No animals or birds shall be brought into the Office.
12. The Tenant shall not install or permit the installation or use of any machine dispensing goods for sale in the Premises or permit the delivery of any food or beverage to the Premises without the approval of the Landlord or in contravention of any regulations promulgated by the Landlord. Only persons authorized by the Landlord shall be permitted to deliver or to use the elevators in the Office for the purpose of delivering food or beverages to the Premises.
13. **This is a smoke-free Building. As such, no smoking is allowed in any areas of the Building by the Tenant or any of its employees or its invitees.**
14. Should the Tenant require access to the telephone, or electrical rooms, or the service elevator, **the Landlord will require twenty four (24) hours prior notice.**
15. The Tenant shall upon occupancy, request from the Landlord a copy of its Fire Safety Plan. The Tenant shall familiarize itself and its employees with the Fire Safety Procedures and shall notify the Landlord of its appointed Floor Wardens and emergency telephone numbers.

I hereby acknowledge that I have read and fully understand the foregoing Rules & Regulations. I will adhere to them and will make sure my staff and invitees strictly adhere to them.

Tenant:

Per: Kern Kalideen

**SCHEDULE "F"**



DISCLOSURE OF PRINCIPALS

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_



**AGREEMENT TO ASSIGN, AMEND AND EXTEND LEASE (“Agreement”)**

BETWEEN: **ALDGATE CONSTRUCTION (1988) LIMITED** and  
**B. GOLDBERGER HOLDINGS LIMITED** (collectively, “Landlord”)

-and-

**TRINITY RAVINE COMMUNITY INC.** (“Assignor”)

-and-

**GLOBAL KINGDOM MINISTRIES CHURCH INC.** (“Assignee” / “Tenant”)

DATE OF ORIGINAL LEASE: **August 23, 2018**, as extended and amended, and hereinafter referred to as “Lease”  
 ADDRESS OF PREMISES: **“Parking Garage” attached to 1200 Markham Road** (Premises)

I/WE: **TRINITY RAVINE COMMUNITY INC.** (formerly known as **GLOBAL KINGDOM MINISTRIES INC.**) (“Assignor”) hereby assigns the Lease to **GLOBAL KINGDOM MINISTRIES CHURCH INC.** (“Assignee / Tenant”), and the Landlord hereby confirms its consent to and agreement with the assignment of the Lease from the Assignor to the Assignee (and that the amendment to Section 8.14 set forth in Schedule “A” attached hereto shall apply to any future assignment of the Lease or subletting of the Premises), and the Landlord further agrees to extend the term of the Lease for a period of **Thirty (30) Months**, from **August 1<sup>st</sup>, 2021 to January 31<sup>st</sup>, 2024** at the Existing Rental Rates of **\$20,000.00 each month plus HST in advance on the first day of each month during the Term.**

**Security Deposit:** the Landlord currently holds **\$22,600.00** as Security Deposit.

Except as set out in this Agreement and Schedule “A” attached hereto, all other terms and conditions to remain the same as set forth in the Lease and any subsequent extensions thereof, with the exception of any previous options to terminate or leasehold improvements and shall remain in full force and effect during the extension period.

Provided that the Tenant is not then in default or has not been habitually in default, the Landlord will, at the expiration of the said term, upon the Tenant’s written request, mailed by registered post to, or delivered to the Landlord not later than six (6) months before the expiration of the said term, grant to the Tenant a further extension of the Lease for a further term of **Thirty (30) months** upon the same terms and conditions except as to further extensions, options to terminate, or as to rental, which shall be based upon the then market price, at a rental to be agreed between the parties. The rental will not be less than the rental payable during the immediately preceding year. The Tenant will execute the Landlord’s standard form of extension agreement. In default of agreement, to be determined by arbitration as follows, i.e. rent shall be settled by the award of a single arbitrator mutually agreed upon by the parties or selected pursuant to the Arbitration Act if the parties are unable to agree.

Confidentiality- Each of the parties hereby covenants that the contents, the terms and the conditions of this agreement shall be kept strictly confidential and not for 3rd party knowledge. It is understood that the Tenant will not, under any circumstances, discuss or reveal the details of this agreement with any arms-length parties including but not limited to: any other tenants in the building, prospective tenants, real estate agents, the Tenant’s suppliers or customers, etc. excepting however, the Tenant’s legal and financial advisors, any prospective sub-tenants or assignees and any disclosure that may be required by law.

Acceptance of this Agreement may be made by either party by email scan, telefax, or similar system reproducing the original, with the necessary signatures and initials. Such acceptance shall be deemed to be made when the email scan or telefax is received by the party, or his/her real estate agent or lawyer. The person sending such email scan or telefax shall immediately thereafter send, or deliver, the original to the receiver of the scanned document or telefax.

***[Remainder of page left blank. Signature page follows.]***

DATED AT Toronto, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2021.

ASSIGNOR'S SIGNATURE AND COMPANY SEAL

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

**TRINITY RAVINE COMMUNITY INC.**

PER: \_\_\_\_\_

PER: Kern Kalideen

Kern Kalideen

I/We have the authority to bind the Company

ASSIGNEE/TENANT'S SIGNATURE AND COMPANY SEAL

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

**GLOBAL KINGDOM MINISTRIES CHURCH INC.**

PER: \_\_\_\_\_

PER: Tom Lodu  
Kern Kalideen

Kern Kalideen

I/We have the authority to bind the Company

LANDLORD'S SIGNATURE AND COMPANY SEAL

Witness: JG

**ALDGATE CONSTRUCTION (1988) LIMITED**

PER: [Signature]

Name: Stephen M. Goldberger, OR  
Lawrence M. Goldberger

I have authority to bind the Company

LANDLORD'S SIGNATURE AND COMPANY SEAL

Witness: JG

**B. GOLDBERGER HOLDINGS LIMITED**

PER: [Signature]

Name: Stephen M. Goldberger, OR  
Lawrence M. Goldberger

I have authority to bind the Company

Schedule "A"  
 ATTACHED TO AND FORMING PART OF THE AGREEMENT TO EXTEND LEASE BETWEEN:  
 ALDGATE CONSTRUCTION (1988) LIMITED  
 B. GOLDBERGER HOLDINGS LIMITED (LANDLORD)  
 AND  
 TRINITY RAVINE COMMUNITY INC. ("Assignor")  
 AND  
 GLOBAL KINGDOM MINISTRIES CHURCH INC. ("Assignee" / "Tenant")

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It is understood and agreed that the clause 8.14 and 9.01 in the Original Lease shall be replaced by the following:

8.14 **Assignment and Subletting** -The Tenant shall have the right to assign this Lease or sublet the whole or part of the Leased Premises to an assignee or subtenant (hereinafter called "the Assignee") approved in writing by the Landlord, which approval shall not be unreasonably withheld, provided that the Landlord is satisfied, acting reasonably, that the Assignee meets the following conditions and qualifications:

- (a) that the Assignee has the financial strength necessary to fulfil and perform all of the obligations of the Tenant under this Lease;
- (b) that the Assignee has a proven and has demonstrated expertise in operating a business similar to that of the Tenant as described in paragraph 5.06 hereof;
- (c) that the Assignee will prior to the assignment or subletting coming into effect, execute an acknowledgment and covenant in favour of the Landlord whereby the Assignee agrees to be bound by all of the terms and conditions of this Lease as though it were the Tenant named herein.
- (d) at no time shall the Base Rent charged by the Tenant to the sub-lessee be greater than the Base Rent payable to the Landlord as specified herein;
- (e) if the Tenant herein shall receive from any assignee of this Lease, either directly or indirectly, any consideration for the assignment of this Lease, either in form of cash, goods or services, the Tenant shall forthwith pay an amount equivalent to such consideration to the Landlord and same shall be deemed to be further Additional Rent hereunder;
- (f) if the Tenant herein is a private corporation and if by sale, transfer or other dispositions of its shares, the control of such corporation is altered so that 51% of the shares are transferred in any manner, then same shall be deemed as an assignment and the provisions of this Section 8.14 shall apply. The Tenant covenants and agrees to advise the Landlord forthwith if such a transfer is contemplated;

In the event of assignment of this Lease or in the event of subletting the Leased Premises, the Tenant shall nevertheless continue to be directly and primarily bound by all of the terms and conditions of this Lease as though such assignment or subletting had not been made. **The Tenant agrees to pay the reasonable legal fees of the Landlord's solicitor relating to the preparation of the Landlord's consent as well as an administration fee payable to the Landlord in advance of not less than \$500.00 plus HST.**

**In the event of any sub-letting or assignment, any special pre-existing terms of the Lease relating to Early Termination, Free Rent, Rental Abatements or concessions or Landlord's Work, shall become null and void upon the Commencement Date of the new Assignment or Sub-Lease.**

#### **ARTICLE IX - DEFAULT**

##### **9.01 Default and Right to Re-Enter**

In the event that the Tenant shall be in default of any of its covenants or obligations hereunder including, but not limited to, the following:

- (i) the Tenant fails to pay Base Rent or Additional Rent;
- (ii) a receiver or a receiver and manager is appointed for all or a portion of the Tenant's property;

- (iii) any steps are taken or any actions or proceedings are instituted by the Tenant or by any other party including without limitation any court or governmental body of competent jurisdiction for the dissolution, winding up or liquidation of the Tenant or its assets;
- (iv) the Tenant or any agent of the Tenant falsifies any report required to be furnished to the Landlord pursuant to this Lease;
- (v) this Lease or any of the Tenant's assets are taken under a writ of execution;
- (vi) the Tenant assigns, transfers or encumbers this Lease or sublets or permits the occupation or use or the parting with or sharing possession of all or any part of the Leased Premises by anyone except in a manner permitted by this Lease;
- (vii) any insurance policies covering any part of the Building or any occupant thereof are actually or threatened to be cancelled or adversely changed as a result of any use or occupancy of the Leased Premises by any person;
- (viii) the Tenant advises the Landlord that it does not intend to continue operating its business in the Leased Premises;

in addition to any other right which the Landlord may have hereunder, the Landlord may give to the Tenant notice in writing stating that said default with reasonably sufficient particulars, and requiring that the said default be remedied and that if such default is not remedied by the Tenant within seven (7) days after the receipt of such notice or such longer period as may be reasonably necessary in view of the nature of the default, the Landlord may at its option either enter into and upon the Leased Premises or any part thereof in the name of the whole and have again, re-possess, and enjoy the same as of its former estate and the said Lease shall thereupon terminate, or itself take steps and to do or cause to be done such things as may be necessary to remedy and correct such defaults. Provided further that in the event that the Landlord shall be entitled to, and shall elect to make a re-entry as hereinbefore provided for, any re-entry or other action so taken shall not be deemed to relieve the Tenant of its obligation to pay Base Rent or Additional Rent and other monies payable as Base Rent or Additional Rent hereunder and such Base Rent and Additional Rent and other monies payable as Base Rent or Additional Rent in accordance with the provisions hereof shall continue to accrue and be payable until such time as the Landlord is able to re-let the Premises, or otherwise deal with the same in such manner that it did not sustain any loss should the Tenant thereafter fail to pay the Base Rent or Additional Rent and other monies payable as Base Rent or Additional Rent or otherwise under this Lease. Provided further that in addition to all other rights hereby reserved to it, the Landlord shall have the right to re-enter the Leased Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor, and to re-let the whole or any portion of the Leased Premises for any period equal to or greater or less than the remainder of the then current Term of the Tenant and to receive the Base Rent and Additional Rent therefor, said Base Rent and Additional Rent to be any sum which it may deem reasonable, to any Tenant which it may deem suitable and satisfactory, and for any use and purpose which it may deem appropriate, and in connection with any such Lease, the Landlord may make such changes in the character of the improvements of the Leased Premises as the Landlord may determine to be appropriate or helpful in effecting such Lease; but in no event shall the Landlord be under any obligation to re-let the Leased Premises in whole or in part for any purpose which the Landlord may regard as injurious to the demises Premises, or to any Tenant which the Landlord, in the exercise of reasonable discretion, shall deem to be objectionable and to apply any rent derived from so re-letting the demised upon account of the Base Rent and Additional Rent due hereunder, and the Tenant shall remain liable to the Landlord for the deficiency, if any, it being the intention hereof that nothing herein contained and no entry made by the Landlord hereunder shall in any way release the Tenant from the payment of the Base Rent and Additional Rent hereby reserved during the Term hereof beyond such sum as may be realized by the Landlord by such re-letting or by the proceeds of any distress made by the Landlord against the Tenant; and provided that the Landlord shall not in any event be required to pay to the Tenant any surplus of any sums received by the Landlord on a re-letting of the Leased Premises in excess of the Base Rent and Additional Rent reserved hereunder.

DELOITTE RESTRUCTURING INC.  
Applicant

and GLOBAL KINGDOM MINISTRIES CHURCH INC.  
Respondent

Court File No. CV-23-00697814-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**REPLY REPORT OF DELOITTE RESTRUCTURING  
INC. IN ITS CAPACITY AS TRUSTEE IN  
BANKRUPTCY OF TRINITY RAVINE COMMUNITY  
INC. TO THE COURT ON TRANSFER AT  
UNDERVALUE**

**CASSELS BROCK & BLACKWELL LLP**  
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Lawyers for Deloitte Restructuring Inc. in its capacity as  
Trustee