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53. We noted, however, that Mr. Marchant's Investment Management Fees, which totaled \$1.39 million across the five Legacy Projects, were not included in the Legacy Project's pre-construction budgets (i.e., they were not budgeted for Phase 1). Mr. Marchant stated that the *"pre-construction budgets for the projects were for one year, this was the estimated time it would take to perform the pre-development phase. The full project budgets (from land purchase to operational stabilization) in the Financial Model (located in the Waverley offering data rooms) contain the following Investment Management budgets for the projects to commence after Year 1. Per the financial models, the Investment Management is to be paid at \$100,000 annually until the project reaches operational stabilization at which point the annual Investment Management payment would switch to a percentage of annual revenue."*³⁸ To date, we have been unable to identify this \$100,000 annual fee in the full project budgets; however, we have requested clarification from Mr. Marchant.
54. However, based on the above, the Investment Management Fee was not in the Phase 1 pre-construction budget (i.e., it was not intended to be paid with the Creditors' funds).

Barclay

55. As previously noted, as each Legacy Project's Development and Construction Manager, Barclay had a contract that entitled it to a Development Fee equal to 5% of each Project Budget and a Construction Management Fee equal to 4% of the Project Budget. Each of these fees were payable monthly independent of project progress.³⁹
56. Mr. Marchant provided us with the following chart, which shows that all budgeted fees for Barclay during the pre-development phase were effectively fully paid by the Legacy Projects, and that a significant portion of these fees were not paid to Barclay, but rather were paid to LVSH and Mr. Marchant:

³⁸ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 7(i)(c).

³⁹ See, for example, Development and Construction Management Services Agreements between Legacy Lifestyles Ocoee Property LLC and BV ALF Development Services LLC, dated February 17, 2016, Sections 4.2 and 4.3.



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Table 5: Barclay Budgeted and Actual Fees

	Development Fee Budget	Payments to Barclay	Payments to LV Senior Housing	Payments to Greg Marchant	Total Payments	Overbudget / (Underbudget)
Ocoee	900,000	580,000	320,000	-	900,000	-
Longleaf	1,000,000	600,000	400,000	-	1,000,000	-
Destin	1,000,000	720,000	280,000	-	1,000,000	-
Summerlin/Ft Myers	1,000,000	540,000	460,000	-	1,000,000	-
Trailwinds	1,000,000	300,000	512,774	125,000	937,774	(62,226)

Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 7(ii)(a).

57. Mr. Marchant indicated that Barclays charged and was paid the development management fee of \$100,000 per month for each Legacy Project.⁴⁰
58. Mr. Marchant also provided us with the following chart and indicated that “it was agreed with Barclay at the time of the Phase 1 offering that the pre-construction Development Schedule would be 12 months.”⁴¹ However, as shown in the chart below, Barclay’s budgeted fees for the pre-development phase were fully paid faster than anticipated (i.e., within 12 months) and before the pre-development phase was completed.

Table 6: Timing of Development and Construction Management Fees

	Date of:		
	Development and Construction Management Agreement	First Fee Payment	Final Fee Payment
Ocoee	17-Feb-16	09-Feb-16	18-Nov-16
Longleaf	18-Apr-16	20-May-16	30-Dec-16
Destin	25-May-16	24-Jun-16	16-Nov-16
Summerlin	Agreement not provided	20-Oct-16	01-Jul-17
Trailwinds	Agreement undated	24-May-17	01-Feb-18

Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 7(ii)(a) and Development and Construction Management Agreements.

⁴⁰ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 11.

⁴¹ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 9.



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LVSH

59. As the Legacy Project's operator, LVSH charged fees to the Legacy Projects primarily for sales and marketing services. Although requested, to date we have not yet been provided with a contract in respect of the services to be provided or the fees to be earned by LVSH;⁴² however, Mr. Marchant has indicated that LVSH's "fees per month were based on their operating costs relative to their overall scope of work."⁴³
60. Mr. Marchant provided us with the following chart, which sets out the budget-to-actual fees for LVSH:⁴⁴

Table 7: LVSH Budgeted and Actual Fees Paid

Balance Sheet Line Items	Ocoee			Longleaf			Destin			Summerlin/Ft Myers			Trafalgar		
	Budget	Actual	Overbudget / (Underbudget)	Budget	Actual	Overbudget / (Underbudget)	Budget	Actual	Overbudget / (Underbudget)	Budget	Actual	Overbudget / (Underbudget)	Budget	Actual	Overbudget / (Underbudget)
Land Commissions & Consultants	10,000	25,000	25,000	-	-	-	-	25,000	25,000	-	-	-	-	-	-
Reports - Market	88,175	51,538	(36,637)	58,805	87,300	28,495	50,263	55,543	5,280	85,969	88,133	2,364	85,263	66,293	(18,970)
Other Admin/Operator Pre-Development	484,500	584,195	139,695	298,522	298,179	(343,443)	500,000	362,777	(137,223)	498,000	494,620	(3,379)	1,388,500	1,161,847	(222,653)
Development Fee	120,000	120,000	-	400,000	400,000	-	280,000	280,000	-	460,000	460,000	-	512,774	512,774	-
Total	682,675	990,733	308,058	857,327	886,679	(34,348)	830,263	537,320	(292,943)	1,043,969	951,963	(91,996)	1,984,537	1,730,140	(254,397)

Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 7(iii)(a).

61. As shown in the table above, for all of the projects other than Ocoee, the LVSH pre-construction budget had not yet been exhausted; with respect to Ocoee, LVSH had charged more than the pre-construction budgeted amount.⁴⁵ Mr. Marchant stated that "Ocoee was the first Legacy project and the primary subject of review with potential construction lenders. LV Senior Housing spent a great deal of their time working on the Ocoee project and therefore went overbudget on their pre-development activities."⁴⁶

⁴² We have requested these contracts from Mr. Marchant.

⁴³ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 3.

⁴⁴ The Development Fee is the portion of Barclay's Development and Construction Management Fee that was shared with LVSH as discussed above.

⁴⁵ "Other Admin/Operator Pre-Development" represented fees charged by LVSH as well as third-party costs associated with LVSH's overall scope of work.

⁴⁶ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 7(iii)(b).



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4.2.2 Additional Advisory Fees

62. Similar to the Advisory Fees paid to Mr. Marchant, there were also other parties that earned Advisory Fees for services related to sourcing of capital for the Legacy Projects, specifically:

Table 8: Additional Advisory Fees

	Ocoee	Longleaf	Destin	Summerlin	Trailwinds	Total
	\$	\$	\$	\$	\$	\$
SOS Medical Information Resource Inc.	22,200	15,715	162,738	121,270	193,224	515,147
Thornbridge Capital Inc.	-	-	257,974	97,125	174,009	529,108
Byrex Inc.	-	-	-	-	24,481	24,481
1932234 Ontario Inc.	-	-	-	-	12,028	12,028
Total	22,200	15,715	420,712	218,395	403,742	1,080,763

Source: Document titled "Legacy trial balance and activity (2017 on)".

63. These fees were not included in the pre-construction Phase 1 budgets; therefore, they represent unbudgeted cost overruns.

4.3 Other Unbudgeted Expenses

4.3.1 HGR Construction Settlement and Expenses

64. We understand that HGR Construction Inc. ("HGR") is a general contractor that had a contract to work on the Ocoee project.⁴⁷ Mr. Marchant indicated that HGR had pre-purchased certain materials for the project and when the Legacy Projects' builder, Killian Construction Co., left the project, HGR demanded payment for the purchased materials. As a result, HGR commenced proceedings against the Ocoee Project entities, Killian Construction Co., Greg Marchant, and others, and registered several liens against the properties.⁴⁸

⁴⁷ Source: Discussions with Mr. Marchant and www.hgrconstruction.com/about/. Mr. Marchant stated that Barclay executed a contract with HGR without his knowledge.

⁴⁸ Source: Notice of Voluntary Dismissal with Prejudice, dated February 1, 2018, and Documentation showing satisfaction of liens.



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65. The HGR litigation was settled for a total payment of \$625,000;⁴⁹ however, we noted that \$480,000 of the settlement funds came from Legacy Projects other than Ocoee. Mr. Marchant indicated that HGR's lawyer "stated that Barclay had promised HGR contracts for all 5 Legacy projects. Further, Legacy (referencing to all projects) was told that if 'we' (Legacy) did not settle with HGR on the Ocoee project, HGR would commence action against all Legacy projects."⁵⁰
66. In addition, Ocoee paid out approximately an additional \$155,000 to HGR for extended general conditions for labour expenses incurred by HGR due to delays in the project start-up and shop drawings.⁵¹
67. The above expenses paid to HGR were generally classified as "Construction Management" on Ocoee's budget-to-actual analysis and were not included in Ocoee's pre-construction budget; therefore, they represent unbudgeted cost overruns (refer to Schedule 1).⁵²

4.3.2 Ocoee Sales Office

68. The Ocoee Project spent \$363,581 on the buildout, furnishing, and operation of a sales office, which was not contained in the pre-construction budget for this project; therefore, it also represents an unbudgeted cost overrun (refer to Schedule 1).
69. We have requested Mr. Marchant explain the nature of these expenses and why they were not originally anticipated in the pre-construction budget.

4.3.3 Purchase of SDA Ownership Interest

70. On December 15, 2017, the Trailwinds Project purchased the promissory note of one of Ocoee's Creditors, SDA Services Group Inc. ("SDA"). SDA was one of the originally Creditors of Ocoee and had loaned \$211,995 to the Ocoee Project.⁵³ After accounting for accrued interest and foreign exchange, SDA was owed \$397,474, which was paid with Trailwinds Project funds.

⁴⁹ Source: Mutual Release between Legacy Lifestyles Ocoee Property et al. and HGR Construction, Inc., dated January 29, 2018.

⁵⁰ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 27(a).

⁵¹ Source: Document titled "Legacy trial balance and activity (2017 on)" and document titled "HGR (GC) Invoices", pages 20-22.

⁵² \$35,000 of the settlement with HGR was classified as a "Sales Office" expense (discussed in Section 44.3.2 below).

⁵³ Source: Payout Statement and Release between Legacy Lifestyles Ocoee LP and SDA Services Group Inc., dated December 15, 2017.



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The purchase of this promissory note was not included in the Trailwinds pre-construction budget and therefore represented an unbudgeted cost overrun (refer to Schedule 5).

71. Mr. Marchant indicated that this note was purchased because, at the time, it was expected that Ocoee refinancing would occur within approximately six months and, by purchasing this note, the projects would have saved paying additional interest to SDA Services and earned profit participation as part of the Phase 2 equity syndication.⁵⁴

4.3.4 Other Unbudgeted Expenses

72. There were several other expenses that were incurred by the Legacy Projects that were not included on the pre-construction budgets, and, therefore, represent unbudgeted cost overruns (refer to Schedules 1 to 5). These costs are summarized in the chart below:

Table 9: Other Unbudgeted Fees Paid

	Ocoee	Longleaf	Destin	Summerlin	Trailwinds	Total
	\$	\$	\$	\$	\$	\$
Taxes	49,745	343,700	107,791	30,120	27,419	558,775
Professional Fees	60,927	23,766	34,053	30,447	10,542	159,735
Developer Admin Expenses	187,874	79,141	97,714	(22,681)	32,410	374,458
Equity Syndication Legals	131,557	-	-	-	-	131,557
Equity Syndication Related Expenses (Investment Marketing)	36,592	-	67,051	27,660	30,473	161,775
Total	466,695	446,607	306,608	65,546	100,844	1,386,301

Source: Schedules 1 to 5.

73. We have asked Mr. Marchant to explain the nature of these expenses and why they were not originally anticipated in the pre-construction budget.

4.4 Hedge Margin

74. Many of the Legacy Projects' Creditors elected to be repaid at a fixed USD:CAD foreign exchange rate. As a result, the Legacy Projects entered into hedge contracts with Velocity Trade. The budgeted expense associated with these hedge contracts was significant (i.e., a total of \$4.3 million); however, the actual expense was far lower than anticipated (i.e., a total of \$1.02 million). This resulted in additional funds available to each Legacy Project.

⁵⁴ Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Response to Question 26. We have followed up with Mr. Marchant to see if this opportunity was available to other Creditors.



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4.5 Permits

75. Given that the Legacy Projects did not reach the "shovel-ready" phase, amounts spent on permits were less than budgeted (i.e., total spending of \$380,000 versus a budget of \$1.13 million), with the exception of Ocoee.

5.0 ASSUMPTIONS

76. In addition to the assumptions set out in the body of this report and in the related schedules, we have made the following assumptions:
- a) We have not conducted an audit of or otherwise verified the financial information provided to us in this matter and have assumed them to be accurate;
 - b) We have requested additional information and clarifications from Mr. Marchant; we have assumed information provided to date is as set out herein; and,
 - c) We have relied on comments and representations as presented to date by Mr. Marchant and his Counsel.

Yours truly,

COHEN HAMILTON STEGER & CO. INC.

in its capacity as Court-Appointed Inspector



Per: Farley J. Cohen MBA, FCPA, FCA, CIRP, FCBV, ASA, CFF, FCIArb
Principal

:rb
Encl.



SCHEDULES

**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Ocoee

Budget-to-Actual Comparison

Schedule 1

	Ocoee Source of Funds				
	Budget [1]		Actual [2]		Difference
	\$	%	\$	%	
Creditor Loans [4]	6,874,186	100%	6,873,467	81%	(719)
Net Funding from Other Projects					
Due to (from) Trailwinds	-	0%	875,574	10%	875,574
Due to (from) Destin	-	0%	10,572	0%	10,572
Due to (from) Summerlin	-	0%	225,373	3%	225,373
Due to (from) Longleaf	-	0%	322,986	4%	322,986
Due to (from) Total	-	0%	1,434,506	17%	1,434,506
Third Party Payables					
Property Tax	-	0%	17,805	0%	17,805
Dentons	-	0%	155,000	2%	155,000
Total Third Party Payables	-	0%	172,805	2%	172,805
Total Funding	6,874,186	100%	8,480,778	100%	1,606,591
	Ocoee Use of Funds [3]				
	Budget		Actual		Difference
	\$	%	\$	%	
Land Cost					
Land Cost	3,000,000	44%	3,000,000	35%	-
Commission	10,000	0%	35,000	0%	25,000
Closing Costs	30,600	0%	14,209	0%	(16,391)
Total	3,040,600	44%	3,049,209	36%	8,609
Permits	162,347	2%	314,065	4%	151,718
Professional Fees					
Architect and Engineering	200,444	3%	364,993	4%	164,549
Civil Engineer	44,000	1%	36,112	0%	(7,888)
Landscape Architect	5,000	0%	9,000	0%	4,000
Interior and Kitchen Design	101,800	1%	120,555	1%	18,755
Reports - Environmental	1,500	0%	472	0%	(1,028)
Reports - Market/Appraisal	88,175	1%	51,538	1%	(36,637)
Reports - Geotech	1,825	0%	1,825	0%	-
Total Professional Fees	442,744	6%	584,495	7%	141,751
Administrative					
Legal Fees - Professional Fees	40,000	1%		0%	
Legal Fees - Bought Deal Cost of Issue	100,000	1%		0%	
Total Legal Fees	140,000	2%	197,876	2%	57,876
Taxes	-	0%	49,745	1%	49,745
Insurance	201	0%	201	0%	-
Administrative Expenses	6,299	0%	74,540	1%	68,241
Other Administrative/Operator Pre-Development	444,500	6%	584,195	7%	139,695
Total Administrative	591,000	9%	906,557	11%	315,557



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Ocoee

Budget-to-Actual Comparison

Schedule 1

	Ocoee Use of Funds [3]				
	Budget		Actual		Difference
	\$	%	\$	%	\$
Development and Other Fees					
Agent Fee	288,516	4%	286,838	3%	(1,678)
Advisory Fee - Greg Marchant	159,984	2%	159,846	2%	(138)
Advisory Fee - SOS Medical Information Resource Inc.	-	0%	22,200	0%	22,200
Investment Structuring	400,000	6%	373,292	4%	(26,708)
Investment Management	-	0%	231,430	3%	231,430
Hedge Margin ("Velocity")	897,000	13%	82,630	1%	(814,370)
Professional Fees	-	0%	60,927	1%	60,927
Developer Admin Expense	-	0%	187,874	2%	187,874
Equity Syndication Legals	-	0%	131,557	2%	131,557
Equity Syndication Related Expenses (Investment Marketing)	-	0%	36,592	0%	36,592
Travel	4,000	0%	33,948	0%	29,948
Sales Office (Buildout, FF&E, Operating and Staff Costs)	-	0%	363,581	4%	363,581
Subtotal	1,749,500	25%	1,970,715	23%	221,215
Development Fee					
Developer's Fee	900,000	13%	900,000	11%	-
Construction Management [5]	-	0%	750,134	9%	750,134
Subtotal	900,000	13%	1,650,134	19%	750,134
Total Development and Other Fees	2,649,500	38%	3,620,849	43%	971,349
Total Cost	6,886,191	100%	8,475,175	100%	1,588,984

Notes:

- [1] Budgeted source of funds is the amount of actual funds raised by the project per the Dentons Closing Books.
- [2] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of net funding from Other Projects based on document titled "Legacy trial balance and activity (2017 on)".
- [3] Source: Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Exhibits 19-1 and 19-2.
- [4] The difference between budgeted and actual Creditor loans represents the project's cash balance.
- [5] This account is composed of the HGR Settlement and expenses.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Longleaf

Budget-to-Actual Comparison

Schedule 2

	Longleaf Source of Funds				
	Budget [1]		Actual [2]		Difference
	\$	%	\$	%	\$
Creditor Loans [5]	4,500,000	100%	4,499,137	92%	(863)
Net Funding from Other Projects					
Due to (from) Trailwinds	-	0%	176,025	4%	176,025
Due to (from) Ocoee	-	0%	(322,986)	-7%	(322,986)
Due to (from) Destin	-	0%	114,694	2%	114,694
Due to (from) Summerlin	-	0%	101,129	2%	101,129
Due to (from) Total	-	0%	68,863	1%	68,863
Third Party Payables					
Property Tax	-	0%	209,323	4%	209,323
Dentons	-	0%	100,000	2%	100,000
Hybrid (Marketing)	-	0%	30,000	1%	30,000
Total Third Party Payables	-	0%	339,323	7%	309,323
Total Funding	4,500,000	100%	4,907,323	100%	377,323

	Longleaf Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Land Cost					
Land Cost	890,000	20%	890,000	18%	-
Closing Costs	9,078	0%	18,225	0%	9,147
Total	899,078	20%	908,225	19%	9,147
Permits	225,000	5%	50,354	1%	(174,646)
Professional Fees					
Architect and Engineering	550,000	12%	606,009	12%	56,009
Civil Engineer	106,000	2%	68,902	1%	(37,098)
Landscape Architect	12,000	0%	17,075	0%	5,075
Interior and Kitchen Design	15,000	0%	90,928	2%	75,928
Reports - Environmental	10,000	0%	2,309	0%	(7,691)
Reports - Market/Appraisal	58,805	1%	87,300	2%	28,495
Reports - Geotech	1,195	0%	1,195	0%	-
Total Professional Fees	753,000	17%	873,718	18%	120,718
Administrative					
Legal Fees - Professional Fees	35,000	1%		0%	
Legal Fees - Bought Deal Cost of Issue	100,000	2%		0%	
Total Legal Fees	135,000	3%	130,623	3%	(4,377)
Taxes	-	0%	343,700	7%	343,700
Accounting	-	0%	-	0%	-
Insurance	201	0%	201	0%	-
Administrative Expenses	6,799	0%	26,432	1%	19,633
Other Administrative/Operator Pre-Development	398,922	9%	208,379	4%	(190,543)
Total Administrative	540,922	12%	709,335	14%	168,413



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Longleaf

Budget-to-Actual Comparison

Schedule 2

	Longleaf Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Development and Other Fees					
Agent Fee	202,500	5%	202,500	4%	-
Advisory Fee - Greg Marchant	90,000	2%	90,004	2%	4
Advisory Fee - SOS Medical Information Resource Inc.	-	0%	15,715	0%	15,715
Investment Structuring	200,000	4%	190,386	4%	(9,614)
Investment Management	-	0%	339,861	7%	339,861
Hedge Margin ("Velocity")	585,000	13%	294,319	6%	(290,681)
Professional Fees	-	0%	23,766	0%	23,766
Developer Admin Expense	-	0%	79,141	2%	79,141
Equity Syndication Legals	-	0%	-	0%	-
Equity Syndication Related Expenses (Investment Marketing)	-	0%	-	0%	-
Travel	4,500	0%	21,801	0%	17,301
Unknown Development and Other Fees	-	0%	108,199	2%	108,199
Subtotal	1,082,000	24%	1,365,692	28%	283,692
Development Fee	1,000,000	22%	1,000,000	20%	-
Total Development and Other Fees	2,082,000	46%	2,365,692	48%	283,692
Total Cost	4,500,000	100%	4,907,324	100%	407,324

Notes:

- [1] Budgeted source of funds is the amount of actual funds raised by the project per the Dentons Closing Books.
- [2] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of net funding from Other Projects based on the document titled "Legacy trial balance and activity (2017 on)".
- [3] Source: Longleaf Pre-Construction Budget, organized by category consistent with the Ocoee budget in Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Exhibits 19-1 and 19-2.
- [4] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of Development and Other Fees was based on a review of the document titled "Legacy trial balance and activity (2017 on)". Those expenses that could not be allocated were grouped as "Unknown Development and Other Fees".
- [5] The difference between budgeted and actual Creditor loans represents the project's cash balance.



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LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Destin

Budget-to-Actual Comparison

Schedule 3

	Destin Source of Funds				
	Budget [1]		Actual [2]		Difference
	\$	%	\$	%	\$
Creditor Loans [5]	6,447,634	100%	6,446,677	95%	(957)
Net Funding from Other Projects					
Due to (from) Trailwinds	-	0%	(10,572)	0%	(10,572)
Due to (from) Ocoee	-	0%	290,977	4%	290,977
Due to (from) Summerlin	-	0%	(28,355)	0%	(28,355)
Due to (from) Longleaf	-	0%	(114,694)	-2%	(114,694)
Due to (from) Total	-	0%	137,356	2%	137,356
Third Party Payables					
Property Tax	-	0%	37,752	1%	37,752
Dentons	-	0%	175,000	3%	175,000
Total Third Party Payables	-	0%	212,752	3%	212,752
Total Funding	6,447,634	100%	6,796,785	100%	349,151

	Destin Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Land Cost					
Land Cost	1,690,000	26%	1,975,000	29%	285,000
Commission	250,000		-	0%	(250,000)
Closing Costs	9,800	0%	30,843	0%	21,043
Total	1,949,800	30%	2,005,843	30%	56,043
Permits	236,400	4%	4,970	0%	(231,430)
Professional Fees					
Architect and Engineering	616,050	10%	689,287	10%	73,237
Civil Engineer	6,000	0%	66,646	1%	60,646
Landscape Architect	11,000	0%	8,550	0%	(2,450)
Interior and Kitchen Design	30,000	0%	73,360	1%	43,360
Reports - Environmental	1,500	0%	3,379	0%	1,879
Reports - Market/Appraisal	50,263	1%	59,543	1%	9,280
Reports - Geotech	2,237	0%	2,237	0%	-
Consultants	201,500	3%	-	0%	(201,500)
Total Professional Fees	918,550	14%	903,002	13%	(15,548)
Administrative					
Legal Fees - Professional Fees	25,000	0%		0%	
Legal Fees - Bought Deal Cost of Issue	100,000	2%		0%	
Total Legal Fees	125,000	2%	232,619	3%	107,619
Taxes	-	0%	107,791	2%	107,791
Insurance	201	0%	201	0%	-
Administrative Expenses	7,299	0%	70,276	1%	62,977
Other Administrative/Operator Pre-Development	500,000	8%	162,777	2%	(337,223)
Total Administrative	632,500	10%	573,664	8%	(58,836)



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Destin

Budget-to-Actual Comparison

Schedule 3

	Destin Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Development and Other Fees					
Agent Fee	290,144	4%	290,144	4%	(0)
Advisory Fee - Greg Marchant	129,106	2%	128,952	2%	(154)
Advisory Fee - SOS Medical Information Resource Inc.	-	0%	162,738	2%	162,738
Advisory Fee - Thornbridge Capital	-	0%	257,974	4%	257,974
Investment Structuring	450,000	7%	414,217	6%	(35,783)
Investment Management	-	0%	284,304	4%	284,304
Hedge Margin ("Velocity")	838,500	13%	365,506	5%	(472,994)
Professional Fees	-	0%	34,053	1%	34,053
Developer Admin Expense	-	0%	97,714	1%	97,714
Equity Syndication Legals	-	0%	-	0%	-
Equity Syndication Related Expenses (Investment Marketing)	-	0%	67,051	1%	67,051
Travel	5,000	0%	31,655	0%	26,655
Unknown Development and Other Fees	-	0%	175,000	3%	175,000
Subtotal	1,712,750	27%	2,309,307	34%	596,557
Development Fee	1,000,000	16%	1,000,000	15%	-
Total Development and Other Fees	2,712,750	42%	3,309,307	49%	596,557
Total Cost	6,450,000	100%	6,796,786	100%	346,786

Notes:

- [1] Budgeted source of funds is the amount of actual funds raised by the project per the Dentons Closing Books.
- [2] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of net funding from Other Projects based on the document titled "Legacy trial balance and activity (2017 on)".
- [3] Source: Destin Pre-Construction Budget, organized by category consistent with the Ocoee budget in Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Exhibits 19-1 and 19-2.
- [4] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of Development and Other Fees was based on a review of the document titled "Legacy trial balance and activity (2017 on)". Those expenses that could not be allocated were grouped as "Unknown Development and Other Fees".
- [5] The difference between budgeted and actual Creditor loans represents the project's cash balance.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Summerlin

Budget-to-Actual Comparison

Schedule 4

	Summerlin Source of Funds				
	Budget [1]		Actual [2]		Difference
	\$	%	\$	%	\$
Creditor Loans [5]	5,765,000	100%	5,764,358	101%	(642)
Net Funding from Other Projects					
Due to (from) Trailwinds	-	0%	117,427	2%	117,427
Due to (from) Ocoee	-	0%	(225,373)	-4%	(225,373)
Due to (from) Destin	-	0%	28,355	0%	28,355
Due to (from) Longleaf	-	0%	(101,129)	-2%	(101,129)
Due to (from) Total	-	0%	(180,720)	-3%	(180,720)
Third Party Payables					
Property Tax	-	0%	16,701	0%	16,701
Dentons	-	0%	130,000	2%	130,000
Total Third Party Payables	-	0%	146,701	3%	146,701
Total Funding	5,765,000	99%	5,730,339	100%	(34,661)

	Summerlin Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Land Cost					
Land Cost	1,400,000	24%	1,450,000	25%	50,000
Commission	50,000		-	0%	(50,000)
Closing Costs	19,000	0%	25,656	0%	6,656
Total	1,469,000	25%	1,475,656	26%	6,656
Permits	240,000	4%	10,970	0%	(229,030)
Professional Fees					
Architect and Engineering	734,050	13%	756,170	13%	22,120
Civil Engineer	6,000	0%	54,861	1%	48,861
Landscape Architect	17,000	0%	12,918	0%	(4,082)
Interior and Kitchen Design	30,000	1%	80,101	1%	50,101
Reports - Environmental	8,200	0%	2,596	0%	(5,604)
Reports - Market/Appraisal	85,969	1%	88,333	2%	2,364
Reports - Geotech	1,531	0%	1,531	0%	-
Consultants	32,000	1%	-	0%	(32,000)
Total Professional Fees	914,750	16%	996,510	17%	81,760
Administrative					
Legal Fees - Professional Fees	25,000	0%		0%	
Legal Fees - Bought Deal Cost of Issue	100,000	2%		0%	
Total Legal Fees	125,000	2%	82,358	1%	(42,642)
Taxes	-	0%	30,120	1%	30,120
Accounting	-	0%	5,423	0%	5,423
Insurance	201	0%	201	0%	-
Administrative Expenses	6,799	0%	68,267	1%	61,468
Other Administrative/Operator Pre-Development	498,000	9%	404,630	7%	(93,370)
Total Administrative	630,000	11%	590,999	10%	(39,001)



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Summerlin
Budget-to-Actual Comparison**

Schedule 4

	Summerlin Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Development and Other Fees					
Agent Fee	259,425	4%	259,425	5%	-
Advisory Fee - Greg Marchant	120,825	2%	114,300	2%	(6,525)
Advisory Fee - SOS Medical Information Resource Inc.	-	0%	121,270	2%	121,270
Advisory Fee - Thornbridge Capital	-	0%	97,125	2%	97,125
Investment Structuring	450,000	8%	414,623	7%	(35,377)
Investment Management	-	0%	245,586	4%	245,586
Hedge Margin ("Velocity")	760,500	13%	210,519	4%	(549,981)
Professional Fees	-	0%	30,447	1%	30,447
Developer Admin Expense	-	0%	(22,681)	0%	(22,681)
Equity Syndication Legals	-	0%	-	0%	-
Equity Syndication Related Expenses (Investment Marketing)	-	0%	27,660	0%	27,660
Travel	5,500	0%	27,930	0%	22,430
Unknown Development and Other Fees	-	0%	130,000	2%	130,000
Subtotal	1,596,250	27%	1,656,204	29%	59,954
Development Fee	1,000,000	17%	1,000,000	17%	-
Total Development and Other Fees	2,596,250	44%	2,656,204	46%	59,954
Total Cost	5,850,000	100%	5,730,339	100%	(119,661)

Notes:

- [1] Budgeted source of funds is the amount of actual funds raised by the project per the Dentons Closing Books.
- [2] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of net funding from Other Projects based on the document titled "Legacy trial balance and activity (2017 on)".
- [3] Source: Summerlin Pre-Construction Budget, organized by category consistent with the Ocoee budget in Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Exhibits 19-1 and 19-2.
- [4] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of Development and Other Fees was based on a review of the document titled "Legacy trial balance and activity (2017 on)". Those expenses that could not be allocated were grouped as "Unknown Development and Other Fees".
- [5] The difference between budgeted and actual Creditor loans represents the project's cash balance.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Trailwinds

Budget-to-Actual Comparison

Schedule 5

	Trailwinds Source of Funds				
	Budget [1]		Actual [2]		Difference
	\$	%	\$	%	\$
Creditor Loans [5]	10,100,000	100%	10,095,560	114%	(4,440)
Net Funding from Other Projects					
Due to (from) Trailwinds	-	0%	(875,574)	-10%	(875,574)
Due to (from) Destin	-	0%	(290,977)	-3%	(290,977)
Due to (from) Summerlin	-	0%	(117,427)	-1%	(117,427)
Due to (from) Longleaf	-	0%	(176,025)	-2%	(176,025)
Due to (from) Total	-	0%	(1,460,004)	-16%	(1,460,004)
Third Party Payables					
Property Tax	-	0%	20,824	0%	20,824
Dentons	-	0%	225,000	3%	225,000
Total Third Party Payables	-	0%	245,824	3%	245,824
Total Funding	10,100,000	100%	8,881,380	100%	(1,218,620)
	Trailwinds Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Land Cost					
Land Cost	3,600,000	36%	3,600,000	41%	-
Closing Costs	12,000	0%	38,382	0%	26,382
Total	3,612,000	36%	3,638,382	41%	26,382
Permits	250,000	2%	-	0%	(250,000)
Professional Fees					
Architect and Engineering	642,000	6%	318,728	4%	(323,272)
Civil Engineer	-	0%	65,307	1%	65,307
Landscape Architect	40,000	0%	11,275	0%	(28,725)
Interior and Kitchen Design	90,000	1%	57,920	1%	(32,080)
Reports - Environmental	8,500	0%	579	0%	(7,921)
Reports - Market/Appraisal	85,263	1%	66,293	1%	(18,970)
Reports - Geotech	2,237	0%	2,237	0%	-
Consultants	420,000	4%	-	0%	(420,000)
Total Professional Fees	1,288,000	13%	522,339	6%	(765,661)
Administrative					
Legal Fees - Professional Fees	25,000	0%		0%	
Legal Fees - Bought Deal Cost of Issue	100,000	1%		0%	
Total Legal Fees	125,000	1%	117,699	1%	(7,301)
Taxes	-	0%	27,419	0%	27,419
Insurance	201	0%	201	0%	-
Administrative Expenses	6,799	0%	24,613	0%	17,814
Other Administrative/Operator Pre-Development [6]	1,386,500	14%	1,163,847	13%	(222,653)
Total Administrative	1,518,500	15%	1,333,779	15%	(184,721)



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Trailwinds

Budget-to-Actual Comparison

Schedule 5

	Trailwinds Use of Funds				
	Budget [3]		Actual [4]		Difference
	\$	%	\$	%	\$
Development and Other Fees					
Agent Fee	279,600	3%	279,600	3%	-
Advisory Fee - Greg Marchant	360,900	4%	277,420	3%	(83,480)
Advisory Fee - SOS Medical Information Resource Inc.	-	0%	193,224	2%	193,224
Advisory Fee - Thornbridge Capital	-	0%	174,009	2%	174,009
Advisory Fee - Byrex Inc.	-	0%	24,481	0%	24,481
Advisory Fee - 1932234 Ontario Inc.	-	0%	12,028	0%	12,028
Investment Structuring	441,500	4%	437,113	5%	(4,387)
Investment Management	-	0%	286,388	3%	286,388
Hedge Margin ("Velocity")	1,189,500	12%	68,944	1%	(1,120,556)
Professional Fees	-	0%	10,542	0%	10,542
Developer Admin Expense	-	0%	32,410	0%	32,410
Equity Syndication Legals	-	0%	-	0%	-
Equity Syndication Related Expenses (Investment Marketing)	-	0%	30,473	0%	30,473
Investment in SDA Services Ownership	-	0%	397,474	4%	397,474
Travel	10,000	0%	-	0%	(10,000)
Sales Office	150,000	1%	-	0%	(150,000)
Unknown Development and Other Fees	-	0%	225,001	3%	225,001
Subtotal	2,431,500	24%	2,449,107	28%	17,607
Development Fee	1,000,000	10%	937,774	11%	(62,226)
Total Development and Other Fees	3,431,500	34%	3,386,881	38%	(44,619)
Total Cost	10,100,000	100%	8,881,381	100%	(1,218,619)

Notes:

- [1] Budgeted source of funds is the amount of actual funds raised by the project per the Dentons Closing Books.
- [2] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of net funding from Other Projects based on the document titled "Legacy trial balance and activity (2017 on)".
- [3] Source: Summerlin Pre-Construction Budget, organized by category consistent with the Ocoee budget in Memo from Phillip Millar and Gregory Marchant to Cohen Hamilton Steger, dated June 7, 2022, Exhibits 19-1 and 19-2.
- [4] Source: Project Balance Sheets attached as Exhibit E to the Affidavit of Greg Marchant sworn December 20, 2021. Breakdown of Development and Other Fees was based on a review of the document titled "Legacy trial balance and activity (2017 on)". Those expenses that could not be allocated were grouped as "Unknown Development and Other Fees".
- [5] The difference between budgeted and actual Creditor loans represents the project's cash balance.
- [6] An additional \$950,000 was added to the budgeted "Other Administrative/Operator Pre-Development Cost" after Tranche 4 of Trailwinds' borrowing, which was used for LVSH fees and third-party costs associated with LVSH's work.



APPENDICES

**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Summary of Creditors by Legacy Project**

Appendix A

Creditor	Loan Amount [1], [2]					Total
	Ocoee	Longleaf	Destin	Summerlin	Trailwinds	
	\$	\$	\$	\$	\$	\$
1018073 B.C. Ltd. (Frank Geier)	350,000	725,000	200,000	-	-	1,275,000
1212383 Ontario Inc. (Dr. Harterre)	-	-	-	50,000	-	50,000
1387615 Ontario Limited (Scott Barrett)	-	-	-	-	72,648	72,648
1392530 Ontario Inc. (Shirley Chong)	-	-	200,000	150,000	-	350,000
1424604 Ontario Limited (Jim Richings)	-	-	150,000	-	-	150,000
1792211 Alberta Ltd.	100,000	-	-	-	-	100,000
2143700 Ontario Inc. (Larry/David Jackson)	-	-	-	-	200,000	200,000
2244512 Ontario Inc. (Ashis Chawla)	-	50,000	50,000	50,000	50,000	200,000
2335996 Ontario Inc. (Jim Lovie)	-	-	-	200,000	-	200,000
2464649 Ontario Inc. (Rick Woodgate)	-	-	-	-	100,000	100,000
2480449 Ontario Inc.	100,000	-	-	-	-	100,000
2480450 Ontario Inc.	500,000	-	-	-	-	500,000
2503019 Ontario Inc. (Michael Molnar)	500,000	-	-	-	-	500,000
2581506 Ontario Limited (Neale Brown)	-	-	-	-	370,000	370,000
2609866 Ontario Inc.	211,995	-	-	-	-	211,995
4422279 Canada Inc. (Ron Shlien)	525,000	-	300,000	1,300,000	400,010	2,525,010
9677658 Canada Inc. (Ken Wootten)	-	-	-	-	100,000	100,000
975393 Ontario Inc. (Grant Anthony)	-	73,000	-	-	-	73,000
Al Resnick Professional Corporation	-	50,000	-	-	-	50,000
Alcran Holdings Ltd. (Ian Johnson)	-	391,850	-	-	100,000	491,850
Alka Industries Inc.	-	-	-	25,000	-	25,000
Andrew J. Suchecki	70,015	-	-	-	-	70,015
Angellotti Holdings Inc.	-	-	-	-	50,000	50,000
Ankur Bhatnagar	-	-	-	75,000	-	75,000
Avni Suchak (Mitesh)	-	200,000	-	-	200,000	400,000
Basi Law Professional Corporation (Katy Basi)	-	-	-	-	50,000	50,000
C. Geoffrey Hampson	-	50,000	-	-	-	50,000
Carolyn R. MacLeod	-	100,000	100,000	100,000	-	300,000
Christiansen Investments Inc. (Arlene Christiansen)	-	-	-	-	1,500,000	1,500,000
Claremont Holdings Corporation (Ian Collins)	-	-	-	-	72,472	72,472
Conex Services Inc. (Glenn Walsh)	-	100,000	-	-	-	100,000
Curtis Styres	-	250,000	-	500,000	-	750,000
Daveni Investments Ltd.	170,919	182,101	-	-	-	353,020
David Thomson	200,000	-	100,000	-	-	300,000
Diane Lillian Walsh	-	100,000	-	-	-	100,000
Donald C. Baker	-	-	-	-	100,000	100,000
Donald J. McDonald	-	-	-	15,000	-	15,000
Douglas M. Parker	-	50,000	-	-	-	50,000
Drew Lindsay and Brad McIntosh	-	23,480	-	-	-	23,480
Edward M. Hunter	-	-	-	-	200,000	200,000
Faiza & Nazir Kassam	70,000	-	-	-	-	70,000
Festivus Holdings Inc. (Mark & Steve Freiman)	-	-	-	149,758	550,000	699,758
Fore Bears Forensic Science Inc. (Vince Rochon)	-	-	300,000	-	-	300,000
Gary Leung	100,000	-	-	-	-	100,000
George Wall and Joan Lindsay	-	364,964	-	-	-	364,964
Gonul Isinak	-	-	100,000	-	-	100,000
Gregory Ip Medicine Professional Corporation	-	-	500,000	250,000	-	750,000
Hallco Holdings Inc. (Mike Hall)	150,000	100,000	-	-	300,000	550,000
Hung W. Ieong	50,000	-	-	-	-	50,000
Ian and Moira Bell	-	-	-	-	150,000	150,000
Izabella Dykstra	-	-	-	-	50,000	50,000
J.L.L. Developments Inc.	-	100,000	-	-	-	100,000
Jack Shinehoft Professional Corporation	287,673	-	-	-	-	287,673
James G. Greenwood	136,855	-	-	-	-	136,855
James MacDonald	-	-	-	-	349,287	349,287

**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**
Summary of Creditors by Legacy Project

Appendix A

Creditor	Loan Amount [1], [2]					Total
	Ocoee	Longleaf	Destin	Summerlin	Trailwinds	
	\$	\$	\$	\$	\$	\$
James Tennent	-	-	150,000	-	-	150,000
Jay Feingold Professional Corporation	-	-	-	40,000	-	40,000
John Francis Footprints Limited	250,000	-	-	-	-	250,000
John M. Boag	175,000	100,000	150,000	100,000	-	525,000
JST Business Development Inc.	140,000	-	-	-	-	140,000
Julia L. DellaMaestra	500,000	-	-	-	-	500,000
Karlen Holdings Inc. (Leonard & Karen Ineson)	100,000	-	-	-	-	100,000
Katayoun Sarafian	-	-	-	-	100,000	100,000
Kevin Sterling	-	-	100,000	100,000	-	200,000
Langford Grain Inc. (Dave & Michelle Langford)	-	-	392,634	-	1,064,784	1,457,418
Lawrence Jackson	-	50,000	-	-	-	50,000
Lucy Ber	-	-	200,000	-	-	200,000
M. Anderson Holdings Inc.	355,114	-	-	-	-	355,114
M2D2 Capital Resources, Inc. (Don Thomson)	175,000	100,000	200,000	100,000	-	575,000
Mad Apples Marketing Communications Inc. (David Power)	-	-	-	-	100,000	100,000
Mark & Tara Pierog	-	-	500,000	500,000	-	1,000,000
Mark Ber -> Berkid Investments Limited	-	-	-	200,000	-	200,000
Mark Freiman	-	-	200,000	-	-	200,000
Marty Shankman Agency Limited	-	-	150,000	150,000	-	300,000
MD Investment Holdings Inc. (Michael Delisle)	-	-	-	50,000	-	50,000
Michael Kessel	35,000	35,000	35,000	35,000	50,000	190,000
MID Properties Inc. (Mike Dykstra)	-	-	-	-	100,000	100,000
Minh Phung	-	17,009	-	-	-	17,009
MLC Financial Ltd. (Mark Curtis)	-	113,550	-	100,000	200,000	413,550
Mohammed M. Ali	70,812	-	-	-	-	70,812
Nadir M. H. Janmohamed	50,000	-	-	-	-	50,000
Nakeet Technologies Inc.	34,517	50,000	-	-	-	84,517
New Gemini Inc. (Steve Sibley)	-	-	250,000	250,000	-	500,000
NMP Investment Holdings Inc. (Nick Perpik)	-	-	-	-	250,000	250,000
Oakville Mortgage Investment Corporation (Jay Gabrani)	-	-	-	100,000	-	100,000
Paul Collins Professional Corporation	-	-	200,000	-	225,000	425,000
Paura Professional Corporation (Mario Paura)	-	-	-	-	225,000	225,000
Peter G. Volpe	-	50,000	-	-	100,000	150,000
Reinrichmar Holdings Limited (Richard Reininger)	210,000	140,000	150,000	300,000	300,000	1,100,000
Remco Holdings Ontario Ltd.	70,000	70,000	-	-	-	140,000
Richard W. Woodruff	-	-	-	100,242	200,000	300,242
Robert Barron	-	-	-	-	100,000	100,000
Robert White	-	-	100,000	50,000	50,000	200,000
Ron Lapsker	-	-	500,000	-	-	500,000
Scott & Nada Tupling	-	-	420,000	-	300,000	720,000
Shirley Katz	-	-	-	30,000	-	30,000
Smart Financial Consulting Corp. (Meta Heidary)	100,000	100,000	-	50,000	-	250,000
Snehal Patel	69,219	-	-	-	-	69,219
Spectrum Jewellery Mfg. Inc.	-	-	-	-	720,800	720,800
SRnED Limited (Earl Viner)	17,069	50,000	-	45,000	-	112,069
Stephen Kwok Professional Corporation	100,000	-	-	-	-	100,000
Steven E. Freiman	-	-	300,000	-	-	300,000
Stratagem IT Resources Inc. (Drew Lindsay)	-	76,458	-	-	-	76,458
Success Strategies Ltd. (Shelle Rose Charvet)	-	100,000	-	-	-	100,000
Sunil Patel & Sabrena Tangri	-	100,000	-	-	-	100,000
Susan Latremouille	-	-	150,000	-	-	150,000
Taler Investments Inc. (Mark Harrington)	-	-	-	-	100,000	100,000
TANJEM Holdings LLC (Dr. Hilal)	500,000	-	-	-	-	500,000
Teresa DiMarco -> Katherine Suedan	100,000	-	-	-	-	100,000
Terrence & Angela Della Maestra	300,000	150,000	-	150,000	-	600,000
The Asylum Inc.	-	100,000	-	-	450,000	550,000



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**

Summary of Creditors by Legacy Project

Appendix A

Creditor	Loan Amount [1], [2]					Total
	Ocoee	Longleaf	Destin	Summerlin	Trailwinds	
	\$	\$	\$	\$	\$	\$
Thomas R. Della Maestra	-	-	-	200,000	-	200,000
Thornbridge Capital (Mark Ber & Jason Middleton)	-	-	300,000	200,000	100,000	600,000
TMP Investments Inc. (Mark Pierog)	-	-	-	-	400,000	400,000
Yale Realty Inc. (Larry Fox)	-	80,000	-	-	-	80,000
Zuhrick Inc. (Patrick Quaid)	-	107,589	-	50,000	-	157,589
Total	6,874,186	4,500,000	6,447,634	5,765,000	10,100,000	33,686,821

Note:

[1] Source: Document titled "Legacy Phase 1 Lender List by Project".

[2] In cases where a single individual invested in one Legacy Project and a company associated with that same single individual invested in another Legacy Project, we treated these investments as having come from the same source. We understand the tax implications may be different in each of these instances.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Ocoee**

Pre-Construction Budget [1]

Appendix B1

	<u>Total Pre- Construction Costs</u>
	\$
Land Cost	
Land Deposit	200,000
Remaining Land Cost	2,800,000
Commission	10,000
Subtotal	<u>3,010,000</u>
Site Work	
Earthwork, Paving, Landscape, Hardscape	<u>-</u>
Development Soft Costs	
Architectural	200,444
Engineering	38,000
Landscape/Hardscape Design	5,000
Conceptual Planning	-
Traffic Engineering	6,000
Topo/Boundary/Survey	-
Environmental Reports (Phase I, II @ Asbestos)	1,500
Studies and Other Fees	90,000
Construction Testing & Inspections	-
Impact Fees	-
Permits and Application Fees	162,347
Legal	40,000
Title Insurance	9,600
Real Estate Taxes	-
Documentary Stamps	21,000
Intangible Tax	-
Appraisals	-
Inspections	-
Builder's Risk & Liability	-
Payment/Performance Bond	-
Travel	4,000
Miscellaneous	6,500
Signage (Permit & Application Fees)	-
Subtotal	<u>584,391</u>



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Ocoee**

Pre-Construction Budget [1]

Appendix B1

	<u>Total Pre- Construction Costs</u>
	\$
Interior	
Interior Design	90,000
FF&E	-
Kitchen Equipment	11,800
Subtotal	<u>101,800</u>
Marketing	
Premarketing	444,500
Preopening	-
Subtotal	<u>444,500</u>
Financing	
Lt Equity/Construction Loan/Permanent Mortgage	400,000
Bought Deal Cost Of Issue	548,500
F/X Hedge	897,000
Subtotal	<u>1,845,500</u>
Other Fees	
Development Fees	900,000
Construction Management Fee	-
Contingency	-
Subtotal	<u>900,000</u>
Total Project Costs	<u><u>6,886,191</u></u>

Note:

[1] Source: Ocoee Pre-Construction Budget.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL**
Longleaf
Pre-Construction Budget [1]

Appendix B2

	<u>Total Pre- Construction Costs</u>
	\$
Land Cost	
Land Deposit Extensions	50,000
Extensions	20,000
Remaining Land Cost	820,000
Commission	-
Subtotal	<u>890,000</u>
Site Work	
Earthwork, Paving, Landscape, Hardscape	<u>-</u>
Development Soft Costs	
Architectural	550,000
Engineering	100,000
Landscape/Hardscape Design	6,000
Conceptual Planning	7,500
Traffic Engineering	6,000
Topo/Boundary/Survey	6,000
Environmental Reports (Phase I, II @ Asbestos)	10,000
Studies and Other Fees	45,000
Construction Testing & Inspections	-
Impact Fees	-
Permits and Application Fees	225,000
Legal	35,000
Title Insurance	2,848
Real Estate Taxes	-
Documentary Stamps	6,230
Intangible Tax	-
Appraisals	7,500
Inspections	-
Builder's Risk & Liability	-
Payment/Performance Bond	-
Travel	4,500
Miscellaneous	7,000
Signage (Permit & Application Fees)	-
Subtotal	<u>1,018,578</u>



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Longleaf
Pre-Construction Budget [1]**

Appendix B2

	<u>Total Pre- Construction Costs</u>
	\$
Interior	
Interior Design	15,000
FF&E	-
Kitchen Equipment	-
Subtotal	<u>15,000</u>
Marketing	
Premarketing	350,000
Preopening	48,922
Subtotal	<u>398,922</u>
Financing	
Long-Term Equity/Construction Loan/Permanent Mortgage	200,000
Bought Deal Cost Of Issue	392,500
F/X Hedge	585,000
Subtotal	<u>1,177,500</u>
Other Fees	
Development Fees	1,000,000
Construction Management Fee	-
Contingency	-
Subtotal	<u>1,000,000</u>
Total Project Costs	<u><u>4,500,000</u></u>

Note:

[1] Source: Longleaf Pre-Construction Budget.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Destin**

Pre-Construction Budget [1]

Appendix B3

	<u>Total Pre- Construction Costs</u>
	\$
Land Cost	
Land Deposit	110,000
Extensions	-
Remaining Land Cost	1,580,000
Commission	250,000
Subtotal	<u>1,940,000</u>
Site Work	
Earthwork, Paving, Landscape, Hardscape	<u>-</u>
Development Soft Costs	
Architectural & Engineering	616,050
Landscape/Hardscape Design	5,000
Conceptual Planning	-
Traffic Engineering	6,000
Topo/Boundary/Survey	6,000
Environmental Reports (Phase I, II @ Asbestos)	1,500
Studies and Other Fees	45,000
Construction Testing & Inspections	-
Impact Fees	-
Permits and Application Fees	236,400
Legal	25,000
Title Insurance	2,800
Real Estate Taxes	-
Documentary Stamps	7,000
Intangible Tax	-
Appraisals	7,500
Inspections	-
Builder's Risk & Liability	-
Payment/Performance Bond	-
Travel	5,000
Miscellaneous	7,500
Signage (Permit & Application Fees)	-
Consultants	201,500
Subtotal	<u>1,172,250</u>



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Destin**

Pre-Construction Budget [1]

Appendix B3

	<u>Total Pre- Construction Costs</u>
	\$
Interior	
Interior Design	30,000
FF&E	-
Kitchen Equipment	-
Subtotal	<u>30,000</u>
Marketing	
Premarketing	300,000
Preopening	200,000
Subtotal	<u>500,000</u>
Financing	
Long-Term Equity/Construction Loan/Permanent Mortgage	450,000
Bought Deal Cost Of Issue	519,250
F/X Hedge Margin Account Deposit	838,500
Subtotal	<u>1,807,750</u>
Other Fees	
Development Management	300,000
Construction Management	500,000
Operational Management	200,000
Subtotal	<u>1,000,000</u>
Total Project Costs	<u><u>6,450,000</u></u>

Note:

[1] Source: Destin Pre-Construction Budget.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Summerlin**

Pre-Construction Budget [1]

Appendix B4

	<u>Total Pre- Construction Costs</u>
	\$
Land Cost	
Land Cost	1,400,000
Commission	50,000
Subtotal	<u>1,450,000</u>
Site Work	
Earthwork, Paving, Landscape, Hardscape	<u>-</u>
Development Soft Costs	
Architectural & Engineering	734,050
Landscape Design	5,000
Food Service Design	-
Traffic Engineering	6,000
Topo/Boundary/Survey	12,000
Environmental Reports (Phase I, II @ Asbestos)	8,200
Studies and Other Fees	80,000
Construction Testing & Inspections	-
Impact Fees	-
Permits and Application Fees	240,000
Legal	25,000
Title Insurance	9,000
Real Estate Taxes	-
Documentary Stamps	10,000
Intangible Tax	-
Appraisals	7,500
Inspections	-
Builder's Risk & Liability	-
Payment/Performance Bond	-
Travel	5,500
Miscellaneous	7,000
Signage (Permit & Application Fees)	-
Consultants	32,000
Subtotal	<u>1,181,250</u>



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Summerlin**

Pre-Construction Budget [1]

Appendix B4

	<u>Total Pre- Construction Costs</u>
	\$
Interior	
Interior Design	30,000
FF&E	-
Kitchen Equipment	-
Subtotal	<u>30,000</u>
Marketing	
Premarketing	298,000
Preopening	200,000
Subtotal	<u>498,000</u>
Financing	
Long-Term Equity/Construction Loan/Permanent Mortgage	450,000
Bought Deal Cost Of Issue	480,250
F/X Hedge Margin Account Deposit	760,500
Subtotal	<u>1,690,750</u>
Other Fees	
Development Management	300,000
Construction Management	500,000
Operational Management	200,000
Subtotal	<u>1,000,000</u>
Total Project Costs	<u><u>5,850,000</u></u>

Note:

[1] Source: Summerlin Pre-Construction Budget.



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Trailwinds**

Pre-Construction Budget [1]

Appendix B5

	Total Pre-Construction Costs		
	Original	Additional Raise	Revised
	\$	\$	\$
Land Cost			
Land Deposit	-	-	-
Extensions	-	-	-
Remaining Land Cost	3,600,000	-	3,600,000
Commission	-	-	-
Subtotal	3,600,000	-	3,600,000
Site Work			
Earthwork, Paving, Landscape, Hardscape	-	-	-
Development Soft Costs			
Architectural & Engineering	642,000	-	642,000
Landscape/Hardscape Design	30,000	-	30,000
Conceptual Planning	-	-	-
Traffic Engineering	-	-	-
Topo/Boundary/Survey	10,000	-	10,000
Environmental Reports (Phase I, II @ Asbestos)	8,500	-	8,500
Studies and Other Fees	80,000	-	80,000
Construction Testing & Inspections	-	-	-
Impact Fees	-	-	-
Permits and Application Fees	250,000	-	250,000
Legal	25,000	-	25,000
Title Insurance	5,000	-	5,000
Real Estate Taxes	-	-	-
Documentary Stamps	7,000	-	7,000
Intangible Tax	-	-	-
Appraisals	7,500	-	7,500
Inspections	-	-	-
Builder's Risk & Liability	-	-	-
Payment/Performance Bond	-	-	-
Travel	10,000	-	10,000
Miscellaneous	7,000	-	7,000
Signage (Permit & Application Fees)	-	-	-
Consultants	420,000	-	420,000
Subtotal	1,502,000	-	1,502,000



**BERKID INVESTMENTS LIMITED ET AL V. HUNTER MILBORNE ET AL AND
LEGACY LIFESTYLE DESTIN LP ET AL V. LEGACY LIFESTYLE DESTIN PROPERTY LLC ET AL
Trailwinds**

Pre-Construction Budget [1]

Appendix B5

	Total Pre-Construction Costs		
	Original	Additional Raise	Revised
Interior			
Interior Design	90,000	-	90,000
FF&E	-	-	-
Sales Office	150,000	-	150,000
Subtotal	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Marketing			
Premarketing	236,500	950,000	1,186,500
Preopening	200,000	-	200,000
Lease-Up Losses	-	-	-
Subtotal	<u>436,500</u>	<u>950,000</u>	<u>1,386,500</u>
Financing			
Long-Term Equity/Construction Loan/Permanent Mortgage	441,500	-	441,500
Bought Deal Cost Of Issue	740,500	-	740,500
F/X Hedge Margin Account Deposit	1,189,500	-	1,189,500
Subtotal	<u>2,371,500</u>	<u>-</u>	<u>2,371,500</u>
Other Fees			
Development Management	500,000	-	500,000
Construction Management	300,000	-	300,000
Operational Management	200,000	-	200,000
Subtotal	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Project Costs	<u>9,150,000</u>	<u>950,000</u>	<u>10,100,000</u>

Note:

[1] Source: Trailwinds Pre-Construction Budget.





MEMORANDUM

To: Phillip Millar and Gregory Marchant

CC: Lorne Silver

From: Cohen Hamilton Steger

Date: August 15, 2022

RE: BERKID INVESTMENTS LTD. ET AL V. HUNTER MILBRONE ET AL

LIST OF FOLLOW UP QUESTIONS AND REQUESTS FOR GREGORY MARCHANT

1. The LV Senior Housing contract was not provided in response to Undertaking #2. Was there a contract with LV Senior Housing for each project? If yes, provide it.
 - a. If no, how were the invoiced amounts each month determined and agreed upon? Provide any correspondence in this regard.
2. Mr. Marchant's answer to undertaking #7(i)(c) indicates that the investment management fee was not included in the pre-development (i.e., Phase 1) budget but that in the full project financial model, *"Investment Management is to be paid at \$100,000 annually until the project reaches operational stabilization at which point the annual Investment Management payment would switch to a percentage of annual revenue."*
 - a. Please identify where in the full financial model this \$100,000 investment management fee expense is shown. Provide a breakdown of the expense line item reflecting this.
 - b. Was it ever communicated to creditors that the pre-construction budget was for only one year and that an investment management fee would be charged after one year? If yes, provide support.
3. We prepared a summary of all payments made to LV Senior Housing by both BGV (on the general ledger) and out of the project bank accounts, which totaled \$4,765,082 (see Exhibit 19 attached). Please explain how this reconciles with Mr. Marchant's answer to undertaking #7(iii), which shows total payments to LV Senior Housing of \$4,406,835.

August 15, 2022

- a. Based on a review of these expenses and Mr. Marchant's answer to undertaking #7(iii), it appears that LV Senior Housing charged the Trailwinds project significantly more than the other projects (i.e., \$2 million for Trailwinds vs. \$800,000 to \$1 million for the other projects). Why did LV Senior Housing charge Trailwinds so much more than for the other projects when it appears that it was the furthest away from completion?
 - i. Specifically, Mr. Marchant's Answer to Undertaking #4 shows that all but one invoice starting in March 2018 related to Trailwinds. Was LVSH doing any work related to the other projects at this time? If so, provide details.
 - b. Many of LV Senior Housing's fees were charged to the expense line item on the project balance sheets titled "Other Administrative/Operator Pre-Development" (classified as "Premarketing" and "Preopening" expenses on the budget). Confirm that these line items were meant to encompass LV Senior Housing's fees and expenses (e.g., office expenses).
4. Please clarify Mr. Marchant's answer to undertaking #8, which states that *"Summerlin Investment Structuring payments transferred from incorrect account, subsequently recorded correctly per project specific contracts."*
 5. Mr. Marchant's answer to undertaking response #10 attached several draw requests from Barclay. Why do the budgeted amounts in the draw requests differ from the pre-construction budgets that were in the data rooms? For example, the Ocoee pre-construction budget in the data room showed costs of \$6,886,191, whereas the draw requests from Barclay show budgeted costs of \$4,686,190.50.
 - a. In addition, specifically, why are premarketing expenses shown to be \$444,500 in the pre-construction budget but only \$51,900 on the Barclay draws?
 6. Mr. Marchant's answer to undertaking response #19 shows a budget to actual comparison for the Ocoee project. There are several expense categories that were not included in the budget but for which the project incurred costs, specifically:
 - i. Administrative
 1. Taxes - \$49,745;
 - ii. Development and Other Fees:
 1. Advisory Fee – SOS - \$22,200;
 2. Professional Fees - \$60,927;



August 15, 2022

3. Developer Admin Expense - \$187,874;
 4. Equity Syndication Legals - \$131,557;
 5. Equity Syndication Related Expenses (Investment Marketing) - \$36,952;
 6. Sales Office (Buildout, FF&E, Operating and Staff Costs) - \$363,581; and,
 7. Construction Management - \$750,134.
- a. Please explain the nature of these expenses and why they were not originally budgeted for in Phase 1 of the project.
 - b. Based on a review of the document titled "Legacy trial balance and activity (2017 on).xlsx" (the "2017 general ledger"), the "Developer Admin Expense" expenses have names that appear to relate to intercompany expenses (e.g., Developer Admin Expense (11100 · Due From Intercompany:11101 · Due From - Legacy Lifestyles)). Please explain the nature of each individual "Developer Admin Expense" line item on the 2017 general ledger for each project (e.g., Rows 44-49 of the "Ocoee Project" Tab of the 2017 general ledger) and provide a breakdown of what is included therein.
 - c. How was the Advisory Fee with SOS (and Thornbridge Capital on other projects) determined and agreed upon? Where was the money to pay these fees expected to come from given that the money raised by debt was already allocated in the budget? Provide any correspondence in this regard.
7. Mr. Marchant's answer to undertakings response #19 provides a comparison between the Ocoee budget and its balance sheet. Provide a mapping from the 2017 general ledger that was provided to us to the balance sheets for all five projects (e.g., a mapping from the 2017 general ledger, "Ocoee Project" Tab to the balance sheet accounts).
 - a. The 2017 general ledger that was provided to us appears to be out of date when compared to the balance sheets in Exhibit E of the Affidavit of Gregory Marchant sworn December 20, 2021. Please provide an updated general ledger document that ties in with the balance sheets.



August 15, 2022

For example, in the chart below, we compare the total project cost as per the balance sheets to total 2021 cost per the 2017 general ledger:

Project	Total Project Cost per:		Difference
	Project Balance Sheets	General Ledger	
	\$	\$	\$
Ocoee	8,480,776	8,307,972	172,804
Longleaf	4,907,324	4,568,001	339,323
Destin	6,796,786	6,584,032	212,754
Summerlin	5,730,339	5,583,638	146,701
Trailwinds	8,881,381	8,635,556	245,825

- b. What do the “Dentons” third party payable expenses shown on the project balance sheets relate to?
8. On the Trailwinds, Destin, and Summerlin Phase 1 budgets in the data rooms, there is an expense line included under “Professional Fees” that is titled “Consultants”. What expenses were budgeted for under that line item?
9. Mr. Marchant’s answer to undertaking response #22 asks for further clarification on the question “Provide the status for each of the 5 projects as of March 2020 (i.e. pre Covid-19)”. Specifically, please provide details on what steps needed to be completed for each project to complete the Phase 1 Pre-Construction Phase (i.e., what was included in each projects pre-construction budget) in order to progress to the construction and lease-up phase.
 - a. What is the current status of each of the projects?
10. As part of Mr. Marchant’s answer to undertaking response #24, he provided email records of documents being provided to Trailwinds creditors, including the Trailwinds investor presentation. Were the investor presentations for the other four projects sent to creditors for those projects? If yes, provide email records of these being sent.
 - a. In the alternative, provide email records of links to the data rooms being provided to creditors of the other four projects.
11. In Mr. Marchant’s answer to undertaking response #26, he references the opportunity to earn a return through Phase 1 and Phase 2 by purchasing the SDA Services Group loan. Did the projects offer other investors the opportunity to have their loans and accrued interest purchased early? If not, why was this opportunity limited to SDA Services Group?

August 15, 2022

12. In the preamble to Mr. Marchant's answers to undertakings, he notes that *"At all times investors were advised of the path we all were on and over the past 3 years the path(s) were selected by overwhelming investor vote. Their ultimate mandate to me was the immediate return of all invested capital and ideally a profit share. Numerous options were presented to the investors along the way, all options that did not deliver the mandate referenced above, were rejected."*
 - a. Please clarify what is meant by "investors" in the above statement. Is Mr. Marchant referring to the creditors that lent money to the Canadian LPs?
 - b. Mr. Marchant stated that *"Their ultimate mandate to me was the immediate return of all invested capital and ideally a profit share."* Would the return of invested capital have included the 30% annual interest owed to the creditors?
13. Mr. Marchant asked for a clarification in respect of request #17a in the document titled "List of Expenses Requiring Additional Documentary Support" (i.e., a \$200,000 expense charged by LVSH). This expense is shown on the document titled "2016 Legacy Activity" (the "2016 general ledger"), on the "GL" tab, Row 429.
14. On the 2016 general ledger, there is a tab titled "LLC". Please explain the nature of the calculation on this tab.
15. On the 2016 general ledger there are tabs beginning with the word "Manitoba". What is shown in these tabs?
 - a. There are allocations of various expenses calculated on the right side of these tabs (e.g., Columns AA to AF, Rows 54 to 73, of the "Manitoba Summerlin" Tab). What is the nature and purpose of these allocations?
16. On January 23, 2017 LVSH charged \$125,000 in developer's fees to "LLSH" as per the BGV ledger (2017 general ledger, "Detailed GL" Tab, Row 362). What project did this relate to? How was the amount determined? Provide any correspondence in this regard.
 - a. Please also explain the "Due from Partners" expense charged by BGV Limited for \$125,000 on Row 363 of the Detailed GL Tab on the 2017 general ledger.



Appendix “F”
to the Second Report of the Receiver



Term Sheet

May 9, 2022

Zeifman Partners Inc.
 201 Bridgeland Avenue
 Toronto, ON M6A 1Y7

Attention: Allan Rutman

Dear Sirs:

RE: Loan of up to \$2,750,000 USD (the "Loan") secured by a Receiver's Certificate (the "Receiver's Certificate") issued pursuant to the Order of Justice Conway of the Ontario Superior Court of Justice dated February 11, 2022 (the "Receivership Order") attached hereto as Schedule B

We understand that Zeifman Partners Inc. has been appointed as receiver and manager (the "Receiver"), of all of the assets, undertakings and properties of Legacy Lifestyles Destin LP, Legacy Lifestyles Destin GP Inc., Legacy Lifestyles Summerlin LP, Legacy Lifestyles Summerlin GP Inc., Legacy Lifestyles Trailwinds LP, Legacy Lifestyles Trailwinds GP Inc., Legacy Lifestyles Ocoee LP, Legacy Lifestyles Ocoee GP Inc., Legacy Lifestyles Longleaf LP, Legacy Lifestyles Longleaf GP Inc., Legacy Lifestyles Destin Property LLC, Legacy Lifestyles Trailwinds Property LLC, Legacy Lifestyles Ft. Myers Property LLC, Legacy Lifestyles Ocoee Property LLC and Legacy Lifestyles Longleaf Property LLC (collectively the "Debtors") acquired for, or used in relation to business carried on by the Debtors pursuant to the Receivership Order.

In connection with the Receivership proceedings, Hillmount Capital Inc., in its capacity as a lender (the "Lender"), wishes to extend a preliminary quote and pursue arranging a loan to the Receiver (the "Loan") in accordance with the terms and conditions detailed below and subject to final approval by the Lender's solicitor. The terms and conditions are as follows:

LENDER: Hillmount Capital Inc. (the "Lender")

BORROWER(S): Zeifman Partners Inc. in its capacity as Court-appointed Receiver of the Debtors

PROPERTY: All of the Debtors' assets, undertakings and properties acquired for or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property") and the real properties municipally known as:

1. 401 Beach Drive, Destin FL
2. 5578 County Road 466A, Wildwood FL
3. 10653 Marsha Drive, New Port Richey FL
4. 20161 Summerlin Road, Fort Myers FL
5. 934 Roberson Road, Ocoee FL

(collectively, the "Real Property" and specifically described in Schedule A of the Court Order attached hereto as **Schedule B**)

LOAN AMOUNT: Maximum principal amount of \$2,750,000 USD as follows (all in USD):

1. 401 Beach Drive - \$590,000
2. 5578 County Road 466A - \$465,000
3. 10653 Marsha Drive - \$770,000
4. 20161 Summerlin Road - \$465,000

Borrower(s)/Guarantor(s) Initials: AR

5. 934 Roberson Road - \$460,000

At all times, the total Loan amount shall not exceed \$3,600,000 CDN in the aggregate.

LAND VALUES:

1. 401 Beach Drive – \$2,500,000
2. 5578 County Road 466A - \$2,300,000
3. 10653 Marsha Drive - \$3,100,000
4. 20161 Summerlin Road - \$2,100,000
5. 934 Roberson Road - \$1,900,000

INTEREST RATE &
PAYMENT:

Interest shall be compounded and calculated monthly at the rate of **12% per annum**, and will be repayable monthly, in arrears, by prepaid interest from advances under the Loan both before and after maturity until this Loan has been repaid in full. Interest adjustment date to the 1st of the following month following each advance.

FEES:

Lender Commitment Fee (1st 12 months) – 2.00% of the Loan Amount
Lender Commitment Fee (remaining 6 months) – 1.00% of the Loan Amount
Lender Legal Fees, Disbursements and HST – To be determined by Lender's solicitor and its US attorney

PRIORITY / SECURITY:

1. Receiver's Borrowings Charge (as defined in the Receivership Order) pursuant to terms of Receiver's Certificates issued by the Receiver in priority over the Debtor's present and future real and personal, tangible and intangible property and assets in priority to all assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise subject only to a prior court ordered Receivers Charge pursuant to section 24 of the Receivership Order in priority to all other Receiver Certificates issued or to be issued.
2. Receivership Order and Chapter 15 Recognition Order registered against the Real Property.
3. Title insurance with coverages acceptable to the Lender.
4. Satisfactory liability insurance to be in place on the Real Property (evidence to be provided to the Lender) and will continue to be in place while the Receiver's Certificate remains outstanding.
5. Such other security, documentation or assurance, as may be required by the Lender or the Lender's solicitor.

PURPOSE:

The purpose of this Loan is to provide receivership working capital pursuant to the terms of the Receivership Order and Budget attached hereto as **Schedule C** and to facilitate the refinancing /sale of the Real Property.

ADVANCES:

Advances shall be provided upon request by the Borrower and be available on a minimum of 2 business days upon written request to the Lender. The proceeds of each advance under the Loan shall be advanced less the following:

- (a) Lender Commitment Fee (to be deducted in full from the 1st advance);
- (b) Lender Advance Fee of \$500 per advance;
- (c) Lender Wiring Fee of \$90 per advance; and
- (d) Legal fees and disbursements plus HST thereon.

AMORTIZATION:

Interest only

Borrower(s)/Guarantor(s) Initials: *AAA*



- LENDER'S SOLICITOR: Fred Tayar
65 Queen Street West, Suite 1200, Toronto, ON
Tel: (416) 363-1800
- TERMS OF LOAN & PREPAYMENT PRIVILEGE: The Loan will mature 18 months from the date of the first advance ("**Maturity Date**") and is payable on demand. When not in default, the Borrower shall have the right to prepay the Loan at any time upon providing 10 days written notice. Any amounts received in repayment of obligations owing under this DIP Facility shall be paid and applied as follows:
- i. Firstly, to outstanding interest and costs payable hereunder; and
 - ii. Secondly, towards principal hereunder.
- ADDITIONAL CONDITIONS AND REPRESENTATIONS: The advance of funds under the Loan is subject to the following conditions, all of which must be satisfactory to the Lender, and its solicitor, in its sole, unfettered and absolute discretion:
1. Written acceptance of this Term Sheet by the Borrower and attending to the lawful execution and delivery of this Term Sheet.
 2. Borrower acknowledges that the Lender's Commitment Fee is earned upon the Borrower's acceptance of this Term Sheet and payable from the proceeds of the first advance.
 3. Satisfactory review of the liability insurance to be in place on the Real Property.
 4. The Lender reserves the right to request and review the Receiver's Cash Flows at any time in order to satisfy itself that the Receiver's fees and that of its counsel, are reasonable pursuant to section 24 of the Receivership Order.
 5. The Receiver will provide a covenant on closing to the Lender that: (i) no Receiver's Certificates ranking, or purporting to rank, prior to or *pari passu* with the Receiver's Certificate issued as security for the Loan shall be issued by the Receiver to any person other than the Lender without the prior consent in writing of the Lender, which consent may be unreasonably withheld; and (ii) that the Receiver will provide the Lender with notice of any proceeding which could have an adverse effect on the Lender's Receiver's Certificate and/or the Receiver's Borrowings Charge.
 6. The Receiver will give the Lender the first opportunity to fund further loans secured by Receiver Certificates prior to approaching other parties.
 7. The Receiver shall not distribute funds to any creditors without the Lender's consent, save for the Receiver's Charge as contemplated by section 24 of the Receivership Order.
 8. The Receiver agrees not to make an application for payout of proceeds received, other than the Receiver's Charge, in priority to amounts owing to the Lender without the Lender's prior written consent.
 9. The Lender shall have the right to charge for all reasonable costs and expenses incurred by the Lender in connection with this Loan, including reasonable legal fees and costs and costs and expenses incurred in connection with enforcing the Lender's rights under the Receiver's Certificate or hereunder.
 10. Satisfactory review of this Term Sheet and the Receivership Order by the Lender's solicitor.
 11. Satisfactory review of a Recognition Order granted under Chapter 15 of the US Bankruptcy Code by the Lender's solicitor.
 12. It is hereby agreed by and between the Lender and the Receiver that any monies tendered in respect of the Loan payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e. for computing interest), the monies will be deemed to be received the next business day.
 13. Please see Schedule "A" for additional terms of this Term Sheet.

Borrower(s)/Guarantor(s) Initials: 



SPECIAL CONDITIONS:

The Receiver is to provide such financial and other information as the Lender may reasonably request, from time to time, including, but not limited to:

- (a) Evidence of payment of all government payables including property taxes within 15 days of their respective due dates;
- (b) Evidence of compliance with any material federal, state and municipal laws, regulations and policies in relation to its activities;
- (c) Evidence and completion of an unconditional financing agreement within the 1st 6 months of the Term unless an extension of an additional two months has been approved by the Court to complete the financing agreement and the Loan is satisfied failing which, the Borrower must proceed immediately to sell the Real Property;
- (d) Realtor's Opinion of Value and Marketability Analysis indicating an "as is" sales value for each of the Real Property as set out above which is to be received no later than July 1, 2022;
- (e) Deliver to the Lender such other reporting and other information from time to time as is reasonably requested by the Lender.

DEFAULT:

The following events shall constitute events of default (each an "Event of Default"):

- (a) If the Receiver fails to pay when due any amount of principal, interest or other amounts under the Loan Amount, this Term Sheet or otherwise, whether by acceleration or otherwise;
- (b) If the Receiver defaults, in the observance or performance of any other non-financial term, covenant or condition in this Term Sheet or any other agreement between the Receiver and the Debtors entered into on or after the date of the Term Sheet;
- (c) If the Receiver defaults, in the observance of the Receivership Order or any subsequent Court Orders or is replaced as the Receiver;
- (d) If the Lender determines, in its sole discretion, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs, Real Property or financial condition of the Debtors;
- (e) If (i) the Receivership Order is varied without the consent of the Lender or any other order is made which is or may be prejudicial to the Lender's interests, acting reasonably; (ii) the Receivership Order is appealed or leave to appeal is granted; or (iii) the stay of proceedings contained in the Receivership Order is terminated or lifted;
- (f) If any one of the Debtors become bankrupt under the *Bankruptcy and Insolvency Act* or the US Bankruptcy Code; and
- (g) If the plaintiffs or the defendants in the Commercial List Court File bearing number CV-21-00668821-00CL bring a motion or otherwise seek to obtain priority over the interests of the Lender, pursuant to paragraph 41 of the Order of the Honourable Justice Conway dated February 11, 2022.

REMEDIES:

Upon the occurrence of an Event of Default, the Lender may immediately terminate the Term Sheet, at which time all amounts outstanding under this Term Sheet shall, at the option of the Lender, immediately become due and payable; and the Lender may enforce the Loan, Receiver Certificates or take such further and other steps available at law, including but not limited to, making an application to the Court for an order requiring the Receiver to realize on the Real Property.

SCHEDULES ATTACHED:

The following attached schedule(s) form a part of this Term Sheet:

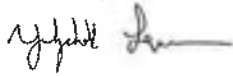
Borrower(s)/Guarantor(s) Initials: DAR



Schedule A – Conditions
Schedule B – Receivership Order
Schedule C – Budget

In order to proceed, kindly indicate your acceptance of the above terms and conditions by signing below and returning this Term Sheet to the Lender by **5:00pm on May 11, 2022**.

Yours truly,



Hillmount Capital Inc.
416-849-0322
Lic. #10453 and #11925

Borrower(s)/Guarantor(s) Initials: AR

ACCEPTANCE

The Borrower hereby accepts this Term Sheet and confirms its agreement with all of the terms and conditions thereof, having either obtained independent legal advice or having been satisfied that legal advice is not required. The Lender Commitment Fee is fully earned by the Lender upon acceptance of the terms of this Term Sheet. The Lender Commitment Fee is due and payable upon the advance of funds hereunder or the date of the termination of the Term Sheet (unless such termination of the Term Sheet results from a default of the Lender).

Accepted this 10th day of May, 2022.

Borrower



Zeifman Partners Inc.

in its capacity as Receiver of Legacy Lifestyles Destin Property LLC,

Legacy Lifestyles Trailwinds Property LLC,

Legacy Lifestyles Ft. Myers Property LLC,

Legacy Lifestyles Ocoee Property LLC and

Legacy Lifestyles Longleaf Property LLC

Borrower(s)/Guarantor(s) initials: DT



SCHEDULE A – CONDITIONS

ACCRUED AND EARNED INTEREST	Accrued interest calculated from the date that this Loan is advanced to the Interest Adjustment Date will be deducted from the initial gross funds advanced. The Interest Adjustment Date is set at the Lender's option. The Borrower shall not be entitled to receive interest, if any, on any funds held in trust by the Lender. Any interest earned shall accrue to the Lender.
REGULATIONS	The Real Property must comply with all municipal, state and federal statutes, regulations and requirements.
ASSIGNMENT BY LENDER	The Lender shall have 7 normal business days following: the acceptance of the Term Sheet, and upon receipt of all requested underwriting information to assign all or part of the of the Loan in an amount to be determined by the Lender at its discretion and subject to terms satisfactory to the Lender.
TITLE INSURANCE	At the Lender's sole option, the Borrower may be required to provide title insurance for the Real Property. The cost of the title insurance shall be at the Borrower's expense.
ADDITIONAL PROVISIONS	Our current schedule of administration and servicing fees include (but not limited to) the following charges:
\$500.00	Missed payment fee: Payable for each missed or late installment payment and for replacing and processing each NSF cheque or returned payment for any charge on this property (ie 1 st and / or 2 nd mortgagee) or any other creditor (ie utility company, property taxes, etc).
\$300.00	Insurance: Payable for dealing with each cancellation, premium payment or other non-compliance with insurance requirements.
\$5,000.00	Default: Payable for each act or proceeding instituted.
\$100.00	Loan Statements: For preparation of each statement.
\$5,000.00	Possession: For attending to take possession following default.
\$300.00	Administration: For administering maintenance and security of the property in our possession, per day.
\$300.00	Loan Discharge & Statement Fee: For discharge on one property. \$100.00 for each additional property.
\$250.00	Tax Default Fee: For failure by the Borrower to provide satisfactory confirmation of tax payments.
\$200.00	Annual Tax Account Administration Fee: For administering and maintaining the tax account
\$300.00	For each written request necessitated by the Lender not replacing dishonoured cheques forthwith
\$250.00	Failure to notify Lender of registration of lien by the Condominium Corporation for common maintenance arrears
\$495.00	For each hour of administrative time spent by the Lender or its agent in dealing with issues of default related to this loan. This rate does not apply to solicitor services
\$300.00	Inspection Fee (per property)
\$90.00	Bank Wire Transfer Fee

The Lender reserves the right to charge reasonable fees for other administrative services. Renewal and renewal fee to be at the discretion of the Lender. In the event of a further occurrence of the administrative fees as set out herein, the administrative fees shall increase by a further sum of \$50.00 and this shall be on a cumulative basis.

Borrower(s)/Guarantor(s) Initials:






Appendix “G”
to the Second Report of the Receiver

ORDERED.

Dated: April 14, 2022



Lori V. Vaughan
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

In re:)	Case No.: 6:22-bk-01246-LVV
)	
LEGACY LIFESTYLES DESTIN LP, <i>et al.</i> , ¹)	Chapter 15
)	
Debtor in a Foreign Proceeding)	(Joint Administration Pending)
)	

ORDER GRANTING FOREIGN REPRESENTATIVE’S EMERGENCY MOTION FOR ORDER GRANTING PROVISIONAL RELIEF PENDING THE HEARING ON RECOGNITION PURSUANT TO SECTIONS 1519 AND 1521 OF THE BANKRUPTCY CODE

THIS CASE came on for hearing on April 13, 2022 at 1:15 p.m. (the “Hearing”), upon the Foreign Representative’s Emergency Motion for Order Granting Provisional Relief Pending the Hearing on Recognition Pursuant to Sections 1519 and 1521 of the Bankruptcy (the “Emergency Motion for Provisional Relief”)² [ECF No. 7], of Allan Rutman, in his capacity as the Foreign Representative of the Debtors (the “Foreign Representative”), as court-appointed receiver of the

¹ The Debtors in these Chapter 15 cases and the first four identifying digits (the last four digits are all the same for most Debtors) of the tax number in the jurisdictions in which they pay taxes are as follows: Legacy Lifestyles Destin LP (7741); Legacy Lifestyles Destin GP Inc. (7827); Legacy Lifestyles Summerlin LP (7592); Legacy Lifestyles Summerlin GP Inc. (7612); Legacy Lifestyles Trailwinds LP (7258); Legacy Lifestyles Trailwinds GP Inc. (7290); Legacy Lifestyles Ocoee LP (7931); Legacy Lifestyles Ocoee GP Inc. (7940); Legacy Lifestyles Longleaf LP (7828); Legacy Lifestyles Longleaf GP Inc. (7850); Legacy Lifestyles Destin Property LLC (N/A); Legacy Lifestyles Trailwinds Property LLC (N/A); Legacy Lifestyles Ft. Myers Property LLC (N/A); Legacy Lifestyles Ocoee Property LLC (N/A); and Legacy Lifestyles Longleaf Property LLC (N/A).

² Capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Emergency Motion for Provisional Relief.

foreign bankruptcy estate of the Debtors, seeking an order granting certain provisional relief, including imposition of the stay pursuant to section 362 of the Bankruptcy Court. The Court, having considered the Emergency Motion for Provisional Relief, the argument of counsel, and being otherwise duly informed, the Court makes the following Order.

The Court finds:

- A. Due and timely notice of the filing of the Chapter 15 Petition and the Hearing was given by the Foreign Representative as directed by this Court.
- B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 109 and 1501.
- C. Venue of this proceeding is proper in this judicial district pursuant to 28 U.S.C. § 1410, because the Debtors have property in the United States within this judicial District.
- D. This is a core foreign proceeding under 28 U.S.C. § 157(b)(2)(P).
- E. There is substantial likelihood of success on the merits that the Foreign Representative will be able to demonstrate that the Canadian Proceeding is a foreign main proceeding entitled to recognition under 11 U.S.C. § 1517(b)(1)-(2), that the Foreign Representative is the duly appointed foreign representatives of the Debtors pursuant to 11 U.S.C. §§ 102(24) and 1509, and the Foreign Representative, in his capacity as foreign representatives of Debtors, is entitled to protections afforded by sections 1520 and 1521 of the Bankruptcy Code.
- F. Issuance of this Order is necessary to preserve the status quo, as the Foreign Representative has demonstrated that unless this Order is issued, there is a risk of irreparable injury to the value of the Debtors' real property interests to the detriment of the Debtors' creditors.

G. Given there are no opposing parties and the provisional relief requested is narrowly tailored in scope and duration, the threatened injury to the Debtors' estates outweighs whatever damage the requested relief may cause an opposing party.

H. The interest of the public will be served by this Court's entry of this Order.

Accordingly, it is **ORDERED** and **ADJUDGED**:

1. The Emergency Motion for Provisional Relief is **GRANTED**.
2. Pending entry of a recognition order pursuant to section 1517, the Foreign Representative and the Debtors shall be entitled to the full protections and rights under section 1519(a)(1), which protections shall be coextensive with the provisions of section 362 of the Bankruptcy Code, and this Order shall operate as a stay of any execution against the Debtors' assets within the territorial jurisdiction of the United States. Specifically, all persons and entities are hereby enjoined from (a) continuing any action or commencing any additional action involving the Debtors, their assets or the proceeds thereof, or their former, current or future directors and officers, (b) enforcing any judicial, quasijudicial, administrative or regulatory judgment, assessment or order or arbitration award against the Debtors or their assets, (c) commencing or continuing any action to create, perfect or enforce any lien, setoff or other claim against the Debtors or any of their property, or (d) managing or exercising control over the Debtors' assets located within the territorial jurisdiction of the United States except as expressly authorized by the Debtors in writing.
3. Pursuant to sections 1519(a)(3) and 1521(a)(7) of the Bankruptcy Code, section 362 of the Bankruptcy Code is hereby made applicable in this Chapter 15 case to the Debtors and the property of the Debtors within the territorial jurisdiction of the United States.

4. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed under section 362 of the Bankruptcy Code or (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed.

5. This Order shall remain in effect pending the hearing on Foreign Representative's Motion for Order Granting Recognition of Foreign Main Proceeding Pursuant to Sections 1517 and 1520 of the Bankruptcy Code and Related Relief.

6. The Court shall retain jurisdiction with respect to the enforcement, amendment, or modification of this Order and any request by any person or entity for relief from the provisions of this Order.

###

Submitted by:

Erica Baines
DENTONS COHEN & GRIGSBY P.C.
Mercato – Suite 6200
9110 Strada Place
Naples, FL 34108
Phone: (239) 444-1839
Email: erica.baines@dentons.com
Florida Bar No.: 0058121

Local Counsel to the Foreign Representative

Attorney Erica Baines is directed to serve a copy of this Order on interested parties who do not receive service by CM/ECF and to file a proof of service within three days of entry of this Order.

Appendix “H”
to the Second Report of the Receiver

ORDERED.

Dated: May 09, 2022



 Lori V. Vaughan
 United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
 MIDDLE DISTRICT OF FLORIDA
 ORLANDO DIVISION**

In re:)	Case No.: 22-01246
)	
LEGACY LIFESTYLES DESTIN LP, <i>et al.</i> , ¹)	Chapter 15
)	
Debtor in a Foreign Proceeding)	(Jointly Administered)
)	

ORDER GRANTING FOREIGN REPRESENTATIVE’S MOTION FOR ORDER GRANTING RECOGNITION OF FOREIGN MAIN PROCEEDING PURSUANT TO §§ 1517 AND 1520 OF THE BANKRUPTCY CODE AND RELATED RELIEF

THIS CASE came on for hearing on May 9, 2022 at 2:00 p.m. Eastern (the “Hearing”), upon the *Foreign Representative’s Motion for Order Granting Recognition of Foreign Main Proceeding Pursuant To §§ 1517 and 1520 of the Bankruptcy Code and Related Relief* (the “Motion for Recognition”)² [ECF No. 6], of Allan Rutman, in his capacity as the Foreign Representative of the Debtors (the “Foreign Representative”), as court-appointed receiver of the

¹ The Debtors in these Chapter 15 cases and the first four identifying digits (the last four digits are all the same for most Debtors) of the tax number in the jurisdictions in which they pay taxes are as follows: Legacy Lifestyles Destin LP (7741); Legacy Lifestyles Destin GP Inc. (7827); Legacy Lifestyles Summerlin LP (7592); Legacy Lifestyles Summerlin GP Inc. (7612); Legacy Lifestyles Trailwinds LP (7258); Legacy Lifestyles Trailwinds GP Inc. (7290); Legacy Lifestyles Ocoee LP (7931); Legacy Lifestyles Ocoee GP Inc. (7940); Legacy Lifestyles Longleaf LP (7828); Legacy Lifestyles Longleaf GP Inc. (7850); Legacy Lifestyles Destin Property LLC (N/A); Legacy Lifestyles Trailwinds Property LLC (N/A); Legacy Lifestyles Ft. Myers Property LLC (N/A); Legacy Lifestyles Ocoee Property LLC (N/A); and Legacy Lifestyles Longleaf Property LLC (N/A).

² Capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Motion for Recognition.

foreign bankruptcy estate of the Debtors, seeking recognition and related relief pursuant to Chapter 15 of the Bankruptcy Code of the Debtors' bankruptcy proceeding under the supervision of Superior Court of Justice, Ontario, Canada (the "Canadian Bankruptcy Court"). The Court, having considered the Petition, the Motion for Recognition, the Declaration of the Foreign Representative, the argument of counsel, and being otherwise duly informed, the Court makes the following Order.

The Court finds:

- A. Due and timely notice of the filing of the Chapter 15 Petition and the Hearing was given by the Foreign Representative as directed by this Court.
- B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- C. Venue of this proceeding is proper in this judicial district pursuant to 28 U.S.C. § 1410.
- D. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).
- E. The Foreign Representative qualifies as a "foreign representative" as defined in 11 U.S.C. §101(24).
- F. This Chapter 15 case was properly commenced pursuant to 11 U.S.C. §§ 1504, 1515 and 1517.
- G. The Foreign Representative has met the requirements of 11 U.S.C. §§ 1515(b), 1515(c), 1515(d), and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure.
- H. The Canadian Proceeding is a foreign proceeding under 11 U.S.C. §§ 101(23) and 1502(4).
- I. The Canadian Proceeding is entitled to recognition by this Court under 11 U.S.C. § 1517.

J. The Canadian Proceeding is pending before the Superior Court of Justice, Ontario, Canada. The Debtors' center of main interests are in Canada and, accordingly, the Canadian Proceeding is a foreign main proceeding under 11 U.S.C. § 1502(4), entitled to recognition as a foreign main proceeding under 11 U.S.C. § 1517(b)(1).

K. The Foreign Representative is entitled to all relief provided under 11 U.S.C. § 1520.

L. The Foreign Representative is further entitled to the relief expressly set forth in 11 U.S.C. § 1521.

M. The relief granted by this Order is necessary and appropriate, in the interests of public and international comity, consistent with the public policy of the United States, warranted pursuant to 11 U.S.C. § 1521 and will not cause any hardship to the creditors of the Debtors or other parties that is not outweighed by the benefits of the relief being granted.

Accordingly, it is **ORDERED** and **ADJUDGED** that:

1. The Canadian Proceeding is granted recognition as a "foreign main proceeding" under 11 U.S.C. § 1517.

2. The Canadian Proceeding and the orders of the Canadian Bankruptcy Court shall be given full force and effect and be binding on and enforceable in the United States against all persons and entities. This includes without limitation, the Canadian Bankruptcy Court's February 11, 2022 order appointing the Foreign Representative as receiver for the Debtors, which is attached hereto as **Exhibit 1** (the "Receivership Order").

3. The Foreign Representative is entrusted with the full administration and realization of all or a part of the estate and assets of the Debtors within the territorial jurisdiction of the United States.

4. The Foreign Representative shall have the authority to act independently to carry out any of the duties and powers granted by this Order and the Receivership Order; including, but not limited, to the ability to borrow money on behalf of the Debtors' bankruptcy estates and pledge the Debtors' property, including the Real Properties (as defined in the Receivership Order) to secure such borrowing.

5. The provisions of 11 U.S.C. § 1520 apply to this proceeding.

6. All persons and entities are stayed from commencing or continuing any action or proceeding concerning the assets, rights, obligations or liabilities, of the Debtors or the Debtors' bankruptcy estates located in the United States territory.

7. All persons and entities are stayed from executing against the assets of the Debtors or the Debtors' bankruptcy estates located in the United States territory.

8. All persons and entities are prohibited from transferring, encumbering or otherwise disposing of, or exercising control over any assets of the Debtors or the Debtors' bankruptcy estates located in the United States territory, aside from the Receiver's power to borrow money and pledge the Real Properties.

9. All persons and entities provided notice of this Order who are in possession, custody or control of property, or the proceeds thereof, of the Debtors or the Debtors' bankruptcy estates located within the territorial jurisdiction of the United States, shall immediately advise the Foreign Representative by written notice sent to the following addresses:

Attn: Allan Rutman
Foreign Representative of Legacy Lifestyles Destin LP, et al.
c/o Zeifman Partners Inc.
North York, ON, M6A 1Y7
Canada

With a copy to:

Attn: Erica Baines
Dentons Cohen & Grigsby P.C.
Mercato – Suite 6200
9110 Strada Place
Naples, FL 34108

-and-

James R. Irving
Gina M. Young
Dentons Bingham Greenebaum LLP
3500 PNC Tower
101 South Fifth Street
Louisville, Kentucky 40202

which written notice shall set forth: (i) the nature of such property or proceeds; (ii) when and how such property or proceeds came into the custody, possession or control of such person or entity; and (iii) the full identity and contact information for such person or entity. The Foreign Representative shall file with the Court information demonstrating those persons and/or entities to whom he has provided notice of this Order.

10. The Foreign Representative is authorized to examine witnesses, take evidence or seek the delivery of information concerning the assets, affairs, rights, obligations or liabilities of the Debtors or the Debtors' bankruptcy estates pursuant to §1521(a)(4), the Federal Rules of Bankruptcy Procedure, including without limitation the procedure of Fed. R. Bankr. P. 2004, without further order of this Court.

11. The Foreign Representative is further authorized to operate and may exercise the powers of a trustee under, and to the extent provided by 11 U.S.C. §§ 363 and 552.

12. Notwithstanding any provision in the Bankruptcy Rules to the contrary, (i) this Order shall be effective immediately and enforceable upon entry and shall constitute a final order within the meaning of 28 U.S.C. § 158(a); (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (iii) the

Foreign Representative is authorized and empowered, and may in his discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

13. No action taken by the Foreign Representative in preparing, disseminating, applying for, implementing, or otherwise acting in furtherance of the Canadian Proceeding or any order entered in or in respect of the Chapter 15 case (including any adversary proceedings or contested matters) will be deemed to constitute a waiver of immunity afforded the Foreign Representative, including pursuant to 11 U.S.C. §§ 306 and 1510.

14. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any requests for additional relief or any adversary proceeding brought in and through this Chapter 15 case, and any request by any person or entity for relief from the provisions of this Order.

15. This Court shall retain jurisdiction with respect to the administration, realization, and distribution of the assets of the Debtors within the territorial jurisdiction of the United States.

#

Submitted by:

Erica Baines
DENTONS COHEN & GRIGSBY P.C.
Mercato – Suite 6200
9110 Strada Place
Naples, FL 34108
Phone: (239) 444-1839
Email: erica.baines@dentons.com
Florida Bar No.: 0058121

Local Counsel to the Foreign Representative

Erica Baines shall serve a copy of this Order on all interested parties entitled to service and file a certificate of service thereafter.

Exhibit 1

(Order Appointing Receiver)

Court File No. CV-22-00674717-00CL & CV-21-00668821-00CL

Court File No. CV-21-00668821-00CL

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

THE HONOURABLE

)

FRIDAY, THE 11TH

JUSTICE CONWAY

)

DAY OF FEBRUARY, 2022

)

BETWEEN:

BERKID INVESTMENTS LIMITED, ROBERT BARRON, THORNBRIDGE CAPITAL INC., LUCY BER, SUSAN LATREMOILLE, JAMES MACDONALD, SCOTT TUPLING, NADA TUPLING, TMP INVESTMENTS INC., MARK PIEROG, TARA PIEROG, RON LAPSKER, 1392530 ONTARIO INC., LANGFORD GRAIN INC., FORE BEARS FORENSIC SCIENCE INC., FESTIVUS HOLDINGS INC., STEVEN FREIMAN AND GREGORY IP

Plaintiffs

- and -

HUNTER MILBORNE, GREGORY MARCHANT, MM REALTY PARTNERS INTERNATIONAL, MM REALTY PARTNERS INTERNATIONAL INC., LEGACY LIFESTYLE DESTIN LIMITED PARTNERSHIP, LEGACY LIFESTYLE DESTIN GP INC., LEGACY LIFESTYLE SUMMERLIN LIMITED PARTNERSHIP, LEGACY LIFESTYLE SUMMERLIN GP INC. LEGACY LIFESTYLE TRAILWINDS LIMITED PARTNERSHIP, LEGACY LIFESTYLE TRAILWINDS GP INC., WAVERLEY CORPORATE FINANCE SERVICES LTD. and MORGAN MARCHANT

Defendants



-2-

Court File No. CV-22-00674717-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**LEGACY LIFESTYLES DESTIN LP, LEGACY LIFESTYLES TRAILWINDS LP,
LEGACY LIFESTYLES SUMMERLIN LP, LEGACY LIFESTYLES OCOEE LP,
LEGACY LIFESTYLES LONGLEAF LP**

Applicants

- and -

**LEGACY LIFESTYLES DESTIN PROPERTY LLC, LEGACY LIFESTYLES
TRAILWINDS PROPERTY LLC, LEGACY LIFESTYLES FORT MYERS PROPERTY
LLC, LEGACY LIFESTYLES OCOEE PROPERTY LLC, , LEGACY LIFESTYLES
LONGLEAF PROPERTY LLC**

Respondents

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., C. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, C. C-43, as amended

AMENDED ORDER
(appointing Receiver)

THIS MOTION made by the Plaintiffs in Court File No. CV-21-00668821-00CL (the “**Action**”) and **THIS APPLICATION** made by the Applicants in Court File No. CV-22-00674717-00CL (the “**Application**”) for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) and section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C., 1985, c. B-3 (“**BIA**”) appointing Zeifman Partners Inc. as receiver (the “**Receiver**”) without security, of all of the assets, undertakings and properties of Legacy Lifestyles Destin LP, Legacy Lifestyles Destin GP Inc., Legacy Lifestyles Summerlin LP, Legacy Lifestyles Summerlin GP Inc., Legacy Lifestyles Trailwinds LP, Legacy Lifestyles Trailwinds GP Inc., Legacy Lifestyles Ocoee LP, Legacy Lifestyles Ocoee GP Inc., Legacy Lifestyles Longleaf LP, Legacy Lifestyles Longleaf GP Inc., Legacy Lifestyles Destin Property LLC, Legacy Lifestyles Trailwinds Property LLC, Legacy Lifestyles Ft. Myers Property LLC, Legacy Lifestyles Ocoee Property LLC and Legacy Lifestyles Longleaf Property LLC (collectively, the “**Debtors**”)

acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavits of Mark Ber affirmed on July 21, 2021 and the Exhibits thereto, the affidavit of Joel Ross affirmed on July 20, 2021 and the Exhibits thereto, the affidavit of Greg Marchant sworn December 20, 2021 and the Exhibits thereto and the affidavit of Allan Rutman affirmed December 14, 2021 and the Exhibits thereto and on hearing the submissions of counsel for Legacy Lifestyles Destin LP, Legacy Lifestyles Destin GP Inc., Legacy Lifestyles Summerlin LP, Legacy Lifestyles Summerlin GP Inc., Legacy Lifestyles Trailwinds LP, Legacy Lifestyles Trailwinds GP Inc., Legacy Lifestyles Longleaf LP, Legacy Lifestyles Longleaf GP Inc., Legacy Lifestyles Ocoee LP and Legacy Lifestyles Ocoee GP Inc. (collectively, the “**Partnerships**”), the investors listed in Schedule “C” hereto (collectively, the “**Intervening Investors**”), the Plaintiffs, Gregory Marchant and Morgan Marchant and on reading the consent of the Receiver to act as the Receiver and on being advised by counsel that Cohen Hamilton Steger & Co. Inc. consents to act as the Inspector (defined below) and that each of the Intervening Investors, the Plaintiffs and the Partnerships consent to the relief herein,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion in Court File Number CV-21-00668821-00CL and the Notice of Application and Application in Court File Number CV-22-00674717-00CL is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

INVESTORS

2. **THIS COURT ORDERS** that, on consent of the parties and the Intervening Investors, the Intervening Investors be and are hereby granted intervenor status with respect to the within proceedings and with respect to the Motion and Application herein.

3. **THIS COURT ORDERS AND DECLARES** that, on consent of the parties and the Intervening Investors, any claims of investors (the “**Investors**”) who invested in the Partnerships as against the Debtors and in any way related to the Partnerships are, as of the date of this Order, not extinguished by the expiration of a limitations period or otherwise.

APPOINTMENT

4. **THIS COURT ORDERS** that pursuant to section 101 of the CJA and section 243(1) of the BIA, Zeifman Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including, without limitation, the real properties described in Schedule “A” hereto (collectively, the “**Real Properties**” and each a “**Real Property**”) and all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

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- (e) to engage Cohen Hamilton Steger & Co. Inc. as inspector (the “**Inspector**”) to investigate the affairs, business and financial dealings of the Debtors and their affiliates, any entities controlled by the Debtors and any other entities that control the Real Properties on such terms, including with respect to the payment of the Inspector’s fees and those of its counsel, as the Receiver may agree to in its discretion;
- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (g) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (h) to settle, extend or compromise any indebtedness owing to the Debtors;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to commission appraisals in respect of the Real Properties;
- (l) to request proposals with respect to refinancing, investments or joint ventures in respect of the Property or any part or parts thereof and negotiate such terms and conditions of refinancing, investments or joint ventures that the Receiver in its discretion may deem appropriate;

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- (m) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (n) to sell, convey, transfer, or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$25,000.00 CAD, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00 CAD; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- (o) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (p) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (r) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;

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- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (u) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

INSPECTOR'S POWERS

6. **THIS COURT ORDERS AND DIRECTS** the Inspector to (a) investigate the affairs, business and financial dealings of the Debtors and their affiliates, any entities controlled by the Debtors and any other entities that control the Real Properties, (b) provide regular updates to the Receiver on the status of the investigation, (c) prepare a report with respect to the findings of its investigation, and (d) deliver its report to the Receiver and file its report with this Court.

7. **THIS COURT ORDERS AND AUTHORIZES** the Inspector to, (a) conduct hearings, administer oaths and examine any director, officer, employee or agent of the Debtors upon oath, and, if necessary in the opinion of the Inspector, seek an order of this Court prescribing rules for the conduct of the hearing, and (b) engage consultants, agents, experts and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Inspector's powers and duties, including without limitation those conferred by this Order.

8. **THIS COURT ORDERS** Gregory Marchant, and any other person directed to attend an examination by the Inspector, to attend such hearing or examination and give evidence upon oath.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER AND INSPECTOR

9. **THIS COURT ORDERS AND DIRECTS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, including Gregory Marchant, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having

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notice of this Order including any financial institution (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver and the Inspector of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, bank statements and cancelled cheques, and any other papers, records and information of any kind related to the business or affairs of the Debtors, including all "due diligence" materials related to the Property, including consulting reports and drawings (such as engineering, environment soils, traffic studies, archaeological reports, marketing reports) and architectural drawings, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver and the Inspector or permit the Receiver and the Inspector to make, retain and take away copies thereof and grant to the Receiver and the Inspector unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver or the Inspector due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver and the Inspector for the purpose of allowing the Receiver and the Inspector to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver or the Inspector in their discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver and the Inspector. Further, for the purposes of this paragraph, all Persons shall provide the Receiver and the Inspector with all such assistance in gaining immediate access to the

information in the Records as the Receiver or the Inspector may in their discretion require including providing the Receiver or the Inspector with instructions on the use of any computer or other system and providing the Receiver or the Inspector with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER OR INSPECTOR

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, the Inspector, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided

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that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

16. **THIS COURT ORDERS** that the action bearing Court File No. CV-21-00668821-00CL shall be stayed pending further order of this Court.

NO INTERFERENCE WITH THE RECEIVER

17. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

19. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any

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source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

22. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder or similar legislation in the state of Florida (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON LIABILITY OF RECEIVER AND INSPECTOR

23. **THIS COURT ORDERS** that neither the Receiver nor the Inspector shall incur liability or obligation as a result of their appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or the Receiver in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or afforded the Receiver and the Inspector by any other applicable legislation.

ACCOUNTS OF RECEIVER AND INSPECTOR

24. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements (including, subject to paragraph 27 of this Order, the fees

and disbursements of the Inspector and its counsel), both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA or similar legislation.

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

26. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

27. **THIS COURT ORDERS** that the fees and disbursements of the Inspector and its counsel shall be paid in the first instance by the Plaintiffs in Commercial List File Number CV-21-00668821-00CL without prejudice to any party's position in respect of whether or not the fees and disbursements incurred by the Inspector are to be paid from the Debtors' estate.

28. **THIS COURT ORDERS** that the Plaintiffs and any Investor that pays any accounts of either the Receiver or the Inspector shall be entitled to seek an order of the Court providing for reimbursement of such payments out the Debtors' estate with such priority and at such time as this Court may determine.

FUNDING OF THE RECEIVERSHIP

29. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$3,600,000.00 CAD in the aggregate (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or

periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The Property of the Debtor(s) set out in the Receiver's Certificate (defined below), including the Real Property identified in Schedule "1" thereto, shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA or such similar legislation.

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

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

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

33. **THIS COURT ORDERS** that the Receiver is hereby authorized to execute on behalf of the Debtors any documents or instruments that may be necessary or desirable to register this Order on title to the Property and give effect to the Receiver's Charge and Receiver's Borrowings Charge and the priority of such charges, including the subordination of any existing security, charges or mortgages registered on title to the Property. If for any reason such authority is not recognized in the State of Florida the Debtors are hereby directed to execute any such documents to give effect to the priorities provided hereunder to the extent requested by counsel to the Receiver.

SERVICE AND NOTICE

34. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <<https://www.zeifmans.ca/current-insolvency-files/legacy-lifestyle/>>.

35. **THIS COURT ORDERS AND DIRECTS** Gregory Marchant to provide a complete list of all of the Investors and their contact information including email addresses to the Receiver.

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

GENERAL

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

38. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

39. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and the Inspector and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver and the Inspector, as officers of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver or the Inspector and their agents in carrying out the terms of this Order. For greater certainty, the Receiver is hereby appointed as foreign representative of the Debtors in order to commence an application pursuant to Chapter 15 of the United States Bankruptcy Code should such application be required.

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

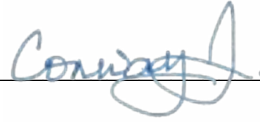
41. **THIS COURT ORDERS** that the Plaintiffs shall have their costs of this motion, up to and including entry and service of this Order, in the sum of CA\$100,000.00 and the Intervening Investors shall have their costs of this motion, up to and including entry and service of this Order, in the sum of CA\$50,000.00 on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine, provided that neither costs award referenced herein shall have priority over the other.

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

43. **THIS COURT ORDERS** that a copy of this Order be filed in Court File No. CV-21-00668821-00CL and Court File No. CV-22-00674717-00CL and that these matters shall be consolidated and proceed under Court File No. CV-22-00674717-00CL. All future materials filed

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shall use the style of cause set out in this Order and include the following file numbers: Court File No. CV-22-00674717-00CL and CV-21-00668821-00CL.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a horizontal line.

SCHEDULE "A"**DESCRIPTION OF THE REAL PROPERTIES****Destin Property**

Commencing at the Northwest corner of Sea Hills Third Addition as Recorded in Plat Book 5, Page 104 of the Public Records of Okaloosa County, Florida; Thence north 01 degrees, 00 Minutes 51 Seconds East A Distance of 432.05 feet to a point, said Point being the point of beginning; thence continue north 01 degrees 00 minutes 51 seconds east a distance of 364.01 feet to a point; thence North 88° 08 minutes 45 seconds east a distance of 1074.81 feet to a point on the western right away of Beach Drive; thence South 10 degrees 14 minutes 19 seconds west along said Western right of way a distance of 20.77 feet to a point; thence South 03 degrees 56 minutes 40 seconds east along said western rate of way a distance of 199.31 feet to a point; thence departing said Western right of way south 86 degrees 33 minutes 59 seconds west a distance of 542.58 feet to a point; thence South 01 degrees 42 minutes 23 seconds east a distance of 158.38 feet to a point; thence North 88 degrees 59 minutes 09 seconds west a distance of 573.88 feet to a point, said point being the point of beginning.

Trailwinds Property

In the County of Sumter, State of Florida:

Parcel R1-1, TRAILWINDS VILLAGE, as per plat thereof recorded in Plat Book 16, Pages 21, 21-A through 21-I, of the Public Records of SUMTER County, Florida; LESS AND EXCEPT THE FOLLOWING: Begin at the Southeast corner of Parcel RI-1; run thence N.00°27'18"E. along the East line of Parcel RI-1, a distance of 135.20 feet, thence departing East line run S.89°59'36"W. a distance of 416.06 feet; thence S.00°00'06"E. a distance of 131.76 feet to a point on the South line of Parcel RI-1, thence along said South line run S.89°32'10"E. a distance of 415.00 feet to the point of beginning.

TOGETHER With Utility Easements and Access Areas Easements set forth in the Declaration of Covenants, Conditions and Restrictions recorded in Book 3205, Page 698 and as Amended and Restated in Book 3258, Page 326 of the Public Records of SUMTER County, Florida and Signage Easement as set forth in Section 2.10 of said Amended and Restated Declaration of Covenants, Conditions and Restrictions.

Summerlin Property

Lots 2 and 3, Sanibel Promenade, according to the map or plat thereof, as recorded in Plat Book 79, Pages 11 and 12, Public Records Lee County, Florida.

Ocoee Property

A PORTION OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 5, TOWNSHIP 22 SOUTH, RANGE 28 EAST, ORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 22 SOUTH, RANGE 28 EAST, ORANGE COUNTRY, FLORIDA; THENCE RUN NORTH 89°35'56" EAST, ALONG THE SOUTH LINE OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 5, A DISTANCE OF 1321.84 FEET, TO THE SOUTHEAST CORNER OF SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 5; THENCE RUN NORTH 00°09'18" WEST, ALONG THE EAST LINE OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 5, A DISTANCE OF 30.00 FEET, TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF ROBERSON ROAD; THENCE RUN SOUTH 89°35'56" WEST, ALONG THE SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 640.00 FEET, TO THE POINT OF BEGINNING; THENCE LEAVING SAID NORTH RIGHT-OF-WAY LINE, RUN NORTH 00°09'28" WEST, A DISTANCE OF 200.02 FEET; THENCE RUN SOUTH 89°59'28" EAST, A DISTANCE OF 368.32 FEET; THENCE RUN NORTH 09°36'00", A DISTANCE OF 15.36 FEET; THENCE RUN NORTH 00°37'13" EAST, A DISTANCE OF 727.61 FEET; THENCE RUN SOUTH 89°35'56" WEST, A DISTANCE OF 398.15 FEET; THENCE RUN SOUTH 00°09'18" EAST, A DISTANCE 1155.00 FEET, TO A POINT ON THE AFORESAID NORTH RIGHT-OF-WAY LINE; THENCE RUN NORTH 89° 35'56" EAST, ALONG THE SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 20.00 FEET, TO THE POINT OF BEGINNING. CONTAINING 6.76 ACRES MORE OR LESS.

Longleaf Property

Tract 39, LONGLEAF NEIGHBORHOOD THREE, according to the plat through thereof as recorded in Plat Book 56, pages 127 through 150, inclusive, of the public records of Pasco County, Florida.

SCHEDULE "B"**RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Zeifman Partners Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of, *inter alios*, [DEBTOR'S NAME] (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including the Real Property (defined in the Order) described in Schedule "1" hereto and all proceeds thereof (the "**[DEBTOR'S] Property**"), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of _____, 20__ (the "**Order**") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, a charge upon the whole of the [DEBTOR'S] Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the [DEBTOR'S] Property in respect of its remuneration and expenses.

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

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

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

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the [DEBTOR'S] Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 20__.

Zeifman Partners Inc., solely in its capacity
as Receiver of the [DEBTOR'S] Property, and
not in its personal or corporate capacity

Per:

Name:

Title:

SCHEDULE "1"

REAL PROPERTY

[Insert description of Real Property]

SCHEDULE "C"**INTERVENING INVESTORS**

2581506 Ontario Limited
2335996 Ontario Inc.
Angellotti, Ron
Daveni Investments Ltd.
Della-Maestra, Thomas Roy
Della-Maestra, Julia
Della-Maestra, Terry
Della-Maestra, Angela
Janmohamed, Nadir
Lindsay, Joan
Wall, George
MLC Financial Ltd.
Remco Holdings Inc.
Spectrum Jewellery Mfg Inc.
SRnED Limited
Stephen Kwok Professional Corporation
Suedan, Katherine Denise
Volpe, Peter G.
2480449 Ontario Inc.
Reinrichmar Holding Limited
McDonald, Don
Suchak, Mitesh
Suchak, Avni
White, Robert
Thomson, Dave
Macleod, Carylyn
Patel, Sunil
Tangri, Sabrena
Kassam, Faiza
Hallco Holdings Inc.
Woodruff, Richard
1424604 Ontario Ltd.
Marty Shankman Agency Ltd.
Yale Realty Inc.
2143700 Ontario Inc.
Christiansen Investments Inc.
Hampson Equities Inc.
Charvet, Shelle Rose
Smart Financial Consulting Corp.
19322434 Ontario Limited
9677658 Canada Inc.
John Francis Footprints Ltd.

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Claremont Holdings Corporation
Mid Properties Inc.
New Gemini Inc.
2244512 Ontario Inc.
Michael Kessel
1387615 Ontario Limited

Along with any other person who Michael Katzman notifies the Receiver (via email) should be added as an Intervening Investor.

Court File No. CV-22-00674717-00CL& CV-21-00668821-00CL

Court File No. CV-21-00668821-00CL
HUNTER MILBORNE et al.
 Defendants

Court File No. CV-22-00674717-00CL
LEGACY LIFESTYLES DESTIN PROPERTY LLC, et al.
 Respondents

BERKID INVESTMENTS LIMITED
 Plaintiff

and

LEGACY LIFESTYLES DESTIN LP, et al.
 Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AMENDED ORDER

GREG ROBERTS PC
 Lawyers
 202-8920 Woodbine Avenue
 Markham, ON L3R 9W9

Greg Roberts (LSO No. 29644N)
 Tel: 1 (866) 824-8757
greg.roberts@roblaw.ca

Lawyer for the Plaintiffs

Appendix “I”
to the Second Report of the Receiver

*Legacy Lifestyles Group
Third Report to Creditors
February 7, 2023*

*Legacy Lifestyles Group
Third Report to Creditors
February 7, 2023*

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- APPENDIX A** Receiver's First Report to Court dated September 9, 2022 (without appendices)
- APPENDIX B** Receiver's Supplemental Report dated September 16, 2022 (without appendices)
- APPENDIX C** Receiver's Second Supplemental Report dated September 19, 2022 (without appendices)
- APPENDIX D** Court Orders, dated September 20, 2022
- APPENDIX E** Endorsement of Madam Justice Kimmel, dated September 30, 2022
- APPENDIX F** Interim Statement of Receipts and Disbursements, dated February 6, 2023

This is the third report to creditors of Zeifman Partners Inc., in its capacity as the court-appointed receiver (the “**Receiver**”) of Legacy Lifestyles Destin LP, Legacy Lifestyles Destin GP Inc., Legacy Lifestyles Summerlin LP, Legacy Lifestyles Summerlin GP Inc., Legacy Lifestyles Trailwinds LP, Legacy Lifestyles Trailwinds GP Inc., Legacy Lifestyles Ocoee LP, Legacy Lifestyles Ocoee GP Inc., Legacy Lifestyles Longleaf LP, Legacy Lifestyles Longleaf GP Inc., Legacy Lifestyles Destin Property LLC, Legacy Lifestyles Trailwinds Property LLC, Legacy Lifestyles Ft. Myers Property LLC, Legacy Lifestyles Ocoee Property LLC and Legacy Lifestyles Longleaf Property LLC. (collectively, the “**Companies**”).

This report is an update to the Receiver’s previous report to creditors dated August 24, 2022.

COURT PROCEEDINGS

On September 20, 2022, the Receiver brought a motion before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) seeking, among other things: (a) approval of an amendment to term sheet (the “**Amendment**”), which amends the term sheet, dated May 9, 2022 (the “**Term Sheet**”), entered into by the Receiver and Hillmount Capital Inc. (“**Hillmount**”) and provides for an increased loan amount totaling US \$4,231,845; (b) an increase in the Receiver’s borrowing capacity to US \$4,231,845; and (c) authority to enter into development services agreements (the “**Development Agreements**”) with N21 Group LLC (“**N21**”), engagement agreement with N21, and financial broker services agreement with Twisted Rock LLC (“**Twisted Rock**”).

More information in respect of the Hillmount funding and the N21 and Twisted Rock agreements is set out in the Receiver’s First Report to the Court, dated September 9, 2022 (the “**First Report**”), attached hereto as **Appendix “A”** (without appendices). The Receiver also filed two supplemental reports to the First Report, copies of which are attached hereto as **Appendices “B”** and “**C**” (without appendices).

On September 30, 2022, the Court approved the Amendment and other requests. Copies of the Court Orders are attached hereto as **Appendix “D”**. A copy of the Endorsement of Justice Kimmel is hereto as **Appendix “E”**.

HILLMOUNT FUNDING

Upon Court approval of the Amendment, the Receiver’s counsel proceeded with the preparation of the necessary amended mortgage documentation, including all title insurance requirements. The timing of the documentation was complicated by the hurricane in the Fort Myers area (the location of the Receiver’s local Florida counsel) and was ultimately

finalized and completed on or about November 8, 2022, with the funding advanced shortly afterwards.

DEVELOPMENT SERVICES

On November 8, 2022, upon the closing of the additional Hillmount financing, the Receiver executed the Development Agreements and provided initial funding to N21 of US \$25,000 per project. As set out in the First Report, due to the longer time horizon and greater amount of work required to bring the Trailwinds/Wildwood project to “shovel-ready” condition, Hillmount was not prepared to advance any further funds in respect of this project at this time and, accordingly, no development services have been undertaken on that site.

Pursuant to the Development Agreement, the development work undertaken on the remaining four projects is broken into two phases. Phase 1 work involves bringing the projects to “shovel ready” condition and marketing the projects to lenders/investors. Phase 2 consists of the construction of the projects, lease of the properties and turnover to a designated operator. As set out in the First Report, the projected Phase 1 timeframes were different for each project and ranged between 60-120 days, with the exception of Trailwinds/Wildwood which is significantly longer at 150-180 days due to the lack of prior development work.

The Receiver understands from discussions with Don Lawson, the principal of N21, that Phase 1 work has been progressing within expected time frames given the approximately two month gap from the date of the Court Orders and the receipt of funding, as well as the intervening holiday season and general slowdown during the end of the calendar year.

As of the date of this Report, the status of the Phase 1 work is as follows:

- updated marketing studies completed;
- operator information received;
- updated architectural and engineering plans are in process (with the exception of the Ocoee project, described below); and
- updated final construction costs remain outstanding as they cannot be completed until the plans are finalized, however estimates based on similar projects have been provided by N21.

The terms of the Development Agreements and Term Sheet, as amended, provide that the projects are to be site plan approved and building permit ready within 150 days from execution of the Development Agreements and the provision of funding to N21. Accordingly, the deadline for this milestone is April 7, 2023. The Term Sheet, as amended,

requires receipts of letters of intent for project financing in respect of the projects within five months from Court approval of the Amendment. The five month deadline will expire on February 20, 2023.

Certain information required for the lenders/investors solicitation package and projected cashflows remains outstanding at this time. It was expected that the documentation would be completed by January 31st but given the delays in funding and the holiday season that date was not met and it will likely take several more weeks until the documentation is in final form.

At the Receiver's request, Hillmount has agreed to extend the deadline for receipt of letters of intent for project financing to March 31, 2023. Twisted Rock and N21 advised the Receiver that the solicitation marketing time frame will not exceed 30 days and as a result the March 31st extension should allow for receipt of Letters of Intent.

Twisted Rock and N21 also advised that a number of lender/investor groups familiar with the properties are awaiting the updated financial information.

OCOEE PROJECT

Mr. Lawson has advised that the original architecture and engineering work on the Ocoee project was done by a third party firm, Bessolo Design Group Inc. ("**Bessolo**"). After substantial delay in responding to N21, Bessolo recently quoted a fee of US \$166,000, plus 15% admin charge and hourly charges for various services not included in the fixed fee. Bessolo advises that they require a three to five month timeline to complete the work. The quoted amount is materially higher than the budgeted amount for these services and the timeline would substantially delay the completion of the Phase 1 work on Ocoee.

In the circumstances, and in consultation with N21, the Receiver has determined that it would not be practical at this time to expend the funds needed to complete the Ocoee Phase 1 work. In the alternative, Ocoee will be packaged in its present condition with the other three shovel ready projects and marketed to lenders/investors.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

Attached hereto as **Appendix "F"** is the Receiver's Interim Statement of Receipts and Disbursements, dated February 6, 2023.

This report has been prepared for the benefit of the creditors of each of the Companies.



*Legacy Lifestyles Group
Third Report to Creditors
February 7, 2023*

If any creditors have any questions about any of the Receiver's activities discussed in this report, please contact the Receiver forthwith.

Yours very truly,

**ZEIFMAN PARTNERS INC.,
in its capacity as court-appointed Receiver**

Per: _____

A handwritten signature in blue ink, appearing to be "Allan Rutman", written over a horizontal line.

Allan Rutman, MBA, CPA, CA
Ph: 416.861.1487
Email: aar@zeifmans.ca

Appendix “J”
to the Second Report of the Receiver

Legacy Lifestyles Group
Fourth Report to Creditors
April 3, 2023



*Legacy Lifestyles Group
Fourth Report to Creditors
April 3, 2023*

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*Legacy Lifestyles Group
Fourth Report to Creditors
April 3, 2023*

APPENDICES

APPENDIX A

Interim Statement of Receipts and Disbursements,
dated April 3, 2023



*Legacy Lifestyles Group
Fourth Report to Creditors
April 3, 2023*

This is the fourth report to creditors of Zeifman Partners Inc., in its capacity as the court-appointed receiver (the “**Receiver**”) of Legacy Lifestyles Destin LP, Legacy Lifestyles Destin GP Inc., Legacy Lifestyles Summerlin LP, Legacy Lifestyles Summerlin GP Inc., Legacy Lifestyles Trailwinds LP, Legacy Lifestyles Trailwinds GP Inc., Legacy Lifestyles Ocoee LP, Legacy Lifestyles Ocoee GP Inc., Legacy Lifestyles Longleaf LP, Legacy Lifestyles Longleaf GP Inc., Legacy Lifestyles Destin Property LLC, Legacy Lifestyles Trailwinds Property LLC, Legacy Lifestyles Ft. Myers Property LLC, Legacy Lifestyles Ocoee Property LLC and Legacy Lifestyles Longleaf Property LLC. (collectively, the “**Companies**”).

This report is an update to the Receiver’s previous report to creditors dated February 7, 2023.

HILLMOUNT FUNDING

As set out in our previous report of February 7, 2023, Hillmount Capital Inc. (“**Hillmount**”) agreed to extend the deadline for obtaining letters of intent for project financing to March 31, 2023. In accordance with the terms and conditions of the Receiver’s borrowing from Hillmount, in the event the Receiver is not in receipt of an acceptable letter of intent, the properties must be listed for sale, as is, with CBRE. As explained below, no such acceptable letter of intent has been received.

DEVELOPMENT SERVICES

Since the date of our Third Report, Phase 1 development work has continued on four of the projects and the status thereof is as follows:

- updated marketing studies completed;
- operator information received;
- updated architectural and engineering plans completed (with the exception of Ocoee, as set out in our previous report);
- plans have been filed with the relevant jurisdiction and discussions are currently taking place with the relevant governmental bodies to obtain approvals in respect of project development; and
- general contractor proposals for construction of facilities are expected in April.

INVESTMENT SOLICITATION PROCESS

As previously reported, N21 Group LLC and Donald Lawson in conjunction with Twisted Rock LLC were engaged to undertake an investment solicitation process on behalf of the Receiver to determine whether proposals providing sufficient financing and equity to commence development of the properties could be achieved. Letters of intent received prior to the receivership contemplated a partial payout of existing creditor loans (“old equity”) and a residual interest for old equity should the projects be built and leased out thereby providing for stability of cash flow and potential refinancing and/or sale.

Financial modelling and the offering memorandum were completed on or about February 20, 2023 and the investment solicitation process commenced immediately thereafter. A data site was constructed to provide information for due diligence purposes.

We are advised that a significant number of presentations to interested parties took place, both by zoom conference, telephone and physical attendance. In addition, the information was made available at the National Investment Centre for Senior Housing and Care’s annual conference held in San Diego at the beginning of March. In all 30 family offices, financial firms and intermediaries were contacted and 11 expressed interest.

Four initial term sheets were received. None of the term provide a partial return of monies to old equity as well as sufficient funding to develop the projects. The Receiver is not prepared to recommend pursuing any of the proposals received to date. Although certain parties continue to do due diligence, the Receiver is not aware of any additional imminent letter(s) of intent.

In the Receiver’s view, after consultation with N21, there are a number of factors that impacted the viability of the projects which were not present in 2021 when the previous investment solicitation process took place. These include:

- a significant increase in construction costs approximating 30% on average for development;
- reduction in percentage of total cost lenders were willing to finance as a result of tightened credit conditions and lesser availability; and
- a substantial increase in the cost of financing and expected return by preferred equity investors.

The combination of these factors required significantly more new preferred equity investment to fund deficiencies in cash flow and provide for capitalized interest cost.

*Legacy Lifestyles Group
Fourth Report to Creditors
April 3, 2023*

Additionally, the impact of the Receivership process on the investment community also caused concern.

COURT PROCEEDINGS

In light of the conditions of the Receiver's financing, as set out in the term sheet with Hillmount, the Receiver is now obligated to undertake a listing process to seek the sale of the properties in their current condition. In the view of the Receiver, the development work undertaken by N21 is expected to add value to the sites including the shovel ready condition of 3 of the 5 projects. The Receiver will discuss with the realtor whether to market the properties jointly and/or on a standalone basis with emphasis on the development of senior care sites as being the optimal use for the locations. Prospective purchasers will have access to the data site information including updated architectural and engineering plans as well as status reports of discussions with municipalities.

The Receiver will be seeking court approval in respect of the listing process.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

Attached hereto as **Appendix "A"** is the Receiver's Interim Statement of Receipts and Disbursements, dated April 3, 2023.

This report has been prepared for the benefit of the creditors of each of the Companies.

If any creditors have any questions about any of the Receiver's activities discussed in this report, please contact the Receiver forthwith.

Yours very truly,

**ZEIFMAN PARTNERS INC.,
in its capacity as court-appointed Receiver**

Per: 

Allan Rutman, MBA, CPA, CA
Ph: 416.861.1487
Email: aar@zeifmans.ca

Appendix “K”
to the Second Report of the Receiver

AMENDMENT TO TERM SHEET

RE: Term Sheet dated May 9, 2022 issued by Hillmount Capital Inc. respecting a loan of up to \$2,750,000 USD (the "Loan") secured by a Receiver's Certificate (the "Receiver's Certificate") issued pursuant to the Order of Justice Conway of the Ontario Superior Court of Justice dated February 11, 2022 (the "Receivership Order") (the "Term Sheet")

1. The undersigned hereby agree that the Term Sheet shall be amended to delete the existing reference in the subject line to the Loan being defined as up to \$2,750,000 USD and replace with the following: **"\$4,231,845 USD (the "Loan")"**.
2. The undersigned hereby agree that the Term Sheet shall be amended to delete the existing Loan Amount section and replace with the following:

"LOAN AMOUNT - Maximum principal amount of \$4,231,845 USD to be allocated as follows (all in USD):

- (1) **401 Beach Drive, Destin - \$845,870**
- (2) **5578 County Road 466A, Wildwood - \$925,425 (the advancing of any funds in relation to this Property is at the Lender's sole discretion)**
- (3) **10653 Marsha Drive, New Port Richey - \$1,077,000**
- (4) **20161 Summerlin Road, Ft Myers - \$668,125**
- (5) **934 Roberson Road, Ocoee - \$715,425**

Title insurance and/or mortgages registered on title is to be updated to reflect the Loan Amount prior to advancing any funds".

3. The undersigned hereby further agree that the Term Sheet shall be amended to delete the existing interest rate of 12% and replace with **"12.25%"**.
4. The undersigned hereby further agree that the Term Sheet shall be amended to delete the existing section (c) under Special Conditions and replace with the following: **"(c) Evidence of completion of unconditional financing agreement(s) with respect to the Destin, New Port Richey, Ft. Myers and Ocoee properties within 8 months from the date of Court approval of this Amendment to Term Sheet to satisfy the Loan."**
5. The undersigned hereby further agree that the Term Sheet shall be amended to add the following under Special Conditions:

"(f) Evidence of satisfactory Letters of Interest for project financing with respect to the Destin, New Port Richey, Ft. Myers and Ocoee properties within 5 months of the date of Court approval of this Amendment to Term Sheet;

(g) Evidence that the Destin, New Port Richey, Ft. Myers and Ocoee properties are site plan approved and building permit ready within 150 days of providing funds for the Services Budget to Lawson Group Architects;

(h) Failure to comply with section (c), (f) and (g) will result in the Borrower being