

COURT FILE NUMBER **Q.B. No. 880 of 2021**
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE **SASKATOON**

APPLICANTS **VOYAGER RETIREMENT II GENPAR INC.,**
VOYAGER RETIREMENT II LP,
VOYAGER RETIREMENT III GENPAR INC. AND
VOYAGER RETIREMENT III LP

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,*
RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF VOYAGER RETIREMENT II GENPAR INC., VOYAGER RETIREMENT II
LP, VOYAGER RETIREMENT III GENPAR INC. AND
VOYAGER RETIREMENT III LP

SUPPLEMENTAL AFFIDAVIT OF SIROUS TOSH

I, Sirous Tosh, of the City of Saskatoon, in the Province of Saskatchewan, businessperson, make oath and say as follows that:

1. I am the sole director, shareholder and president of each of the Applicants, Voyager Retirement II Genpar Inc. and Voyager Retirement III Genpar Inc. (collectively, the "GP Applicants"). I am also the director and president of Caleb Management Ltd. ("Caleb"), the majority partnership unit holder in each of the Applicants, Voyager Retirement II LP ("Tisdale LP") and Voyager Retirement III LP ("Melville LP") (the GP Applicants, Tisdale LP and Melville LP hereinafter collectively referred to as the "Applicants"). Based on the foregoing, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and where so stated, I believe the same to be true.
2. I make this Supplemental Affidavit in support of the Application for an Initial Order and for the purpose of adducing evidence relevant to both the current market pressures on residences such as the Applicants, as well as to outline the emergent and uncertain risk of Covid-19 in the community

of Tisdale and Saskatchewan at large. I also include information pertaining to certain paragraphs in the Supplementary Affidavit of Terry Wrishko sworn August 25, 2021 (the “**Supplementary Wrishko Affidavit**”), filed on behalf of Conexus Credit Union 2006 (“**Conexus**”).

3. In furtherance of my statements regarding the currently fraught market for seniors’ residences across Canada, attached and marked collectively as “**Exhibit A**” to my Supplemental Affidavit is a report on the Seniors’ Housing Industry, prepared in January of 2021 by Cushman & Wakefield, and an article prepared by Beth Mace, Chief Economist, NIC|MAP Data Service.
4. The Cushman & Wakefield report cites the main reasons for the disruption to the market as being declined occupancy rates due to curtailed leasing during periods of government mandated shut-downs, and cost escalation due to increased labour, enhanced infection control and increased insurance costs. The report also concludes that occupancy rates are expected recover within a reasonable time, and that there will be an increased demand for senior residences in the future. The article by Beth Mace examines how the seniors’ housing market performed during the 2007-2009 global financial crisis and compares and contrasts that performance with market fundamentals during the Covid-19 pandemic.
5. Attached and marked as “**Exhibit B**” to my Supplemental Affidavit are two news articles, produced by panow.com and CBC News, respectively, concerning the emergent Covid-19 risk in the community of Tisdale.
6. I have determined from my review of these articles, and I believe it to be true, that the Saskatchewan Health Authority (the “**SHA**”) has issued the following advice on August 20th, 2021, concerning the community of Tisdale:

The Saskatchewan Health Authority (SHA) is alerting the public of an increased risk of COVID-19 variants of concern in Tisdale and is strongly urging residents to wear a mask in public spaces, avoid gatherings, particularly indoors and keep to your household bubble among other safety measures.

The SHA also suggests residents in Tisdale who are able to work from home do so and avoid unnecessary travel.

7. My understanding of the relief requested by the Conexus Credit Union in its Receivership Application is that it intends for the Receiver, if appointed, to attend at the Tisdale residence, and to take material control of the operation. I am gravely concerned that this course of action, which contradicts the current SHA advice for the community, would endanger the health and safety of the residents in the Tisdale property, and potentially the community at large. As stated in my initial Affidavit filed in these proceedings, there have been no cases of Covid-19 in residents at either of the Tisdale and Melville residences, and I believe that keeping the company in control of operations is crucial to maintaining the safety and security of residents.
8. My initial Affidavit did not discuss employees, so I take the opportunity to do so here. Each of Tisdale LP and Melville LP employs approximately 23 local community members (for an aggregate of approximately 46 people), including in the positions of General Manager, maintenance/transit, administrative assistant, cook, server, housekeeping and shift supervisor (ensuring that the residences are staffed 24 hours per day).
9. In regard to paragraphs 3, 18 and 19 of the Supplementary Wrishko Affidavit, I do not agree with the assertion that there is "...a growing friction between Conexus and the Voyagers and the directing mind, Sirous Tosh". The Applicants and I have attempted to work with Conexus to solve the matters at issue in this application. However, Conexus has rejected all proposals put forth by the Applicants. I have had only one telephone call with Conexus (on July 21, 2021, together with the Applicants' counsel, Jenny Underhill, and Controller, Celia-Ann Koturbash) wherein I expressed my desire to work with Conexus, that I am a member of the credit union (Conexus) and that I regard Conexus as a partner with the Applicants. I do not agree with the characterization of the phone call as "tense": I thought that my efforts to outline how a sales process would be conducted were productive and conducted in good faith. I do not recall Mr. Wrishko speaking during the call, as his counsel did all of the talking.

- 10. In regard to paragraph 6 and Exhibit “C” of the Supplementary Wrishko Affidavit, the Applicants were never made aware of the correspondence with the Town of Tisdale, and are seeing it for the first time in the Supplementary Wrishko Affidavit.
- 11. In regard to paragraphs 10 and 32 of the Supplementary Wrishko Affidavit, attached and marked collectively as **Exhibit “C”** to my Supplementary Affidavit are the 2019 Financial Statements for the Tisdale LP and the Melville LP (collectively, the “**Financial Statements**”), together with a cover email evidencing that the Financial Statements were delivered to Conexus by the Applicants on June 1, 2020. Notes 8 and 9 to the Financial Statements clearly disclose that Caleb Management Ltd. would be the major limited partner of the Tisdale LP and the Melville LP through material acquisition of limited partnership units. The Financial Statements also clearly disclose that there are significant payroll and benefit expenses for staff of the Tisdale LP and the Melville LP providing services at the residences.
- 12. Finally, attached and marked as **Exhibit “D”** to my Supplementary Affidavit is a letter, executed by me, setting forth prescribed representations in regard to cash flows, in accordance with subsection 10.2(b) of the *Companies’ Creditors Arrangement Act*.
- 13. I make this Supplemental Affidavit in support of an Initial Order in respect of the Applicants and in opposition to the relief requested by Conexus Credit Union.

SWORN BEFORE ME at the City of
 Saskatoon, in the Province of Saskatchewan,
 this 26th day of August, 2021.



A COMMISSIONER FOR OATHS

in and for the Province of Saskatchewan

My Commission expires

- OR - Being a Solicitor



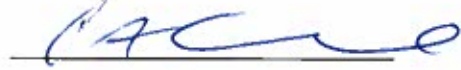


 SIROUS TOSH

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This is Exhibit "A" referred to in the
Affidavit of Sirous Tosh.
Sworn before me this 26th day of
August, 2021.



A commissioner for Oaths for Saskatchewan

My Commission expires _____

-OR- Being a Solicitor



Two Economic Cycles: How Did They Affect Market Fundamentals for Seniors Housing?

Analysis By: Beth Mace, Chief Economist, NIC

In this article, NIC Analytics presents a look at how the seniors housing market performed during the 2007-09 Global Financial Crisis (GFC) and details how this has differed from the impact COVID-19 has had on seniors housing market fundamentals during the past year using NIC MAP® Data, powered by NIC MAP Vision.

Economic Background. At the outset, it is important to acknowledge the very significant differences between this economic cycle and the last. The causes for the GFC were complex and related to financial deregulation, the use of derivatives and a crisis stemming from overleveraged financial institutions who had extended sub-prime residential home mortgages to those who did not qualify. This led to a large drop in housing prices (29%-plus), an explosion of single-family residential mortgages delinquencies (delinquency rates jumped to nearly 12% in January 2010), and a surge in joblessness (the unemployment rate jumped 5.1 percentage points from 4.9% in February 2008 to 10.0% in October 2009).

The COVID-19 recession stemmed from a health crisis and the actions taken to combat the spread of a deadly virus. There was an unparalleled lockdown of all “non-essential” workers as global and national government entities at all levels of jurisdictions sought to limit the spread of the very contagious novel coronavirus. This started as a supply-side shock and then morphed into a demand shortfall and resulted in a surge in unemployment (the jobless rate jumped 11.3 percentage points from 3.5% in February 2020 to 14.8% in April 2020 and has subsequently fallen back to 6.1% in April 2021), limited retail sales and services activity, and an increase in the savings rate as consumers stayed at home. It is considered the worst global economic crisis since the Great Depression in the 1930s.

Seniors Housing Occupancy Losses. The timing of the GFC coincided with a period of relatively strong inventory growth in seniors housing which resulted from flush capital markets and low interest rates. While high by today’s standards, the yield on the 10-year Treasury bill was at then-historic lows of less than 4% which fueled borrower’s appetites for development capital. Development deals that had been financed during the months leading up to the GFC broke ground and continued to be constructed, resulting in multiple years of strong supply growth at the worst possible time because demand was also slowing sharply as the recession took root.

Indeed, the recession caused demand for seniors housing residences to slow as jobs were lost, consumer confidence eroded, home equity disappeared, and home sales volume across the country collapsed. The inability or loss of desire to sell homes bled over into weakened demand for seniors housing as would-be future residents had little choice but to delay placing their homes on the market. In fact, seniors housing net absorption turned negative in early 2009, one of the only times this had occurred until the recent crisis.

During the GFC, the seniors housing market experienced a prolonged occupancy decline for two and one-half years. In fact, the 31 NIC MAP Primary Markets’ occupancy rate for seniors housing properties fell 4.0 percentage points from a record high of 90.4% in 3Q 2007 to a then-record low of 86.9% in 1Q 2010.

By contrast during the pandemic, the occupancy rate for seniors housing properties fell 8.7 percentage points from 87.5% in 1Q 2020 to a record low of 78.8% in 1Q 2021 according to NIC MAP Data. The 8.7 percentage point decline during the pandemic was more than twice as severe as the occupancy drop during the GFC. Moreover, the precipitous drop in occupancy occurred quickly over the course of one year as opposed to two and one-half years during the GFC.

Like the GFC, development going into the pandemic was strong for seniors housing, with inventory growth in 2020 just shy of the all-time high levels of 2019 and comparable to that of 2018 and 2017. Compounding this was the unprecedented loss in demand, with four consecutive quarters of negative net absorption. The drop in demand was a result of lock-down measures self-imposed by some operators as they sought to limit the risk of contagion to their residents and staffs as well as a patchwork of government regulations that restricted move-ins. Also, prospective residents and their adult children influencers were cautious of moving into congregate settings given the perceived risks of vulnerability and contagion as well as visitation limitations.

During the COVID-19 crisis, between 1Q 2020 and 1Q 2021, 42,000 seniors housing units were placed back on the market in the Primary Markets. Combined with 18,000 units that opened during the same one-year period, the occupancy rate fell 8.7 percentage points. By contrast, during the GFC, a mere 949 units were placed back on the market on a net basis during 1Q 2009. Moreover, for the one-year period of 2009, there were a positive 4,700 units absorbed.

Independent Living Vs. Assisted Living. There were disparate effects on independent living and assisted living during the GFC and the pandemic. During the GFC, the crushing drop in home prices and home equity dissuaded would-be residents from moving into a choice-based, hospitality-focused care and living option. In contrast, because assisted living is generally a more need-based option and less choice-based, it may have been less sensitive to the economic cycle in 2008 and 2009. Independent living is perceived as less need-based and more choice-based, so it may be more easily postponed. This may have been particularly the case during the Great Recession, since that recession was largely housing-related and significant amounts of home equity were eroded, reducing the dollars available to move into a preferred housing option.

As a result, during the GFC there was a larger drop in occupancy rates for independent living (IL) than for assisted living (AL). For assisted living, the occupancy rate in the Primary Markets fell 3.2 percentage points from 89.6% in 3Q 2007 to 86.4% in 2Q 2009, a then-record low rate of occupancy. Once the recession officially ended in the second quarter of 2009, occupancy for assisted living began to improve as those residents with pent up demand for activities of daily living (ADLs) and Instrumental activities of daily living (IADL) support could no longer delay a move into seniors housing.

Independent living lost 4.3 percentage points of occupancy during this same period (91.8% in the 3Q 2007 to 87.5% in the 2Q 2009) and continued to slip further until 3Q 2010 when it fell to a low of 86.9% for a total decline of 4.9 percentage points. Independent living, a more discretionary housing choice than assisted living, saw occupancy decline over a longer period, and the decline was more significant than that of assisted living.

In contrast, during the pandemic, the occupancy drop in assisted living exceeded that of independent living. Between 1Q 2020 and 1Q 2021, occupancy fell by 7.9 percentage points from 89.7% to 81.8% in independent living, while it fell 9.5 percentage points from 85.0% to 75.5% in assisted living. These are both record low occupancy rates. Said another way, one in four assisted living units were vacant as of 1Q 2021 and for independent living one in five units were vacant.

Indeed, during the pandemic, assisted living occupancy suffered more than independent living. This is likely because the pandemic was more than just an economic event—it was a health event that was most dangerous to the oldest and most frail seniors and those reside in assisted living. Nevertheless, the 7.9 percentage point in occupancy in independent living was huge by any measure, just less severe than for assisted living.

The Recovery. In the aftermath of the GFC and by Spring 2010, seniors housing occupancy took steps toward recovery as rising demand exceeded new supply, reflected by 17 out of 23 quarters of relatively higher demand between 2010 and 2015. The seniors housing market saw positive absorption of 63,000 units over this period. Inventory grew by a lesser 54,000 units, which allowed the occupancy rate to climb 3.0 full percentage points to 89.9% by 4Q 2015.

Since late 2015 and up until the time of the pandemic in 1Q 2020, the seniors housing occupancy rate had been pressured lower as supply generally exceeded demand (this was especially the case for assisted living). Net absorption totaled 56,000 units, while inventory grew by a larger 80,000 units, pushing the occupancy rate down 2.4 percentage points from 89.9% in 4Q 2015 to 87.5% in 1Q 2020.

Hence, when the pandemic started, seniors housing was already in a stressed position in terms of aggregate occupancy for the Primary Markets. Notably, not all markets followed this pattern as the supply and demand dynamics varied across the nation.

What's Ahead? As of this writing, there are anecdotal reports as well as evidence in NIC's Executive Survey Insights reports that lead generation and inquiries about seniors housing are increasing, the pace of move-ins is rising, and occupancy is beginning to tick up for many operators. The introduction and nearly full implementation of COVID-19 vaccines has been nothing less than miraculous (kudos to all the scientific efforts executed to allow this to happen) and has proven to be the catalyst for the beginning of a very likely recovery in the seniors housing sector (there remains a risk associated with variants). The removal of lockdowns across the broader economy should further jumpstart the economic recovery, supporting consumer confidence, home sales, and income growth. These factors will provide the means as well as support the desire to move into both choice-based and need-based senior living.

That said, it is important to remember that all markets do not behave the same and some markets continue to have a significant supply overhang. For a full recovery, the demand lost during the pandemic must be recouped, the inventory that was added to the market during the past year must be fully absorbed, and the pipeline of new properties currently in development has to be matched by equally strong demand and move-ins.

Summary. Taken in its entirety, during the GFC, the seniors housing proved that while it was not recession resistant, it was recession resilient. This was particularly the case for assisted living. As we move through 2021, we will soon find out if this statement continues to hold true.



SENIORS HOUSING INDUSTRY OVERVIEW CANADA

A Cushman & Wakefield
Valuation & Advisory Publication

January 2021

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INTRODUCTION

Market volatility in the face of uncertainty was one of many themes that emerged in 2020. Social and economic impacts from the COVID-19 global pandemic were far-reaching. The initial market shock extended to global markets, Canadian markets and the commercial real estate market. The Canadian seniors housing & healthcare sector was certainly no exception.

Seniors have been at the greatest risk for severe illness and complications from COVID-19. Given the level of community transmission and spread of the virus, COVID-19 unavoidably made its way into retirement residences and long-term care homes. Despite the operators of seniors housing and long-term care homes taking extraordinary measures to protect residents and staff from the virus, the pandemic's impact across the sector has been significant. Over the past 12 months, the industry—and most notably the community residents, residents' families and frontline staff—have endured heartache, turbulence and loss. In spite of the challenges, there are countless examples of how the sector was galvanized during this period and appropriately prioritized resident and staff well-being above all else, sometimes with competitors sharing scarce supplies and resources to help one another through the most difficult times of the pandemic.

As we present our outlook for 2021 and beyond, we note that multiple vaccines are currently being implemented globally. We have renewed optimism for the future of this sector, which provides an essential service for those who require access to services and support within a residential setting.

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Wickham Gardens by Parkdale
The Sun, 2020/12/10

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FUNDAMENTALS

Heading into 2020, operating fundamentals across the seniors housing sector were generally stable, notwithstanding certain sub-markets that were disrupted by excess new supply in recent years. The global pandemic introduced new disruption to the sector. COVID-19 primarily affected the earnings of seniors housing operators through a combination of (i) a decline in occupancy related to curtailed leasing during periods of government mandated shut-downs and (ii) cost escalation, including labour costs, enhanced infection control-related costs and higher insurance costs. Incremental pandemic-related expenses were not fully recoverable in many cases, however, reimbursement rates via government subsidies were generally higher for long-term care home operators than seniors housing (private pay) operators.

INVESTMENT MARKET

TRANSACTIONS

Unsurprisingly, direct property investment transaction activity in the Canadian seniors housing and long-term care sectors was relatively muted in 2020. The trend of

depressed transaction activity in 2020 also played out across both the Canadian commercial real estate sector and the U.S. seniors housing sector.

In calendar 2020, we tracked over \$1.1 billion in Canadian seniors housing transaction dollar volume, down from over \$4 billion in the prior year. We note that the 2019 comparative figure includes the \$2 billion Le Groupe Maurice transaction. In a typical year, over 70% of the dollar volume is comprised of portfolio transactions. Notably, there were no major portfolio trades that occurred in 2020. Most of the Canadian seniors housing market participants are integrated owner/operators and, as such, we saw these companies devote the majority of their focus on operations in 2020 rather than pursuing new investments.

We did observe positive market sentiment and momentum beginning to build through the fourth quarter of 2020 and expect the property investment market will exhibit a higher level of transaction activity in 2021.

TRANSACTION DOLLAR VOLUME



Prepared by Cushman & Wakefield

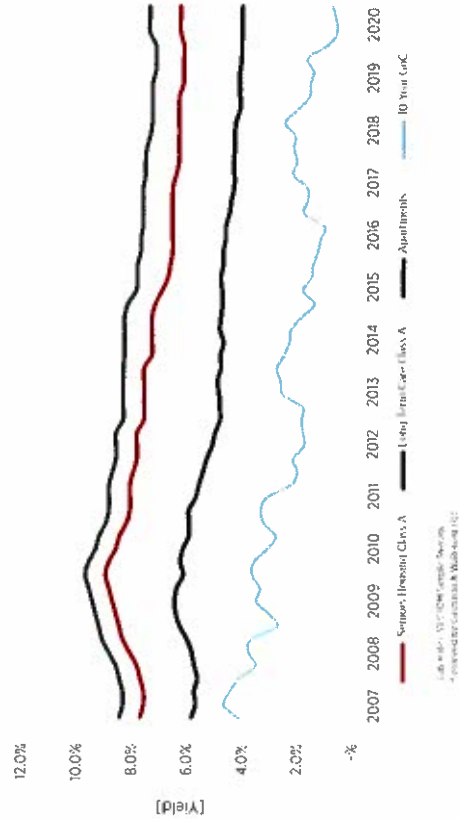
RETURNS

Cap rates for seniors housing assets in Canada generally held at record lows in 2019, with some late-cycle compression observed in markets like Toronto, Vancouver and Montréal. Our pre-COVID expectation was for cap rates for best in-class product to remain steady in 2020. Although underwriting became more conservative, implied rates of return on Class "A" direct property market transactions did not shift materially given the (i) low cost of borrowing, (ii) strong availability of capital and (iii) long term focus of most seniors housing investors, who view this as a strategic asset class over the next 20 years, an investment horizon which mirrors the expected demand-side impact from the Baby-Boom-related population growth. We believe that the scarcity of Class "A"

product available for sale will continue to create strong competition for properties being sold and will set a high floor price for those assets.

Implied returns on trades in the market for Class "B" properties, which has historically featured lower transaction volume than the Class "A" market, are highly dependent on the level of product available for sale. In 2020, investor criteria exhibited a flight to quality in the face of uncertainty and, as such, the spread between Class "A" and "B" cap rates widened by as much as 25 to 50 bps in some cases.

SENIORS HOUSING CAP RATE VS. 10-YEAR GOC YIELDS



10Y GOC Yield - Senior Housing Class A Cap Rate

VALUATION IN UNCERTAIN TIMES

The most common sentiment among industry participants is that the disruption to the market from the pandemic will be short-term in nature. We anticipate that the measurable impact on value will effectively be seen over the next one to two years as the sector recovers. Where applicable, we have been modelling higher short-term vacancy adjustments and/or limited or no rent growth over the short-term. As applicable, we have been evaluating the short and long-term impact on operating expenses in light of the noted cost pressures and have been reflecting that in our forecasts as well. For many properties, over the medium-term we expect operations to revert to a normalized run-rate and expect notional year five reversionary values to generally remain intact relative to expectations prior to the recent market disruption.

Consistent with our pre-pandemic underwriting methodology, we are more inclined to sensitize risk into the valuation model through our cash flow assumptions rather than through unilateral changes to discount rates. The foundation of our approach to value remains focused on underwriting the most probable cash flow projection, based on reasonable assumptions, and to then select the most appropriate market rate of return which reflects (i) the risk/return expectation we see being priced in the market, and (ii) the level of conservatism/risk reflected in our cash flow underwriting. As always, the cash flow assumptions and the selected rates of return need to be evaluated on an internally consistent basis. Subjecting each of those variables to partial (mutually exclusive) analysis will lead to incorrect conclusions overall.

For many properties, over the medium-term we expect operations to revert to a normalized run-rate



DEVELOPMENT MONITOR

In this installment of our Development Monitor series, we examine macro development trends in the Canadian seniors housing industry by analyzing the extent of seniors housing construction activity over the past five years.



IMPACT FROM NEW SUPPLY

Prior to 2020, oversupply was a theme in the private-pay seniors housing sector in certain markets. Excess new supply in these markets contributed to a sequential decline in national occupancy from 2018 to 2020.

The following segment of the report examines the macro opportunity for development and historical levels of construction in the Canadian seniors housing market over the past five years.

CANADIAN HISTORICAL OPERATING STATISTICS: 2010 TO 2020

YEAR	SUPPLY % CHANGE [%]	DEMAND % CHANGE [%]	OCCUPANCY [%]	OCCUPANCY CHANGE [pp]	RENT GROWTH [%]
2010	5.0%	5.6%	90.1%	(1.2)	5.4%
2011	5.0%	4.7%	90.3%	0.2	3.7%
2012	2.9%	3.5%	90.5%	0.2	2.7%
2013	1.9%	1.5%	90.8%	0.3	3.3%
2014	5.2%	6.6%	91.3%	0.5	1.6%
2015	2.4%	2.9%	91.9%	0.7	1.6%
2016	3.6%	4.5%	92.5%	0.6	4.3%
2017	1.9%	2.3%	93.0%	0.5	2.7%
2018	4.6%	4.6%	92.7%	(0.4)	3.2%
2019	2.9%	2.4%	92.3%	(0.4)	3.3%
2020 [1]	2.8%	3.0%	92.1%	(0.2)	2.8%
10-YEAR CAGR	3.3%	3.6%		2.0	3.0%

Source: CMHC Seniors Housing Report (2020) Tables 1.4 and 3.1, Cushman & Wakefield
Demand defined as the number of residents living within a seniors residence, as reported by CMHC

Note: [1] Reflecting pre-COVID CMHC survey data approximating January/February 2020

AGING POPULATION AND THE EXPECTED IMPACT ON DEMAND

Consumer demand for seniors housing & care properties is primarily driven by older adults who require convenient access to services and support within a residential setting.

Over the next 20 years, the 75-plus segment of the Canadian population is expected to grow by almost 4.0% per year and will account for 13.5% of the total population by 2040. In order to maintain the current level of seniors housing inventory per capita, total supply will need to more than double over the next 20 years.

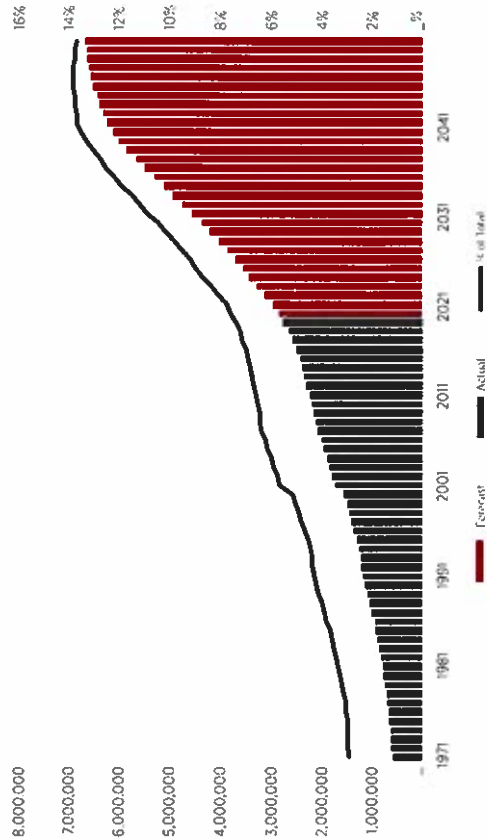
This projection conservatively assumes that the current inventory of retirement residences remains serviceable and assumes the long-term care system capacity expands at the same rate. In practice, a portion of the current

seniors housing inventory will become obsolete and will need to be replaced. Additionally, fiscal constraints will likely limit the government's ability to finance such growth in the long-term care system.

In addition to the number of seniors in the 75-plus segment, we know that, in general, Canadians are living longer. According to Statistics Canada's most recent data on life expectancy, between 1992 and 2009, the life expectancy at age 65 increased by over two years.

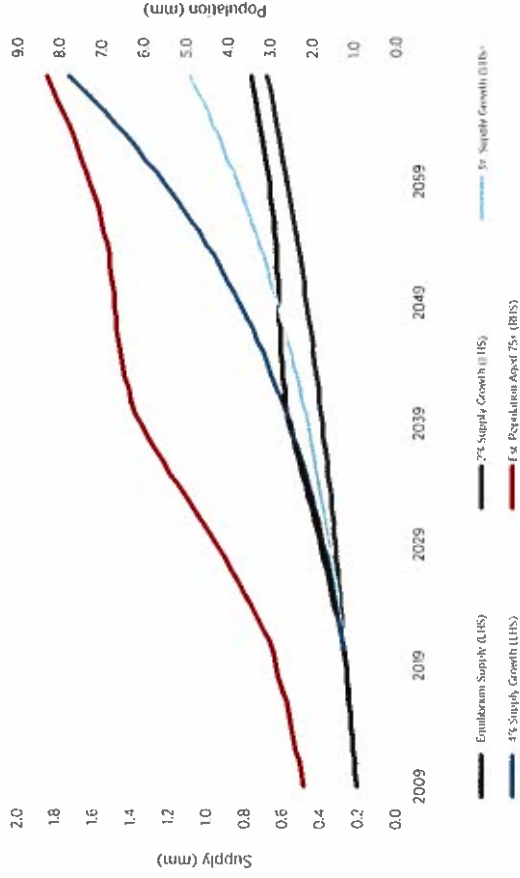
Combined, these factors are expected to result in greater consumer demand for seniors housing.

POPULATION AGE 75+



Source: StatCan, Tables 17-10-0005-01 and 17-10-0005-01 Projection of the total population

SENIORS HOUSING SUPPLY GROWTH SCENARIOS



Source: Cushman & Wakefield LLC

Note: Equilibrium supply forecast is predicated on maintaining a ratio of 1 retirement suite for every 10.8 seniors age 75 and older (current ratio based on 2020 data)

CUSHMAN & WAKEFIELD CONSTRUCTION INDEX

In order to analyze macro development trends in the Canadian seniors housing industry, Cushman & Wakefield has compiled data related to the construction activity involving the largest owners, operators and developers of seniors housing properties in the country (the "C&W Construction Index").

The focus of this segment of the report relates to our analysis of the trends exhibited by the following two key metrics:

- 1) Construction as a percentage of inventory
- 2) Construction starts as a percentage of inventory

The C&W Construction Index includes private-pay seniors housing rental units only and specifically excludes government funded long-term care home projects or for-sale condo inventory. To eliminate any subjective assessments, the definition of a "construction start" is based on the commencement of site excavation and intentionally excludes properties in pre-development phases, including site acquisition, re-zoning or design.

The organizations that constitute the C&W Construction Index include the following companies:

- Chartwell Retirement Residences
- Revera
- Sélection Retraite
- Cogir
- Le Groupe Maurice
- Résidences Soleil
- All Seniors Care
- Amica Senior Lifestyles
- Sienna Senior Living
- Verve Senior Living
- Atria Senior Living
- Seasons Retirement Communities
- Résidences Batisseurs
- Schlegel Villages
- Shannex
- Connecting Care
- Points West Living
- Retirement Concepts
- Baptist Housing Senior Living
- Château Bellevue
- Good Samaritan Society
- Park Place Senior Living
- AgeCare Health Services
- Sunrise Senior Living
- Horizons Retirement Management
- The Responsive Group
- Oxford Living
- VIVA Retirement Communities
- Signature Retirement Living
- Extendicare
- Greenwood Retirement Communities
- Berwick Retirement
- Regency Retirement Resorts
- PARC Retirement Living
- Hawthorn Retirement Group
- Steeves & Rozema
- Tapestry Retirement Communities
- Delmaror
- Jarlette Health Services
- Bria Communities
- MTCO Holdings
- Optima Living
- KMK Capital
- Brightwater Senior Living
- PeopleCare
- Batimo Group
- Fieldgate Commercial
- Rockport Group
- Succession Development Group
- Milliken Developments
- Campion Developments
- 103 Street Developments
- ONE Properties

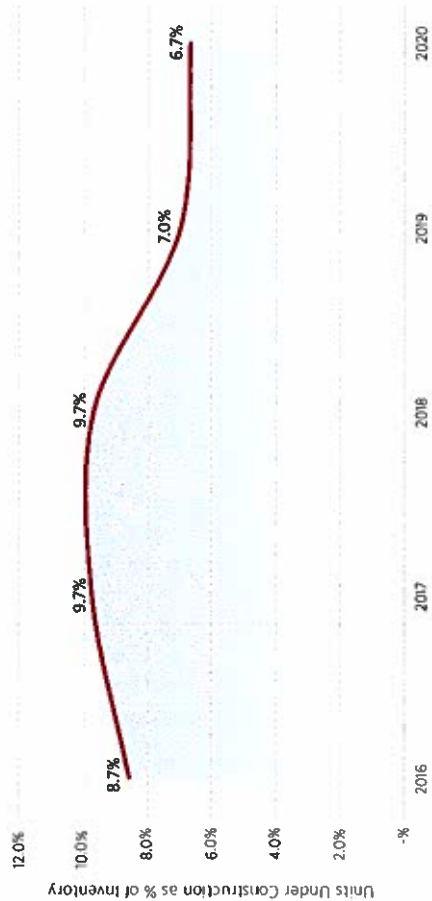


CANADA

CONSTRUCTION ACTIVITY

- The 'construction as a percentage of inventory' measure tracks the number of units under construction in a given period by the index constituent companies as a percentage of the number of existing suites managed by those companies (i.e., existing income-producing property portfolios).
- Based on the C&W Construction Index, construction activity increased by -11% (1.0 pt) between 2016 and 2018 and, since then, the level of construction has tapered off.
- CMHC has reported declines in national seniors housing occupancy annually since 2018. Excluding the impact from COVID-19 (which will not be reflected in CMHC data until 2021) we primarily attribute this historical decline in occupancy to short-term disruption in various sub-markets from new developments/competition. Many developers took note of these changes in market conditions and began to scale back the pace of new construction, starting in 2018.
- Between 2018 and 2020, the number of units under construction as a percentage of the existing inventory had decreased by -31% (3.0 pts).

CONSTRUCTION AS % OF INVENTORY (UNITS)

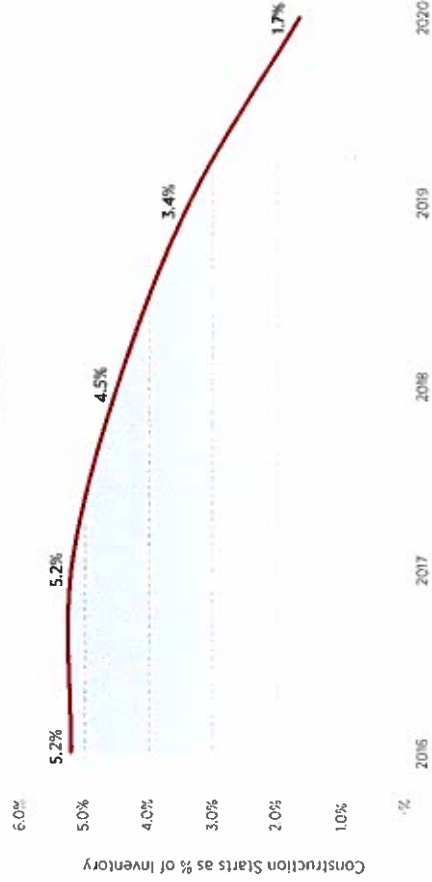


Public Units under construction as a percentage of the existing units of inventory (Sample based on C&W Construction Index)
Source: Construction & Mortgage Lenders

CONSTRUCTION STARTS

- We continue to observe a slowdown in construction starts, which has been compounded due to the COVID-19 pandemic.
- In the first half of 2020, many developers decided to temporarily pause new growth projects which were in the pre-development stage to (i) focus corporate efforts on operations, (ii) preserve liquidity and (iii) wait to re-evaluate project economics for a post-COVID environment.
- For the 12 months ending December 31, 2020, construction starts slowed to 1.7% of inventory versus 5.2% in 2017. The absolute number of starts (by units) in 2020 decreased by 64% relative to the peak starts observed in 2017.
- We note that the projects reflected in the 'construction as percentage of inventory' metric will not all be added to supply in a single year, given projects typically take 24 to 36 months to complete. On that basis, the metric can be a useful forecast indicator for future supply growth.

CONSTRUCTION STARTS AS % OF INVENTORY (UNITS)



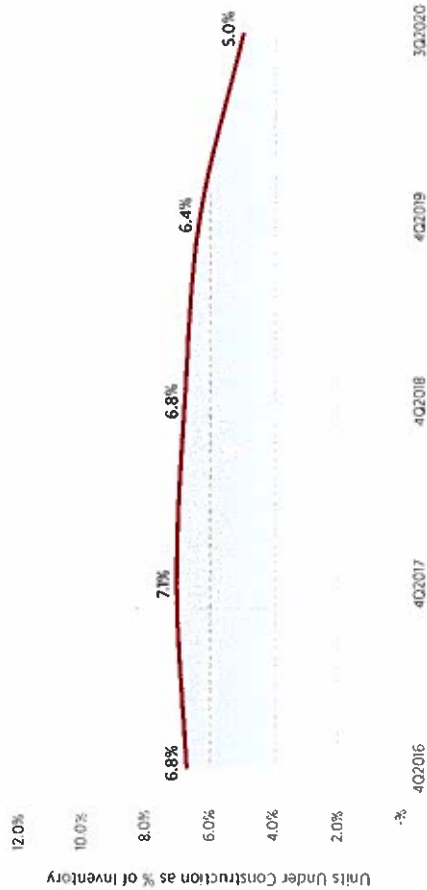
Public Units under construction as a percentage of the existing units of inventory (Sample based on C&W Construction Index)
Source: Construction & Mortgage Lenders

UNITED STATES

CONSTRUCTION ACTIVITY

- Directionally, data from U.S.-based National Investment Center for Seniors Housing & Care shows that similar themes are playing out south of the border.
- According to the NIC MAP® Data Service, the level of construction as a percentage of inventory as of Q3 2020 has declined by -30% since the peak that occurred as of Q3 2016.
- In an October 2020 survey of 165 U.S.-based operators and developers conducted by Seniors Housing News and architecture and design firm LWDA, 65% of respondents reported postponing certain projects as a result of the pandemic and 40% had canceled projects altogether.
- Those who canceled or postponed projects cited a variety of reasons. Notably, 43% expressed a need to preserve capital and liquidity as the pandemic continues and 34% were prioritizing their focus on operations over growth projects.
- The surveyors indicated that most providers are using the pandemic as an opportunity to go back to the drawing board with architects and designers, revising plans in order to incorporate enhanced safety and sanitation protocols implemented in recent months, which will have added benefits for future use and improved infection control.

CONSTRUCTION AS % OF INVENTORY (UNITS)

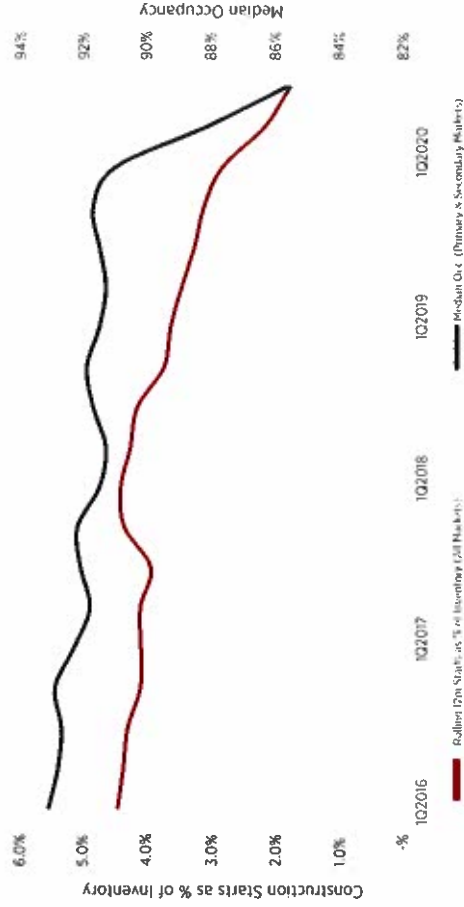


Median Under Construction Inventory as a Percentage of Inventory (Units) by Quarter (4Q2016-3Q2020) (Source: NIC MAP® Data Service, 2020)

CONSTRUCTION STARTS

- According to the NIC MAP® Data Service, seniors housing construction starts in the U.S. had declined to 1.8% of inventory for the 12 months ending September 30, 2020. During the past five years, this rate, measured on a trailing 12 months basis, had peaked in Q1 2016 at 4.5% and has exhibited a fairly consistent decline in construction starts since Q1 2018.

CONSTRUCTION STARTS AS % OF INVENTORY (UNITS)



Median Under Construction Starts as a Percentage of Inventory (Units) by Quarter (1Q2016-1Q2020) (Source: NIC MAP® Data Service, 2020)

Source: NIC MAP® Data & Analysis Service. For more information on the NIC MAP® Data Service, please visit www.NIC.org/NIC-map

IMPORTANT CONSIDERATIONS

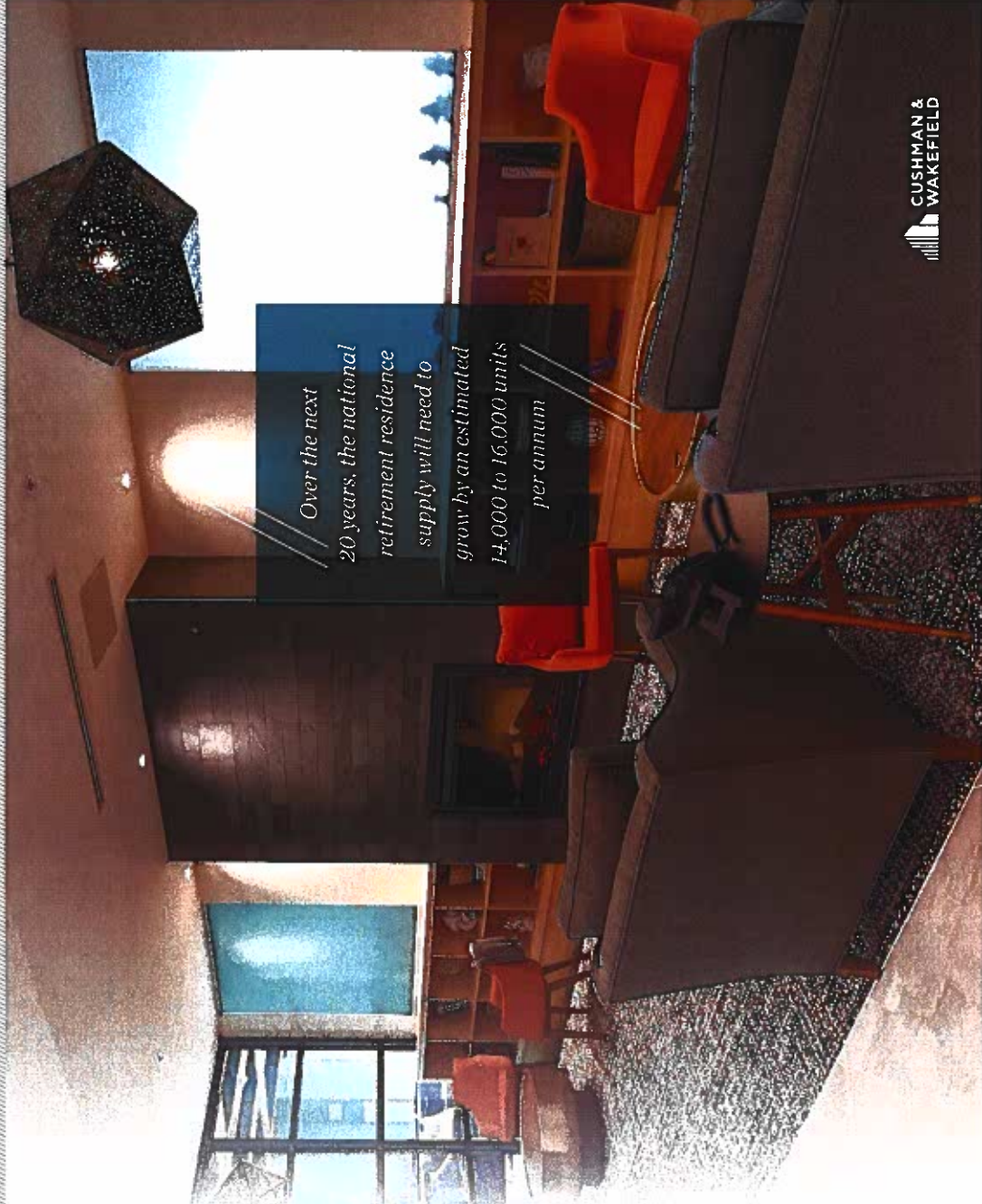
Analysis of the C&W Construction Index is useful for sequential year-over-year trending on a national or provincial basis, but we caution against extrapolating 'construction as percentage of inventory' metrics industry-wide. The organizations that constitute the C&W Construction Index represent close to 50% of the national retirement residence inventory in Canada, by units, which we believe to be a representative sample, but a margin of forecast error will exist. The selected sample of the operators that constitute the Index are among the most active developers of seniors housing, and therefore the reported sample statistics relating to construction may differ from the population data.

CONCLUSIONS

As a result of the declining number of construction starts in Canada, we believe the market will be less concerned about new supply in the next few years relative to the headwinds and risks the market faced pre-COVID, which could provide a favourable backdrop for the recovery in occupancy exiting the pandemic.

The development opportunity in this sector over the next 20 years will be significant. According to the CMHC Seniors Housing Report, since 2011 the total number of seniors housing spaces in Canada has increased by 7,300 spaces per annum on average, implying a historical 10-year CAGR of -3.3%. To maintain the current Capture Rate⁽¹⁾ over the next 20 years, the national retirement residence supply will need to grow by an estimated 14,000 to 16,000 units per annum. This projection assumes the long-term care system capacity will expand at the rate of age 75+ population growth and this estimate does not include replacement for the existing inventory of retirement residence units (i.e., implicitly assumes the economic useful life of the existing properties can be extended and ignores functional obsolescence). In light of the assumptions, this should be a conservative estimate of the requirement for new seniors housing construction over the next 20 years.

(1) Capture Rate defined as the number of residents as a percentage of the population age 75+



Over the next 20 years, the national retirement residence supply will need to grow by an estimated 14,000 to 16,000 units per annum

OUTLOOK

FUNDAMENTALS

The pandemic will eventually end. As the industry sets its sights on recovery, there is a lot of work to be done to correct misconceptions about the seniors housing sector which have been reinforced through misleading portrayals of the entire industry in the media. Going forward, consumers will pay closer attention to infection control measures implemented within a residence and place a higher value on ongoing and transparent communication with the operator of their community. Most operators are well positioned to meet and exceed these expectations. Any operators who do not meet these reasonable standards will not last.

The short-term impacts on occupancy from COVID-19 have been widespread. The pandemic also introduced new cost pressures and the potential for increased government regulation. On a positive note, the implementation of an effective COVID-19 vaccine is underway, with the first doses administered in Canada in December 2020. The prospect of a fully implemented vaccine is expected to restore a sense of normalcy to the sector and will provide the foundation for a recovery in fundamentals.

Once properties are permitted to re-commence leasing in earnest, we expect residences will benefit from some pent-up demand and believe occupancy will recover within a reasonable timeframe for most properties that had previously been stabilized pre-pandemic, considering (i) the demand for seniors housing is primarily needs-driven and (ii) population demographics and projections suggest that the 'Baby Boom' inflection point will begin to meaningfully contribute to demand in 2021. Today we find ourselves at the leading edge of a major structural shift in Canadian population demographic trends. The age 75+ plus segment of the population is poised to grow at a -4% CAGR for the next 20 years. Few businesses have such a well-telegraphed potential demand curve.

Aside from the occupancy recovery related to COVID-19, we remain focused on monitoring development activity in recent years, certain markets

faced an excess of new supply, which contributed to a sequential decline in national occupancy from 2018 to 2020. While many developers have slowed the pace of construction starts, we can still expect a wave of deliveries from properties currently under construction which will continue to disrupt occupancy in select markets through 2021. Due to a decline in construction starts, over the short-term, we do not expect the impact from new supply to be as disruptive on a national basis as it has been over the past four years. Over the long-term, developers will have to closely match the timing of new supply with the demand curve in order to avoid 'overbuilding' certain markets, as we have seen in the recent past.

INVESTMENT MARKET

The degree of competitive tension in the market and the demand for property sales in 2020 was generally lower than it was in 2019. Many of the public REITs in North America traded at depressed valuations for most of the year, making the economics of completing Class "A" deals very challenging for them. While pension and private equity funds had plenty of capital available for investments, most of the capital was focused on deep-value opportunities. In retrospect, there were not many distressed assets for sale or bargains to be had in the Canadian market in 2020.

At this point, it is unclear how long it will take for property transaction activity to return to historical levels, however, we believe the investment thesis for seniors housing & care properties remains firmly intact. In terms of transaction dollar volumes, we expect 2021 to be more active than the prior year as investors look to increase allocations towards alternative real estate asset classes. For investors who have longer investment horizons or can manage some short-term volatility, we believe that this period of disruption will mark the last 'value' buying opportunity in this sector for the next two decades.

Q4 2020 CAP RATE SURVEY REPORT

SENIORS HOUSING CAP RATES ACROSS CANADIAN MARKETS


	SENIORS HOUSING "A"		SENIORS HOUSING "B"		LONG-TERM CARE "A"	
	LOW	HIGH	LOW	HIGH	LOW	HIGH
VICTORIA	5.50%	6.50%	6.75%	7.75%	6.75%	7.50%
VANCOUVER	5.25%	6.25%	6.50%	7.50%	6.50%	7.25%
CALGARY	6.00%	6.75%	7.25%	8.25%	7.00%	7.75%
EDMONTON	6.00%	7.00%	7.25%	8.50%	7.00%	8.00%
WINNIPEG	6.25%	7.00%	7.50%	8.50%	7.50%	8.00%
KITCHENER/ WATLIDOO	6.00%	6.75%	7.25%	8.25%	7.00%	7.75%
TORONTO	5.75%	6.50%	7.00%	8.00%	7.00%	7.50%
OTTAWA	5.75%	6.75%	7.00%	8.25%	7.00%	7.75%
MONTREAL	6.00%	6.75%	7.25%	8.25%	7.50%	8.00%
HALIFAX	6.25%	7.25%	7.50%	8.50%	7.50%	8.25%

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This report has been prepared solely for informational purposes and is not intended to be a complete description of the markets or development opportunities in the United States. The information contained in this report is based on data obtained from sources we believe to be reliable but we do not guarantee the accuracy of the information and we do not guarantee that the information is accurate or complete.

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cushmanwakefield.com

This is Exhibit "B" referred to in the
Affidavit of Sirous Tosh.
Sworn before me this 26th day of
August, 2021.



A commissioner for Oaths for Saskatchewan
My Commission expires _____
-OR- Being a Solicitor

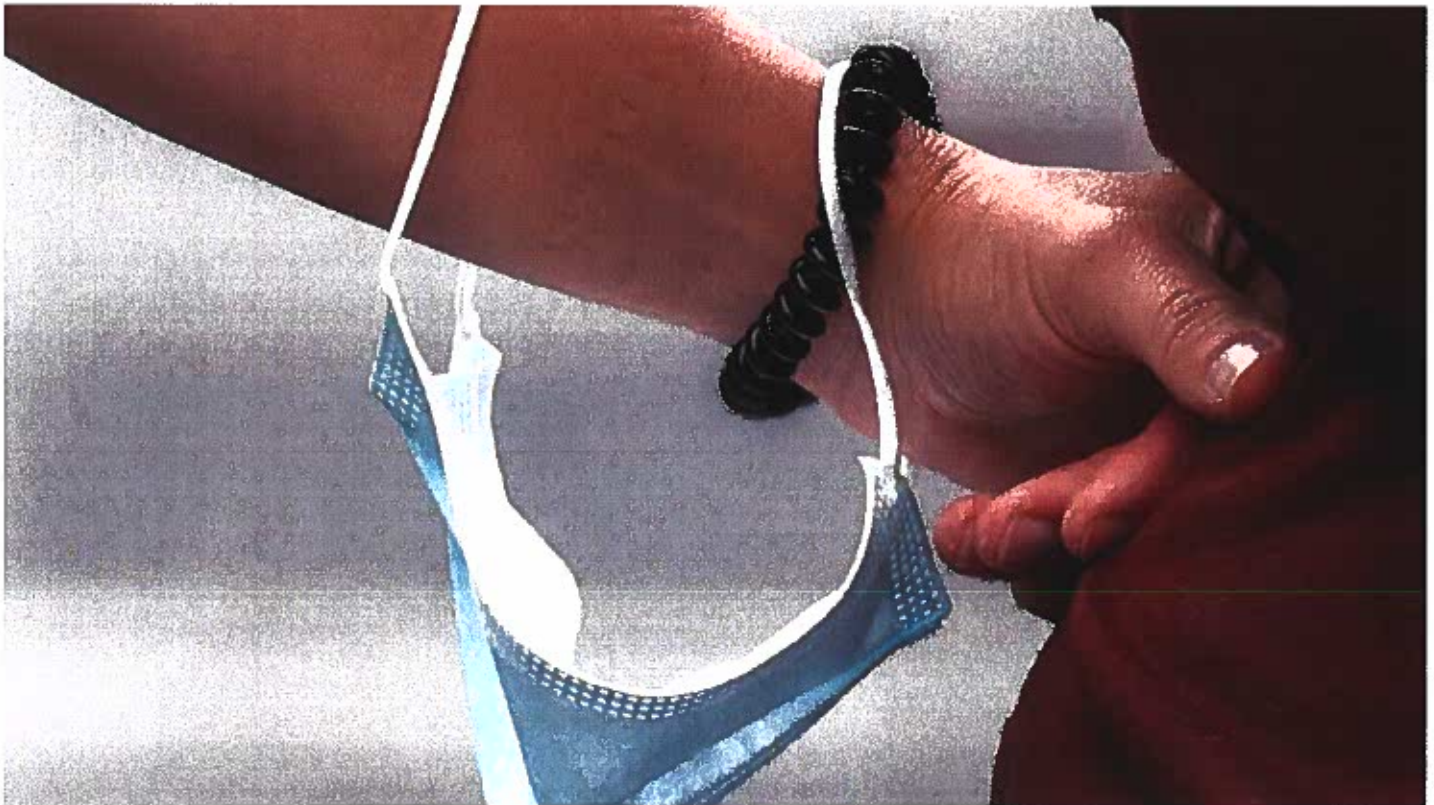


Saskatchewan

Increased COVID-19 exposure risks in Tisdale and Marsden, Sask.

The Sask. Health Authority is urging people to take measures to reduce risk of infecting others

Candice Lipski · CBC News · Posted: Aug 23, 2021 7:31 AM CT | Last Updated: August 23



Residents in Tisdale are urged to maintain two metres from others and wear a mask in public places. (Graham Hughes/The Canadian Press)

comments



The Saskatchewan Health Authority (SHA) has issued COVID-19 exposure warnings for people in Tisdale and Marsden, Sask.

The alert in Tisdale is due to COVID-19 variants of concern. The SHA is urging residents to avoid gatherings, to maintain a two metre distance and wear a mask in public places, and to avoid unnecessary travel.

It also asks that should someone develop symptoms, they get tested as soon as possible and stay home to prevent further spread.

- **'Not again': New outbreak declared at Regina nursing home where 39 people died in previous COVID eruption**
- **COVID-19 in Sask.: 50 new cases in Saskatoon, 47 in Regina**

In Marsden, there is a risk of exposure for people who visited Railway Confectionary and Liquor Ltd. over a several day period. A person or persons who were infectious attended the store on the following dates:

- Aug. 12 and 13 from 9 a.m. to 4 p.m.
- Aug. 16 and 17 from 9 a.m. to 6 p.m.
- Aug. 18 from 9 a.m. to 12 p.m.

According to the SHA, all people who attended Railway Confectionary at those times should seek testing and immediately self-isolate for 14 days after exposure, unless they received a COVID-19 vaccine on or before July 29.

For more information, visit the Saskatchewan Health Authority website.

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3 key factors in how Canada will fare during the 4th wave of COVID-19

Lauren Pelley

News - Health



CBC INVESTIGATES

Bank won't reimburse Ottawa woman who lost \$23K to fraudsters, family says

Ryan Patrick Jones

News - Canada - Ottawa



VIDEO

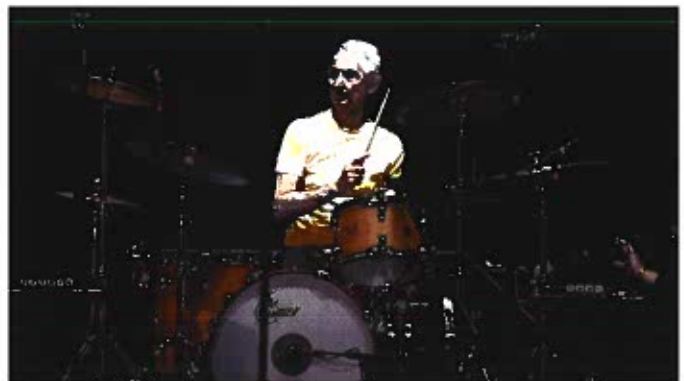
B.C. reinstates province-wide mask mandate for indoor public spaces

Rhianna Schmunk

News - Canada - British Columbia



Trudeau promises new incentives worth billions and a tax on 'flipping' to help Canadians buy a home



Rolling Stones drummer Charlie Watts dead at 80

News - Entertainment

8/24/2021

Increased COVID-19 exposure risks in Tisdale and Marsden, Sask. | CBC News

John Paul Tasker

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NEWS ELECTION COVID-19 SPORTS WEATHER

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The SHA is asking Tisdale residents to take caution against an increase risk of COVID-19 variants of concern (Photo 207230737 © Atitaph Tongseeon | Dreamstime.com)

By northeastNOW Staff

Increased risk of COVID-19 variants in Tisdale

Aug 20, 2021 | 4:56 PM

The Saskatchewan Health Authority (SHA) is alerting the public of an increased risk of COVID-19 variants of concern in Tisdale and is strongly urging residents to wear a mask in public spaces, avoid gatherings, particularly indoors and keep to your household bubble among other safety measures.

The SHA also suggests residents in Tisdale who are able to work from home do so and avoid unnecessary travel.

In a press release the SHA stated, "Variants of concern are dangerous; they are highly contagious, transmitting more quickly and to more people within the community. The increased spread of COVID-19 and its variants result in more illness, hospitalizations, and deaths. Many of those falling ill are much younger than previously seen during the pandemic."

Additional information on variants of concern is [available online](#) along with all case numbers including those cases confirmed as [variants of concern](#).

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Province reporting 139 new cases of COVID-19, four deaths today

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HEALING JOURNEY

Young cyclist wrapping up a journey of reconciliation across Sask.

Aug 23, 2021

news@northeastnow.com

On Twitter: [@northeastNOW](#)

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Young cyclist wrapping up a journey of reconciliation across Sask.

Aug 23, 2021



Northside's Mr. T continues to expand services

4 **REPORTING DELAY**
Delay in COVID numbers reported by province
Aug 23, 2021

5 **FOOD BANK DEMAND**
Prince Albert Food Bank, Salvation Army seeing increased demand
Aug 23, 2021

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Affidavit of Sirous Tosh.
Sworn before me this 26th day of
August, 2021.



A commissioner for Oaths for Saskatchewan
My Commission expires _____
-OR- Being a Solicitor



Celia-Ann Koturbash

From: Celia-Ann Koturbash
Sent: Monday, June 1, 2020 12:37 PM
To: Robert Ewashko
Cc: Sirous Tosh
Subject: Voyager Retirement II LP
Attachments: Voyager Retirement II LP - Financial Statements 2019.pdf

Hi Robert

Attached are the review financial statements for Voyager Retirement II LP (Tisdale) at December 31, 2019.

Celia-Ann Koturbash, CPA, CA
Controller
Caleb Management Ltd.

100 – 465 1st Avenue North
Saskatoon, SK S7K 1X5
P: (306) 934-2075 ext 5
D: (306) 934-6155
F: (306) 934-0059
ckoturbash@calebgroup.ca
www.calebgroup.ca

Celia-Ann Koturbash

From: Celia-Ann Koturbash
Sent: Monday, June 1, 2020 12:40 PM
To: Robert Ewashko
Cc: Sirous Tosh
Subject: Voyager Retirement III LP
Attachments: Voyager Retirement III LP - Financial Statements 2019.pdf

Hello Robert

Attached are the review financial statements for Voyager Retirement III LP (Melville) at December 31, 2019.

Celia-Ann Koturbash, CPA, CA
Controller
Caleb Management Ltd.

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Saskatoon, SK S7K 1X5
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ckoturbash@calebgroup.ca
www.calebgroup.ca

VOYAGER RETIREMENT II LP

FINANCIAL STATEMENTS
(unaudited)

DECEMBER 31, 2019





**BUCKBERGER BAERG
& PARTNERS LLP**
CHARTERED PROFESSIONAL ACCOUNTANTS

Darryl Baerg, CMA, CA
Gregory Baerg, CPA, CMA, CFE
Daphne Baerg, CPA, CMA, CFE
Tara Baerg, CPA, CMA, CFE
Dale Baerg, CPA, CMA, CFE
Mia Baerg, CPA, CMA, CFE
Paul Baerg, CPA, CMA, CFE

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Partners of
Voyager Retirement II LP

We have reviewed the accompanying financial statements of Voyager Retirement II LP that comprise the balance sheet as at December 31, 2019, and the statements of loss, partners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Voyager Retirement II LP as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

210 - 616 MAIN STREET
SASKATOON SK S7H 0J6
306-657-8999
info@bblp.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (continued)

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial statements, which indicates the Voyager Retirement II LP has incurred a net loss of \$744,140 (2018 - \$654,321) during the period ended December 31, 2019. Subsequent to year end, on January 9, 2020, Conexus Credit Union 2006 issued a Notice of Intention to Enforce Security on the mortgage under Section 244(1) of the Bankruptcy and Insolvency Act. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about Voyager Retirement II LP's ability to continue as a going concern.

SASKATOON, SASKATCHEWAN

May 28, 2020

Buchberger Berg & Partners LLP

Chartered Professional Accountants

VOYAGER RETIREMENT II LP

BALANCE SHEET

(unaudited)

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 38,831	\$ 2,106
Prepaid expenses	1,477	1,800
Inventory	<u>6,779</u>	<u>8,114</u>
	47,087	12,020
Property and equipment (Note 4)	<u>8,374,569</u>	<u>8,685,317</u>
	<u>\$ 8,421,656</u>	<u>\$ 8,697,337</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 255,124	\$ 296,346
Government remittances payable	9,432	26,711
Interest payable (Notes 6, 7, & 8)	403,171	75,777
Accrued property tax payable	354,180	171,500
Advances payable (Note 5)	33,500	-
Damage deposits held	45,000	45,780
Tenant rent deposits	900	900
Promissory note payable (Note 6)	282,000	732,000
Mortgage payable (Note 7)	<u>5,544,482</u>	<u>5,560,316</u>
	6,927,789	6,909,330
Promissory notes payable (Note 8)	<u>815,000</u>	<u>365,000</u>
	7,742,789	7,274,330
Going concern (Note 2)		
<u>PARTNERS' EQUITY</u>		
Partners' equity (Note 9)	<u>678,867</u>	<u>1,423,007</u>
	<u>\$ 8,421,656</u>	<u>\$ 8,697,337</u>

See accompanying notes

Approved by Voyager Retirement II Genpar Inc.


Per Darrell Remai, Director

VOYAGER RETIREMENT II LP

STATEMENT OF LOSS

(unaudited)

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Property revenue	\$ 1,283,027	\$ 1,388,314
Other revenue	<u>3,421</u>	<u>8,388</u>
	<u>1,286,448</u>	<u>1,396,702</u>
Expenses		
Advertising and promotion	1,585	3,112
Bank charges	2,119	3,091
Condominium fees	175,904	29,317
Insurance	4,543	25,872
Management fees (Note 10)	109,851	117,482
Office and activities	4,449	4,290
Payroll and benefits	504,127	521,108
Professional fees	17,081	28,039
Property taxes	201,759	171,500
Repairs and maintenance	6,808	67,130
Supplies	199,812	192,666
Telecommunications	7,649	9,870
Transportation	3,365	5,829
Travel	5,008	6,568
Utilities	<u>58,534</u>	<u>151,673</u>
	<u>1,302,594</u>	<u>1,337,547</u>
(Loss) income before undernoted items	(16,146)	59,155
Amortization - property and equipment	(361,336)	(357,213)
Interest on mortgage payable and promissory notes payable (Notes 6, 7 & 8)	<u>(366,658)</u>	<u>(356,263)</u>
Net loss	<u>\$ (744,140)</u>	<u>\$ (654,321)</u>

See accompanying notes

VOYAGER RETIREMENT II LP
STATEMENT OF PARTNERS' EQUITY
(unaudited)
YEAR ENDED DECEMBER 31, 2019

	2019				
	<u>Limited partners' deficit</u>	<u>Limited partners' capital</u>	<u>General partner deficit</u>	<u>General partner capital</u>	<u>Total</u>
Balance, beginning of year	\$ (4,286,572)	\$ 5,710,001	\$ (427)	\$ 5	\$ 1,423,007
Net loss	<u>(744,066)</u>	<u>-</u>	<u>(74)</u>	<u>-</u>	<u>(744,140)</u>
Balance, end of year	<u>\$ (5,030,638)</u>	<u>\$ 5,710,001</u>	<u>\$ (501)</u>	<u>\$ 5</u>	<u>\$ 678,867</u>
					2018
	<u>Limited partners' deficit</u>	<u>Limited partners' capital</u>	<u>General partner deficit</u>	<u>General partner capital</u>	<u>Total</u>
Balance, beginning of year	\$ (3,632,316)	\$ 5,710,001	\$ (362)	\$ 5	\$ 2,077,328
Net loss	<u>(654,256)</u>	<u>-</u>	<u>(65)</u>	<u>-</u>	<u>(654,321)</u>
Balance, end of year	<u>\$ (4,286,572)</u>	<u>\$ 5,710,001</u>	<u>\$ (427)</u>	<u>\$ 5</u>	<u>\$ 1,423,007</u>

See accompanying notes

VOYAGER RETIREMENT II LP

STATEMENT OF CASH FLOWS

(unaudited)

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities		
Net loss	\$ (744,140)	\$ (654,321)
Items not affecting cash		
Amortization - property and equipment	361,336	357,213
Gain on sale of property and equipment	(3,358)	-
Net change in non-cash working capital items:		
Prepaid expenses	323	482
Inventory	1,335	(2,154)
Accounts payable and accrued liabilities	(41,223)	(11,438)
Government remittances payable	(17,279)	(24,794)
Interest payable	327,394	32,561
Accrued property tax payable	182,680	171,500
Damage deposits held	(780)	(5,340)
Tenant rent deposits	-	(1,995)
	<u>66,288</u>	<u>(138,286)</u>
Cash flows used in investing activities		
Purchase of property and equipment	(50,587)	(10,240)
Proceeds on disposal of property and equipment	3,358	-
	<u>(47,229)</u>	<u>(10,240)</u>
Cash flows from financing activities		
Advances payable	33,500	-
Repayment of mortgage payable	(15,834)	(142,554)
Capitalized mortgage interest and legal fees	-	785
Proceeds from promissory notes	-	282,000
	<u>17,666</u>	<u>140,231</u>
Net increase (decrease) in cash during the year	36,725	(8,295)
Cash, beginning of year	<u>2,106</u>	<u>10,401</u>
Cash, end of year	<u>\$ 38,831</u>	<u>\$ 2,106</u>

See accompanying notes

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

1. Description of business

Voyager Retirement II LP (the "Limited Partnership") is a limited partnership involved in the ownership, management and operation of a seniors' retirement community in Tisdale, Saskatchewan. The Limited Partnership was formed through a Limited Partnership Agreement (the "Agreement") on September 24, 2010, and operations commenced on March 1, 2012.

The Limited Partnership, as the owner of rental suites included in property and equipment, pays condominium fees to the Condominium Corporation (the "Corporation"). The Corporation is responsible for the operation of the building, including repairs and maintenance, utilities, insurance, and administrative costs.

2. Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Limited Partnership be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

During the year ended December 31, 2019, the Limited Partnership had a net loss of \$744,140 (2018 - \$654,321). The Limited Partnership is in breach of mortgage covenants due to non-payment and on January 9, 2020 has received a Notice of Intention to Enforce Security under Section 244(1) of the Bankruptcy and Insolvency Act (Note 7). The Limited Partnership is also in tax arrears of \$354,180 (2018 - \$171,500) with the Town of Tisdale, who has placed liens on condominium units for non-payment. These conditions raise significant doubt about the Limited Partnership's ability to continue as a going concern.

The Limited Partnership's future operations are dependent upon many factors, including the ability of the Limited Partnership to generate sufficient profit and cash flows from operations and obtain additional funding. Financing has been obtained for short-term cash requirements (2019 - \$33,500 (Note 5), 2018 - \$282,000 (Note 6)). The decision to fund the Limited Partnership is ultimately at the lender's discretion, and there is no guarantee that funds will be provided or be provided at reasonable interest rates. In addition, there is no assurance that management will be successful in its efforts, or that adequate financing will be available on acceptable terms.

These financial statements do not reflect adjustments to the carrying values of assets and liabilities and the classifications used on the balance sheet that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

3. Significant accounting policies (continued)

Basis of presentation

These financial statements include only the assets, liabilities, revenue, and expenses related to the business operated by the Limited Partnership. No provision has been made for compensation to the Partners or interest on their investment.

Financial instruments

The Limited Partnership initially measures its financial assets and liabilities at fair value, except for related party transactions, which are recorded at the carrying or exchange amount depending on the circumstances.

The Limited Partnership subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets and financial liabilities measured at amortized cost include cash, accounts payable and accrued liabilities, government remittances payable, interest payable, advances payable, mortgage payable, and promissory notes payable.

Transaction costs are recognized in net income in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the Partners.

Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price, less estimated cost of completion or preparation.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is calculated using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

3. Significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets, which comprise property and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Revenue recognition

The Limited Partnership recognizes property revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. The Limited Partnership recognizes other revenue as earned, provided collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the provision for the useful lives of long-lived assets in property and equipment. Actual results could differ from those estimates.

4. Property and equipment

		<u>2019</u>		<u>2018</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Buildings	35 yrs	\$ 9,048,705	\$ 1,349,073	\$ 7,699,632	\$ 7,952,973
Furniture and fixtures	10 yrs	545,596	280,094	265,502	308,630
Land improvements	10 yrs	454,016	237,211	216,805	262,206
Vehicle	5 yrs	<u>34,580</u>	<u>3,458</u>	<u>31,122</u>	<u>-</u>
		10,082,897	1,869,836	8,213,061	8,523,809
Land		<u>161,508</u>	<u>-</u>	<u>161,508</u>	<u>161,508</u>
		<u>\$ 10,244,405</u>	<u>\$ 1,869,836</u>	<u>\$ 8,374,569</u>	<u>\$ 8,685,317</u>

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

5. Advances payable

	<u>2019</u>	<u>2018</u>
Advance payable to Voyager Retirement IV LP, whose general partner is controlled by the same shareholder as the Limited Partnership's general partner, non-interest bearing with no terms of repayment	\$ 24,000	\$ -
Advance payable to Voyager Retirement VI LP, whose general partner is controlled by the same shareholder as the Limited Partnership's general partner, non-interest bearing with no terms of repayment	<u>9,500</u>	<u>-</u>
	<u>\$ 33,500</u>	<u>\$ -</u>

6. Promissory note payable

	<u>2019</u>	<u>2018</u>
Promissory note payable to Voyager Retirement VI LP, whose general partner is controlled by the same shareholder as the Limited Partnership's general partner, accruing interest at 6% annually, unsecured, repayable on terms mutually agreed upon by both parties	\$ 282,000	\$ 282,000
Promissory note payable to a limited partner, sold in the year (Note 8)	<u>-</u>	<u>450,000</u>
	<u>\$ 282,000</u>	<u>\$ 732,000</u>

During the year, the Limited Partnership expensed interest of \$16,920 (2018 - \$5,410) on the \$282,000 promissory note. Included in interest payable is \$22,330 (2018 - \$5,410) relating to this debt.

In the year ending December 31, 2018 the Limited Partnership expensed interest of \$32,625 and \$21,355 was included in interest payable relating to the \$450,000 promissory note (Note 8).

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

7. Mortgage payable

	<u>2019</u>	<u>2018</u>
Mortgage payable on demand, until demanded, payable in monthly blended payments of \$40,592, bearing interest at 5.3%, maturing January 4, 2020, secured by first mortgage on the title to each of the condominium units with a combined carrying value of \$8,077,945 (2018 - \$8,376,688) and a general security agreement covering all assets of the Limited Partnership	<u>\$ 5,544,482</u>	<u>\$ 5,560,316</u>

During the year, the Limited Partnership expensed mortgage interest of \$294,856 (2018 - \$295,851), which is included in interest on mortgage and promissory notes payable. Included in interest payable is \$293,856 (2018 - \$24,757) relating to this debt.

As of February 2019, the Limited Partnership stopped making the mortgage payment to Conexus Credit Union 2006 "Conexus", and as a result, the Limited Partnership mortgage covenant is in breach. Due to non-payment on January 9, 2020, Conexus issued a Notice of Intention to Enforce Security on the mortgage under Section 244(1) of the Bankruptcy and Insolvency Act (Note 2). At the report date, Conexus and the Limited Partnership are still involved in active negotiations.

8. Promissory notes payable

	<u>2019</u>	<u>2018</u>
Promissory note payable to Caleb Management Ltd., a limited partner, in monthly interest-only payments at 7.25%, secured by a second mortgage on title to certain condominium units of the Limited Partnership with a carrying value of \$299,676 (2018 - \$310,759)	\$ 450,000	\$ -
Promissory note payable to Caleb Construction Ltd., in monthly interest only payments at 5.0%, classified as long-term, as the company did not call the loan before the transaction noted below	175,000	175,000
Promissory note payable to a limited partner, in monthly interest only payments at 7.0%	<u>190,000</u>	<u>190,000</u>
	<u>\$ 815,000</u>	<u>\$ 365,000</u>

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

8. Promissory notes payable (continued)

During the year, the Limited Partnership expensed interest of \$54,675 (2018 - \$22,050) on these promissory notes, of which \$8,750 (2018 - \$8,750) relates to Caleb Construction Ltd. and \$16,312 (2018 - \$nil) relates to Caleb Management Ltd. the remainder related to unrelated entities. The total is included in interest on mortgage and promissory notes payable. Included in interest payable is \$86,984 (2018 - \$26,765) related to these debts, of which \$31,896 (2018 - \$23,146) relates to Caleb Construction Ltd. and \$53,980 (2018 - \$nil) relates to Caleb Management Ltd.

Caleb Construction Ltd. is related to the sole shareholder of the general partner.

On July 1, 2019, a limited partner sold its \$450,000 promissory note and related accrued interest to Caleb Management Ltd.

As of March 5, 2020, interest only payments have ceased on the \$190,000 promissory note due to a limited partner.

On March 7, 2020, Caleb Management Ltd. purchased the \$175,000 promissory note payable from Caleb Construction Ltd. On March 17, 2020 this promissory note payable and the second mortgage on the \$450,000 promissory note were consolidated into one second mortgage for \$625,000. This mortgage bears interest at 2.5%, with monthly interest-only payments commencing April 15, 2020 and due March 15, 2023. At the financial statement date, the Limited Partnership is not currently paying the interest-only payments that were to commence on April 15, 2020. This note has been presented as non-current as Caleb Management Ltd. has waived the right to call the loan until after December 31, 2020.

9. Partners' equity

The following is a description of the authorized and issued units of the Limited Partnership:

	Number of units <u>2019</u>	Number of units <u>2018</u>
Limited Partnership units entitled to limited voting rights, allocation of partnership earnings and allocation of remaining assets of the Limited Partnership upon termination	6,533,181	6,533,181

During the year, Caleb Management Ltd. acquired 2,651,603 Limited Partner units from other limited partners.

Subsequent to year end, Caleb Management Ltd. acquired 2,600,000 units from a limited partner. Caleb Management Ltd. owns 5,251,603 Limited Partner units after these transactions.

On March 7, 2020, the ownership of Voyager Retirement II Genpar Inc, the general partner of the Limited Partnership was transferred to the controlling shareholder of Caleb Management Ltd.

VOYAGER RETIREMENT II LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

10. Related party transactions

The Limited Partnership has entered into a management agreement dated April 1, 2016 with Caleb Management Ltd. ("Caleb"), expiring December 31, 2058, to manage and operate the retirement community. Under the provisions of the agreement, the Limited Partnership has committed to paying a monthly fee based on the greater of 8% of gross monthly revenue or \$8,500. During the year, management fees of \$109,851 (2018 - \$117,482) were paid to Caleb. Included in accounts payable and accrued liabilities is \$9,243 (2018 - \$37,192) related to these management fees.

Included in accounts payable and accrued liabilities is \$176,590 (2018 - \$176,590) payable to Caleb Construction Ltd. relating to garages purchased in 2012.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Financial instruments

The Limited Partnership, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk.

Credit risk

The Limited Partnership's principal financial asset is cash, which is subject to credit risk. The carrying amounts of financial assets on the balance sheet represents the Limited Partnership's maximum credit exposure at the balance sheet date.

Liquidity risk

The most significant financial liabilities are accounts payable and accrued liabilities, government remittances payable, interest payable, advances payable, mortgage payable, and promissory notes payable. Liquidity risk is the risk that the Limited Partnership cannot repay its obligations when they become due to its creditors. The Limited Partnership has significant liquidity risk as indicated in Note 2.

Interest rate risk

The Limited Partnership is exposed to interest rate risk on its fixed-interest mortgage payable. Fixed-interest instruments subject the Limited Partnership to a fair value risk, since fair value fluctuates inversely to changes in market rates.

12. Subsequent events

In March 2020, a national response to coronavirus (COVID-19) began. The implications of this response are far reaching and have impacted the Limited Partnership's operations. Management is currently evaluating the impact to mitigate the risk. An estimate of financial effect cannot be made at this time.

VOYAGER RETIREMENT III LP

FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019





**BUCKBERGER BAERG
& PARTNERS LLP**
REGISTERED PROFESSIONAL ACCOUNTANTS

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Paul Tucker, CMA

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Partners of
Voyager Retirement III LP

We have reviewed the accompanying financial statements of Voyager Retirement III LP that comprise the balance sheet as at December 31, 2019, and the statements of loss, partners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Voyager Retirement III LP as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (continued)

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial statements, which indicates the Voyager Retirement III LP has incurred a net loss of \$725,794 (2018 - \$710,859) during the period ended December 31, 2019. Subsequent to year end, on January 9, 2020, Conexus Credit Union 2006 issued a Notice of Intention to Enforce Security on the mortgage under Section 244(1) of the Bankruptcy and Insolvency Act. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about Voyager Retirement III LP's ability to continue as a going concern.

SASKATOON, SASKATCHEWAN

May 28, 2020

Buchberger Baerg & Partners LLP

Chartered Professional Accountants

VOYAGER RETIREMENT III LP

BALANCE SHEET

(unaudited)

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 49,804	\$ 4,730
Inventory	7,133	6,415
Prepaid expenses	<u>3,669</u>	<u>3,927</u>
	60,606	15,072
Property and equipment (Note 4)	<u>7,981,074</u>	<u>8,285,276</u>
	<u>\$ 8,041,680</u>	<u>\$ 8,300,348</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 368,484	\$ 389,386
Government remittances payable	15,786	19,210
Interest payable (Notes 6, 7, & 8)	378,815	84,334
Accrued property tax payable	338,185	155,547
Damage deposits held	41,750	38,750
Advance payable (Note 5)	24,000	-
Promissory note payable (Note 6)	183,200	454,675
Mortgage payable (Note 7)	<u>5,273,570</u>	<u>5,288,337</u>
	6,623,790	6,430,239
Promissory notes payable (Note 8)	<u>699,075</u>	<u>425,500</u>
	7,322,865	6,855,739
Going concern (Note 2)		
<u>PARTNERS' EQUITY</u>		
Partners' equity (Note 9)	<u>718,815</u>	<u>1,444,609</u>
	<u>\$ 8,041,680</u>	<u>\$ 8,300,348</u>

See accompanying notes

Approved by Voyager Retirement III Genpar Inc.


Per Darrell Remai, Director

VOYAGER RETIREMENT III LP

STATEMENT OF LOSS

(unaudited)

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Property revenue	\$ 1,259,650	\$ 1,155,469
Other revenue	<u>24,046</u>	<u>26,043</u>
	<u>1,283,696</u>	<u>1,181,512</u>
Expenses		
Advertising and promotion	4,847	834
Bank charges	3,022	1,377
Condominium fees	177,451	177,451
Insurance	3,787	3,613
Management fees (Note 10)	109,481	108,118
Office and activities	8,039	7,253
Payroll and benefits	525,904	496,929
Professional fees	17,101	14,918
Property taxes	206,710	155,547
Repairs and maintenance	10,380	10,394
Supplies	211,813	198,446
Telecommunications	10,038	7,612
Transportation	4,277	6,009
Travel	7,475	4,600
Utilities	<u>58,476</u>	<u>55,182</u>
	<u>1,358,801</u>	<u>1,248,283</u>
Loss before undernoted items	(75,105)	(66,771)
Amortization - deferred financing costs	(2,100)	(2,100)
Amortization - property and equipment	(330,606)	(329,570)
Interest on mortgage payable and promissory notes payable (Notes 6, 7 & 8)	<u>(317,983)</u>	<u>(312,418)</u>
Net loss	<u>\$ (725,794)</u>	<u>\$ (710,859)</u>

See accompanying notes

VOYAGER RETIREMENT III LP
STATEMENT OF PARTNERS' EQUITY
(unaudited)

YEAR ENDED DECEMBER 31, 2019

	2019				
	<u>Limited partners' deficit</u>	<u>Limited partners' capital</u>	<u>General partner deficit</u>	<u>General partner capital</u>	<u>Total</u>
Balance, beginning of year	\$ (3,035,135)	\$ 4,480,001	\$ (262)	\$ 5	\$ 1,444,609
Net loss	<u>(725,721)</u>	<u>-</u>	<u>(73)</u>	<u>-</u>	<u>(725,794)</u>
Balance, end of year	<u>\$ (3,760,856)</u>	<u>\$ 4,480,001</u>	<u>\$ (335)</u>	<u>\$ 5</u>	<u>\$ 718,815</u>

	2018				
	<u>Limited partners' deficit</u>	<u>Limited partners' capital</u>	<u>General partner deficit</u>	<u>General partner capital</u>	<u>Total</u>
Balance, beginning of year	\$ (2,324,347)	\$ 4,480,001	\$ (191)	\$ 5	\$ 2,155,468
Net loss	<u>(710,788)</u>	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>(710,859)</u>
Balance, end of year	<u>\$ (3,035,135)</u>	<u>\$ 4,480,001</u>	<u>\$ (262)</u>	<u>\$ 5</u>	<u>\$ 1,444,609</u>

See accompanying notes

VOYAGER RETIREMENT III LP

STATEMENT OF CASH FLOWS
(unaudited)

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities		
Net loss	\$ (725,794)	\$ (710,859)
Items not affecting cash		
Amortization - deferred financing costs	2,100	2,100
Amortization - property and equipment	330,606	329,570
Net change in non-cash working capital items:		
Inventory	(718)	(1,661)
Prepaid expenses	258	117
Accounts payable and accrued liabilities	(20,902)	27,658
Government remittances payable	(3,424)	(2,290)
Interest payable	294,481	34,359
Accrued property tax payable	182,638	155,547
Damage deposits held	3,000	7,000
Tenant rent deposits	-	(4,090)
	<u>62,245</u>	<u>(162,549)</u>
Cash flows used in investing activity		
Purchase of property and equipment	<u>(26,404)</u>	<u>(22,080)</u>
Cash flows (used in) from financing activities		
Advance payable	24,000	-
Capitalized mortgage interest and legal fees	-	569
Repayment of mortgage payable	(14,767)	(132,993)
Proceeds from promissory notes	-	183,200
	<u>9,233</u>	<u>50,776</u>
Net increase (decrease) in cash during the year	45,074	(133,853)
Cash, beginning of year	<u>4,730</u>	<u>138,583</u>
Cash, end of year	<u>\$ 49,804</u>	<u>\$ 4,730</u>

See accompanying notes

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

1. Description of business

Voyager Retirement III LP (the "Limited Partnership") is a limited partnership involved in the ownership, management and operation of a seniors' retirement community in Melville, Saskatchewan. The Limited Partnership was formed through a Limited Partnership Agreement (the "Agreement") on July 12, 2011, and operations commenced on October 1, 2012.

The Limited Partnership, as the owner of rental suites included in property and equipment, pays condominium fees to the Condominium Corporation (the "Corporation"). The Corporation is responsible for the operation of the building, including repairs and maintenance, utilities, insurance, and administrative costs.

2. Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Limited Partnership be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

During the year ended December 31, 2019, the Limited Partnership had a net loss of \$725,794 (2018 - \$710,859). The Limited Partnership is in breach of mortgage covenants due to non-payment and on January 9, 2020 received a Notice of Intention to Enforce Security under Section 244(1) of the Bankruptcy and Insolvency Act (Note 7). The Limited Partnership is also in tax arrears of \$338,185 (2018 - \$155,547) with the City of Melville, who has placed liens on condominium units for non-payment. On February 7, 2020 the City of Melville issued a Notice under the Tax Enforcement Act to claim title to the related land. These conditions raise significant doubt about the Limited Partnership's ability to continue as a going concern.

The Limited Partnership's future operations are dependent upon many factors, including the ability of the Limited Partnership to generate sufficient profit and cash flows from operations and obtain additional funding. Financing has been obtained for short-term cash requirements (2019 - \$24,000 (Note 5), 2018 - \$183,200 (Note 6)). The decision to fund the Limited Partnership is ultimately at the lender's discretion, and there is no guarantee that funds will be provided or be provided at reasonable rates. In addition, there is no assurance that management will be successful in its efforts, or that adequate financing will be available on acceptable terms.

These financial statements do not reflect adjustments to the carrying values of assets and liabilities and the classifications used on the balance sheet that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

3. Significant accounting policies (continued)

Basis of presentation

These financial statements include only the assets, liabilities, revenue, and expenses related to the business operated by the Limited Partnership. No provision has been made for compensation to the Partners or interest on their investment.

Financial instruments

The Limited Partnership initially measures its financial assets and liabilities at fair value, except for related party transactions, which are recorded at the carrying or exchange amount depending on the circumstances.

The Limited Partnership subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets and financial liabilities measured at amortized cost include cash, accounts payable and accrued liabilities, government remittances payable, interest payable, advance payable, mortgage payable, and promissory notes payable.

Transaction costs are recognized in net income in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the Partners.

Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price, less estimated cost of completion or preparation.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Amortization is calculated using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

3. Significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets, which comprise property and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Deferred financing costs

Deferred financing costs are recorded at cost and netted against the mortgage and note payable to which they relate. Amortization is calculated using the straight-line method over a period of five years.

Revenue recognition

The Limited Partnership recognizes property revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. The Limited Partnership recognizes other income as earned, provided collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the provision for the useful lives of long-lived assets in property and equipment and the useful lives of deferred financing costs. Actual results could differ from those estimates.

4. Property and equipment

		<u>2019</u>	<u>2018</u>		
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Buildings	35 yrs	\$ 8,582,505	\$ 1,253,665	\$ 7,328,840	\$ 7,557,015
Furniture and fixtures	10 yrs	514,725	260,239	254,486	295,874
Land improvements	10 yrs	<u>346,392</u>	<u>187,308</u>	<u>159,084</u>	<u>193,723</u>
		9,443,622	1,701,212	7,742,410	8,046,612
Land		<u>238,664</u>	<u>-</u>	<u>238,664</u>	<u>238,664</u>
		<u>\$ 9,682,286</u>	<u>\$ 1,701,212</u>	<u>\$ 7,981,074</u>	<u>\$ 8,285,276</u>

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

5. Advance payable

	<u>2019</u>	<u>2018</u>
Advance payable to Voyager Retirement IV LP, whose general partner is controlled by the same shareholder as the Limited Partnership's general partner, non-interest bearing with no terms of repayment	<u>\$ 24,000</u>	<u>\$ -</u>

6. Promissory note payable

	<u>2019</u>	<u>2018</u>
Promissory note payable to Voyager Retirement VI LP, whose general partner is controlled by the same shareholder as the Limited Partnership's general partner, accruing interest at 6% annually, unsecured, repayable on terms mutually agreed upon by both parties	\$ 183,200	\$ 183,200
Promissory note payable to a limited partner, sold in the year (Note 8)	-	275,500
Less deferred financing charges	<u>-</u>	<u>(4,025)</u>
	<u>\$ 183,200</u>	<u>\$ 454,675</u>

During the year, the Limited Partnership expensed interest of \$10,992 (2018 - \$2,393), of which \$13,385 (2018 - \$2,393) is included in interest payable.

7. Mortgage payable

	<u>2019</u>	<u>2018</u>
Mortgage payable on demand, until demanded, payable in monthly blended payments of \$37,038, bearing interest at 5.01%, maturing January 4, 2020, secured by first mortgage on the title to each of the condominium units with a carrying value of \$7,726,589 (2018 - \$7,989,402) and a general security agreement covering all assets of the Limited Partnership	<u>\$ 5,273,570</u>	<u>\$ 5,288,337</u>

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

7. Mortgage payable (continued)

During the year, the Limited Partnership expensed interest of \$266,200 (2018 - \$266,068), which is included in interest on mortgage and promissory notes payable. Included in interest payable is \$265,200 (2018 - \$22,271) relating to this debt.

As of February 2019, the Limited Partnership stopped making the mortgage payment to Conexus Credit Union 2006 ("Conexus") and, as a result, the mortgage covenant is in breach. Due to non-payment, on January 9, 2020 Conexus issued a Notice of Intention to Enforce Security under Section 244(1) of the Bankruptcy and Insolvency Act (Note 2). At the report date Conexus and the Limited Partnership are still involved in active negotiations.

8. Promissory notes payable

	<u>2019</u>	<u>2018</u>
Promissory note payable to Caleb Construction Ltd., payable in monthly interest-only payments at 5.0%, unsecured, classified as long-term as the company did not call the loan before the transaction noted below	\$ 425,500	\$ 425,500
Promissory note payable to Caleb Management Ltd., a limited partner, payable in monthly interest-only payments at 7.0% classified as long-term as the company did not call the loan before the transaction noted below	<u>275,500</u>	<u>-</u>
	701,000	425,500
Less deferred financing charges	<u>1,925</u>	<u>-</u>
	<u>\$ 699,075</u>	<u>\$ 425,500</u>

On July 1, 2019 the \$275,500 promissory note and associated unpaid interest (Note 6) was purchased by Caleb Management Ltd.

During the year, the Limited Partnership expensed interest of \$40,560 (2018 - \$40,560), of which \$21,275 (2018 - \$21,275) relates to Caleb Construction Ltd. and \$9,642 (2018 - \$nil) relates to Caleb Management Ltd. and the remainder relates to an unrelated limited partner. The total is included in interest on mortgage payable and promissory notes payable. Included in interest payable is \$100,231 (2018 - \$59,671) related to these debts, of which \$68,089 (2018 - \$46,814) relates to Caleb Construction Ltd. and \$32,142 (2018 - \$nil) relates to Caleb Management Ltd.

Caleb Construction Ltd. is related to the sole shareholder of the general partner and one of the limited partners.

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

8. Promissory notes payable (continued)

On March 7, 2020, Caleb Management Ltd. purchased the \$425,500 promissory note payable from Caleb Construction Ltd. On March 17, 2020 this promissory note payable and the \$275,500 promissory note were consolidated into one second mortgage for \$701,000. This mortgage bears interest at 2.5%, with monthly interest-only payments commencing April 15, 2020 and due March 15, 2023. At the financial statement date, the Limited Partnership is not currently paying the interest-only payments that were to commence on April 15, 2020. The promissory notes have been presented as non-current as Caleb Management Ltd. has waived the right to call the combined note until after December 31, 2020.

9. Partners' equity

The following is a description of the authorized and issued units of the Limited Partnership:

	Number of units <u>2019</u>	Number of units <u>2018</u>
Limited Partner units entitled to limited voting rights, allocation of partnership earnings and allocation of remaining assets of the Limited Partnership upon termination	5,436,895	5,436,895

During the year, Caleb Management acquired 1,317,476 units from another limited partner.

Subsequent to year end, Caleb Management Ltd. acquired 3,374,758 units from other limited partners. Caleb Management Ltd. owns 4,692,234 units after these transactions.

On March 7, 2020 ownership of Voyager Retirement III Genpar Inc., the general partner of the Limited Partnership was transferred to the controlling shareholder of Caleb Management Ltd.

10. Related party transactions

The Limited Partnership has entered into a management agreement dated April 1, 2016 with Caleb Management Ltd. ("Caleb"), expiring December 31, 2058, to manage and operate the retirement community. Under the provisions of the agreement, the Limited Partnership has committed to paying a monthly fee based on the greater of 8% of gross monthly revenue or \$8,500. During the year, management fees of \$109,481 (2018 - \$108,118) were paid to Caleb. Included in accounts payable and accrued liabilities is \$9,705 (2018 - \$9,151) related to these management fees.

Included in accounts payable and accrued liabilities is \$290,814 (2018 - \$290,814) payable to Caleb Construction Ltd. relating to garages purchased in 2012.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

VOYAGER RETIREMENT III LP

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

DECEMBER 31, 2019

11. Financial instruments

The Limited Partnership, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and interest rate risk.

Credit risk

The Limited Partnership's principal financial asset is cash, which is subject to credit risk. The carrying amounts of financial asset on the balance sheet represents the Limited Partnership's maximum credit exposure at the balance sheet date.

Liquidity risk

The most significant financial liabilities are accounts payable and accrued liabilities, advances payable, mortgage payable, and promissory notes payable. Liquidity risk is the risk that the Limited Partnership cannot repay its obligations when they become due to its creditors. The Limited Partnership has significant liquidity risk as indicated in Note 2.

Interest rate risk

The Limited Partnership is exposed to interest rate risk on its fixed-interest mortgage payable and promissory notes payable. Fixed-interest instruments subject the Limited Partnership to a fair value risk, since fair value fluctuates inversely to changes in market rates.

12. Subsequent events

In March 2020, a national response to coronavirus (COVID-19) began. The implications of this response are far reaching and have impacted the Limited Partnership's operations. Management is currently evaluating the impact to mitigate the risk. An estimate of financial effect cannot be made at this time.

This is Exhibit "D" referred to in the
Affidavit of Sirous Tosh,
Sworn before me this 26th day of
August, 2021.



A commissioner for Oaths for Saskatchewan
My Commission expires _____
OR- Being a Solicitor



The Bowra Group Inc.
1411 TD Tower
10088-102 Ave.
Edmonton, AB T5J 2Z1

August 26, 2021

Attention: Kristin Gray

Dear Madam:

**Re: VOYAGER RETIREMENT II GENPAR INC., VOYAGER RETIREMENT II LP,
VOYAGER RETIREMENT III GENPAR INC. AND
VOYAGER RETIREMENT III LP – prescribed representations with respect to cash
flow forecasts.
Our File No.: 40134-3**

The Applicants, Voyager II Retirement Genpar Inc., Voyager Retirement II LP, Voyager Retirement III Genpar Inc. and Voyager Retirement III LP, have applied to commence proceedings pursuant to the *Companies' Creditors Arrangement Act*. As required by subsection 10.2(b) of the same, Voyager Retirement II LP and Voyager Retirement III LP (collectively, the "**LP Applicants**") have prepared the attached 13-week projected cash flow statement for the period of August 30, 2021, to November 22, 2021, which included a list of assumptions upon which the cash flow statement is based. This cash flow statement is to demonstrate the liquidity requirements of the LP Applicants during CCAA proceedings only.

The LP Applicants confirm that:

1. the hypothetical assumptions are reasonable and consistent with the purpose of the projections described in notes 1 to 11, and the probable assumptions are suitably supported and consistent with the plans of the LP Applicants and provide a reasonable basis for the projection. All such assumptions are disclosed in notes 1 to 11.
2. since the projections are based on assumptions regarding future events, actual results may vary from the information presented, and the variation may be material; and
3. the projections have been prepared solely for the purposes described in notes 1 to 11, using the probable and hypothetical assumptions set out in notes 1 to 11. Consequently, readers are cautioned that it may not be appropriate for other purposes.

**Voyager II Retirement Genpar Inc.,
Voyager Retirement II LP,
Voyager Retirement III Genpar Inc.
and Voyager Retirement III LP**

Per: _____



Sirous Tosh, Director