

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF URBANCORP (WOODBINE) INC. AND
URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S
HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC.
AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE
"APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED
PARTNERSHIP

**MOTION RECORD
OF THE MONITOR**

(Motion Returnable June 27, 2017 – Initial Distribution)

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HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS
AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC.
(COLLECTIVELY, THE "APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY)
LIMITED PARTNERSHIP

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

NOTICE OF MOTION

(Returnable June 27, 2017 – Initial Distribution)

KSV Kofman Inc. ("**KSV**"), in its capacity as the court-appointed monitor (the "**Monitor**") of the Applicants and TCC/Urbancorp (Bay) Limited Partnership (collectively, the "**CCAA Entities**", and each individually a "**CCAA Entity**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") will make a motion to a judge presiding on the Commercial List, on June 27, 2017 at 9:30 a.m., or as soon thereafter as the motion can be heard, at the Courthouse located at 330 University Avenue, Toronto, Ontario, Canada.

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

1. if necessary, validating and abridging the time of service of the Notice of Motion and Motion Record and directing that any further service of the Notice of Motion and Motion Record be dispensed with such that this Motion is properly returnable on the date scheduled for the hearing of this Motion;
2. approving and directing the Monitor to make the Bay Distribution as defined and outlined in the Monitor's Eighth Report to Court dated June 23, 2017 (the "**Report**"); and
3. such further and other relief as counsel may advise and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. as established by the Initial Order granted in this proceeding on October 18, 2016, this is a liquidating CCAA proceeding;
2. the claims process, as also ordered by this Court in these proceedings on October 18, 2016, has been completed other than for the final resolution of a limited number of disputed claims;
3. sufficient proceeds of realization exist to effect a material distribution in respect of all admitted claims taking into account appropriate reserves for currently disputed claims and future administrative costs;
4. the Bay Distribution is in accordance with all statutory and contractual priorities pertaining to all admitted claims;
5. effecting the Bay Distribution at this time is appropriate in the circumstances;
6. Section 11 of the CCAA and this Court's equitable and statutory jurisdiction thereunder;

7. Rules 1.04, 2.03, 3.02, 16.04 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

8. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. the Report; and
2. such further material as counsel may advise and this Court may permit.

June 23, 2017

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Lawyers for the Monitor

TO: The E-Service List found at:

<http://www.ksvadvisory.com/assets/Uploads/insolvency-case-documents/Urbancorp%20Group/CCAA%20Proceedings%20-%20Urbancorp%20%28Bridlepath%29%20Inc.%20and%20Urbancorp%20%28Woodbine%29%20Inc./Service%20List/CCAA%20Bridlepath%20and%20Woodbine%20Service%20List%20as%20at%20October%2025%2C%202016.pdf>

Court File No. CV-11549-00CL

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP (WOODBINE) INC.,
ET AL.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)**

NOTICE OF MOTION
(Returnable June 27, 2017 – Initial Distribution)

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Lawyers for the Monitor

TAB 2



**Sixteenth Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule "A" Hereto**

June 23, 2017

and

**Eighth Report to Court of KSV Kofman
Inc. as CCAA Monitor of Urbancorp
(Woodbine) Inc., Urbancorp (Bridlepath)
Inc., The Townhouses of Hogg's Hollow
Inc., King Towns Inc., Newtowns at
Kingtowns Inc., Deaja Partner (Bay) Inc.,
and TCC/Urbancorp (Bay) Limited
Partnership**

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COURT FILE NO.: CV-16-11389-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE
ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO

SIXTEENTH REPORT OF KSV KOFMAN INC.

COURT FILE NO.: CV-16-11549-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

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URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE
TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT
KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE
"APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

EIGHTH REPORT OF KSV KOFMAN INC.

JUNE 23, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "Backup Companies"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Backup Companies and UTMI (collectively, the "NOI Companies").
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the NOI Companies, together with the entities listed on Schedule "A" attached (collectively, the "Cumberland CCAA Entities" and each a "Cumberland CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor of the Cumberland CCAA Entities (the "Monitor") (the "Cumberland CCAA Proceedings").
3. The Cumberland CCAA Entities below are the known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP ("Cumberland"):¹
 - St. Clair
 - Patricia
 - Mallow
 - Lawrence
 - High Res Inc.
 - King Residential Inc. ("KRI")
 - Urbancorp (952 Queen West) Inc.
 - Urbancorp 60 St. Clair Inc.
 - Bridge on King Inc.
 - Urbancorp (North Side) Inc.
 - Urbancorp Partner (King South) Inc.

Collectively, Cumberland and its direct and indirect subsidiaries are the "Cumberland Entities" and each individually is a "Cumberland Entity". Each Cumberland Entity is a nominee for Cumberland and, as such, the assets and liabilities of the Cumberland Entities are assets and liabilities of Cumberland.

4. The remaining Cumberland CCAA Entities (the "Non-Cumberland Entities") are direct or indirect wholly owned subsidiaries of Urbancorp Inc. ("UCI").² These entities are:
 - Vestaco Homes Inc. ("Vestaco Homes")
 - Vestaco Investments Inc. ("Vestaco Investments")
 - Urbancorp Power Holdings Inc. ("Power Holdings")
 - UTMI

¹ Urbancorp New Kings Inc. is a subsidiary of Cumberland, but is not subject to the Cumberland CCAA Proceedings.

² Except UTMI, which is believed to be wholly owned by Alan Saskin.

- Downsvie
- 228 Queens Quay West Limited (“Queens Quay”)
- Urbancorp Residential Inc. (“URI”)
- Urbancorp Realtyco Inc. (“Realtyco”)
- Urbancorp Cumberland 1 GP Inc. (“Cumberland 1 GP”).

A corporate chart for the Cumberland Entities and the Non-Cumberland Entities is provided in Appendix “A”.

5. On April 25, 2016, the District Court in Tel Aviv-Yafo issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the “Foreign Representative”) of UCI and granting him certain powers, authorities and responsibilities over UCI.
6. On April 25, 2016, Urbancorp (Woodbine) Inc. (“Woodbine”) and Urbancorp (Bridlepath) Inc. (“Bridlepath”) each filed a NOI. KSV was appointed as the Proposal Trustee of each of Bridlepath and Woodbine.
7. Pursuant to an order made by the Court dated October 18, 2016, TCC/Urbancorp (Bay) Limited Partnership (“Bay LP”), Bridlepath, Woodbine, and the entities listed on schedule “B” attached (collectively, the “Bay CCAA Entities” and together with the Cumberland CCAA Entities, the “CCAA Entities”) were granted protection in a separate CCAA proceeding (the “Bay CCAA Proceedings”) and KSV was appointed Monitor of the Bay CCAA Entities. A corporate chart for the Bay CCAA Entities is provided in Appendix “B”.
8. Each Bay CCAA Entity is a wholly owned subsidiary of Bay LP, except Deaja Partner (Bay) Inc. (“Deaja”). Each of Bay LP’s subsidiaries is a nominee for Bay LP and, as such, their assets and liabilities are assets and liabilities of Bay LP.
9. On September 15, 2016 the Court issued an order establishing a procedure to identify and quantify claims against the Cumberland CCAA Entities and against the current and former directors and officers (the “D&Os”) of the Cumberland CCAA Entities, as amended by a further order dated October 25, 2016 (the “Cumberland Claims Procedure”).
10. On October 18, 2016 the Court issued an order establishing a procedure to identify and quantify claims against the Bay CCAA Entities and against the D&Os of the Bay CCAA Entities (the “Bay Claims Procedure” and together with the Cumberland Claims Procedure, the “Claims Procedures”).

1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
 - a) summarize the results of the Claims Procedures;
 - b) detail a recommended interim distribution to the creditors of the Cumberland Entities (the “Cumberland Distribution”);

- c) detail a recommended interim distribution to the creditors of the Bay CCAA Entities (the "Bay Distribution"); and
- d) recommend that the Court issue orders approving the Cumberland Distribution and the Bay Distribution.

1.2 Currency

1. All currency references in this Report are to Canadian dollars, unless otherwise noted.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Entities, the books and records of the CCAA Entities and discussions with representatives of the CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background

1. The CCAA Entities, together with several affiliates, comprise the Urbancorp Group of Companies (collectively, the "Urbancorp Group"). The Urbancorp Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area. The Urbancorp Group also owns rental properties and geothermal assets.

2.1 UCI

1. UCI was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a Deed of Trust dated December 7, 2015, UCI made a public offering of debentures (the "IPO") in Israel for NIS180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO) (the "Debentures").
2. From the monies raised under the IPO, UCI made unsecured loans (the "Shareholder Loans") totalling approximately \$46 million to each of the Backup Companies so that the Backup Companies could repay their loan obligations owing at the time. The loan agreements in respect of the Shareholder Loans set out that repayment of the Shareholder Loans is subordinated to the repayment of "Permitted Amounts". Permitted Amounts are defined in the Loan Agreements as:

"funds designated for compulsory payments, including payments of taxes and levies; payments to service providers, suppliers or subcontractors which will provide the Subsidiary with services in respect of the Backup Project³; undertakings to the purchasers of the units in the Backup Project; management fees and project overheads which will be paid by the Subsidiary, except for pending

³ The Backup Projects were the developments being undertaken by the Backup Companies.

and future expenses which in the reasonable opinion of the Inspector are required to be held as a reserve..."

3. As repayment of the Shareholder Loans is subordinated to repayment of the Permitted Amounts, UCI is required to assign its distributions to those creditors that have claims for the Permitted Amounts (the "Priority Creditors") until those creditors' claims are repaid in full. However, as the remaining admitted unsecured claims are relatively insignificant, the Foreign Representative has agreed to subordinate repayment of the Shareholder Loans to all currently admitted claims against the Cumberland Entities (but not to any currently disputed claims) such that all currently admitted claims can be paid in full.

3.0 Claims Process

1. An overview of the Monitor's activities in the Cumberland Claims Procedure is provided in the Monitor's Fifth Report dated September 8, 2016 (the "Fifth Report"). A copy of the Fifth Report is attached as Appendix "C", without appendices.
2. An overview of the Monitor's activities in the Bay Claims Procedure is provided in the Proposal Trustee's Ninth Report dated October 12, 2016 (the "Ninth Report"). A copy of the Ninth Report is attached as Appendix "D", without appendices.

3.1 Home Buyer Claims

1. Mallow, Lawrence, St. Clair, Bridlepath and Woodbine (collectively, the "Property Companies") each held an interest in real property as bare trustees. The Property Companies intended to develop residential homes. In connection with the developments, the Property Companies pre-sold an aggregate total of 185 freehold homes and collected deposits totalling \$15.6 million from home buyers (the "Deposits"). The Deposits were spent prior to the commencement of these insolvency proceedings.
2. Pursuant to the terms of the Claims Procedures, the Monitor prepared each home buyer's claim and sent it to each home buyer. Home buyers were entitled to accept the claims as determined by the Monitor or to dispute the amount of the claim by filing an objection notice (the "Home Buyer Objection Notice").
3. Based on the Monitor's review of the home buyer agreements, the Monitor determined that home buyers only had a claim for the return of their Deposits. 64 home buyers (representing approximately 35% of total home buyers) filed a Home Buyer Objection Notice claiming damages in addition to their admitted claims for the return of their Deposits. Pursuant to Court orders issued on August 29, 2016, Dickinson Wright LLP was appointed as representative counsel to home buyers who "opted in" to its representation.

- The Monitor referred the damage claims asserted by the Home Buyers to Court for determination. Pursuant to an endorsement issued by the Honourable Mr. Justice Newbould on April 18, 2017, the damage claims were disallowed in full.

3.2 Inter-CCAA Entity Reports

- Pursuant to the Claims Procedures, the Monitor was required to prepare Inter-CCAA Entity Claims Reports in the Cumberland CCAA Proceedings and the Bay CCAA Proceedings. The purpose of the Inter-CCAA Entity Claims Reports was to identify claims by each CCAA Entity against other CCAA Entities. Copies of the Inter-CCAA Claims Reports issued in the Cumberland CCAA Proceedings and Bay CCAA Proceedings are attached as Appendix "E" and "F", respectively, without appendices.
- On December 14, 2016 and January 16, 2017, the Court made orders approving the Inter-CCAA Entity Claims Reports in the Cumberland CCAA Proceedings and Bay CCAA Proceedings, respectively.

3.3 Cumberland Claim Process

3.3.1 Cumberland Entities

- A summary of the claims against the Cumberland Entities is provided in the table below.⁴

(unaudited; \$000) Category	Admitted (\$)	Disputed Claims (\$)	# of Disputed Claims	Total Claims (\$)
Secured Claims	-	2,324	1	2,324
Unsecured claims				
Priority Creditors				
Home Buyers (Deposits)	8,194	-	-	8,194
Other Priority Creditors	1,263	2,810	11	4,073
	9,457	2,810	11	12,267
Other Unsecured Creditors				
Related Parties	1,986	-	-	1,986
Other	2,067	6,860	3	8,927
	4,053	6,860	3	10,913
UCI (re Shareholder Loans)	36,968	-	-	36,968
Subtotal Unsecured Claims	50,478	9,670	14	60,148
Total	50,478	11,994	15	62,472

⁴ Excludes admitted secured claims filed by The Toronto Dominion Bank ("TD") and CIBC Mortgages Inc. totalling approximately \$2.5 million. These lenders only have mortgage security against the condominium units owned by KRI (TD also has mortgage security against condominium units owned by URI, which is not part of the Cumberland Distribution). The Monitor is currently selling the condominium units. The proceeds generated from the sale process will be used to repay the mortgage obligations.

2. The Monitor disallowed approximately \$9.1 million of the claims filed by UCI, which was objected to by UCI. UCI has since agreed to withdraw its objection to the Monitor's disallowance without prejudice to UCI's rights to pursue such claims against Alan Saskin in his proposal proceedings.
3. The following is a summary of the disputed claims referenced in the table:
 - a) *Secured Claim* - the Monitor disallowed a claim filed by Speedy Electrical Contractors Ltd. ("Speedy") in the amount of \$2.324 million, primarily on the basis that this claim relates to secured guarantees granted for no or nominal consideration.
 - b) *Priority Creditors* – principally represents the claims of Tarion Warranty Corporation ("Tarion"). Tarion originally filed claims totaling approximately \$2.1 billion. Tarion has agreed to withdraw all of its claims other than \$2.787 million. The Monitor and Tarion continue to work to resolve the balance of Tarion's claim.
 - c) *Other Unsecured Claims* – principally represents claims filed by former employees of Urbancorp Toronto Management Inc. ("UTMI") in the amount of \$2.456 million against all of the other CCAA Entities (the "Employee Claims") and a claim filed by Travelers Insurance Company of Canada in the amount of \$4.402 million relating to contingent indemnity obligations.
4. The Monitor is presently dealing with legal counsel to the parties with disputed claims. If the claims cannot be resolved consensually, the Monitor intends to refer the claims to Court for determination.

3.3.2 Cumberland Distribution

1. A summary of the amount available for distribution at this time is provided in the table below.

(unaudited; \$000)	Amount
Cash available for Cumberland Distribution	
Current bank balance	63,100
Cash holdback for costs of administration ⁵	(8,200)
Net cash available	<u>54,900</u>
Disputed claims	(11,994)
Cash available for Cumberland Distribution	<u><u>42,906</u></u>

2. The table above reflects that \$42.906 million is presently available to be distributed to the Cumberland Entities' unsecured creditors.

⁵ Subject to change

3. A summary of the recommended Cumberland Distribution is provided in the table below.

(unaudited; \$000)	Amount	Recovery %
Admitted unsecured claims	50,478	
Total funds available for distribution	42,906	
Allocation of recommended Cumberland Distribution		
Priority Creditors, including Deposits	9,457	100%
Other Unsecured Creditors	4,053	100%
UCI (re Shareholder Loans)	29,396	79.5%
Total recommended Cumberland Distribution	42,906	85.0%

4. The Cumberland Distribution will pay in full all admitted unsecured claims, including amounts owing in respect of Deposits on Patricia, St. Clair, Mallow and Lawrence.

3.3.3 Non-Cumberland Entities' Claims

1. The Monitor has not yet realized on the Non-Cumberland Entities' assets, which include geothermal assets, Downsview and condominium units owned by URI. A summary of the status of these assets is provided in the Monitor's Fifteenth Report to Court dated April 20, 2017 (the "Fifteenth Report"), which is provided in Appendix "G", without appendices.
2. A summary of the claims filed against the Non-Cumberland Entities is provided below.

(unaudited; \$000) Entity	Admitted Claims (\$)	Disputed Claims (\$)	# of disputed claims	Total Claims (\$)
Vestaco Homes	5,622	2	2	5,624
Vestaco Investments	29	2	2	31
Power Holdings	927	-	-	927
UTMI	54,790	9,685	8	64,475
Downsview	10,270	86,483	3	96,753
Queens Quay	310	2	1	312
URI	1,840	922	3	2,762
Realtyco	1	-	1	1
Cumberland 1 GP	-	9	2	9
	73,789	97,105	22	170,894

3. The Monitor intends to deal with the disputed claims filed against the Non-Cumberland Entities once it realizes on the Non-Cumberland Entities' assets and determines the proceeds available for distribution to their creditors.

3.3.4 D&O Claims – Cumberland CCAA Proceedings

1. The Monitor received 25 claims totalling approximately \$5.9 billion against Alan Saskin and other former D&Os of the Cumberland CCAA Entities. The Monitor disallowed these claims in full. The Monitor's disallowance is without prejudice to these claimants filing claims against Alan Saskin in his proposal proceedings.
2. Three claims totalling approximately \$2.3 million remain disputed against the D&Os of the Cumberland CCAA Entities. Each claim is a duplicative claim as each creditor also filed claims for their primary debt against a Cumberland CCAA Entity. The Monitor has either admitted or reserved for the primary debt. The claims do not require any further reserve on the basis of the common law rule against double proofs.
3. While UCI filed a D&O marker claim, UCI has also agreed that to the extent that its D&O claims become admitted claims, repayment of such claims will be subordinated to all currently admitted claims. Accordingly, no reserve needs to be made for UCI's D&O marker claim.

3.4 Bay Claim Process

1. A summary of the claims filed against the Bay CCAA Entities is provided in the table below.⁶

(unaudited; \$000) Category	Admitted (\$)	Disputed Claims (\$)	# of Disputed Claims	Total Claims (\$)
Secured Claim	-	6,014	1	6,014
Unsecured				
Home Buyers (Deposits)	7,114	-	-	7,114
Other claims	2,201	3,172	2	5,373
Subtotal Unsecured	9,315	3,172	2	12,487
Total	9,315	9,186	3	18,501

2. With the exception of the UCI claim discussed in Section 3.4.1 below⁷, a summary of the significant disputed claims referenced in the table is as follows:
 - a) *Secured Claim* - the Monitor disallowed a claim filed by Terra Firma Capital Corporation ("TFCC") in the amount of \$6.014 million. The TFCC claims relate to secured guarantees provided by Bridlepath and Woodbine to TFCC in respect of amounts advanced by TFCC to Urbancorp Holdings Inc., the parent company of UCI. TFCC has disputed the Monitor's disallowance. A motion is scheduled to be heard on September 5, 2017 to determine this claim.

⁶ No claims were filed against Deaja.

⁷ As of the time this Report was finalized, the Foreign Representative had not yet filed this claim. Accordingly, it is not reflected in the table above. The Foreign Representative has advised the Monitor that the claim would be filed forthwith.

- b) *Unsecured Claims* – represents Employee Claims (\$2.456 million) and the claims filed by Tarion. Tarion originally filed claims in the amount of approximately \$349 million against the Bay CCAA Entities. Tarion has agreed to withdraw all their claims against the Bay CCAA Entities other than \$716,000. The Monitor is continuing to work with Tarion to resolve its remaining claims.

3.4.1 UCI

1. In response to the Bay Claims Procedure Order, UCI submitted a claim against the Bay CCAA Entities of approximately \$6 million in respect of a promissory note issued by Bay LP to UTMI, as assigned to UCI. On December 9, 2016, the Monitor disallowed the claim in full.
2. On February 22, 2017, the Foreign Representative filed a motion to set aside the Monitor's disallowance and to confirm a \$2 million promissory note, originally issued by Bay LP to UTMI, and subsequently assigned by UTMI to Realtyco.
3. Pursuant to an endorsement issued by the Honourable Mr. Justice Newbould on May 2, 2017, the motion of the Foreign Representative was dismissed.
4. On June 22, 2017, Canadian counsel to the Foreign Representative advised the Monitor's Canadian legal counsel that the Foreign Representative will be bringing a motion forthwith to seek leave to file a late claim against Bay LP for \$8 million based on the tort of negligent misrepresentation. Based on this information, the Monitor has also reserved for this claim.

3.4.2 Bay Distribution

1. A summary of the recommended Bay Distribution is provided in the table below.

(C\$000s; unaudited)	Amount
Cash available for Cumberland Distribution	
Current bank balance	19,780
Cash holdback for costs in administration	(3,000)
Net cash available	16,780
Disputed secured claims	(6,014)
Reserve for interest and fees on secured debt and other items	(4,000)
Net cash available, after reserve	6,766
Admitted claims	9,315
Disputed unsecured claims [§]	11,172
Total admitted and disputed claims	20,487
Bay CCAA Entities' creditors recovery if all disputed claims are admitted	33%
Proposed Bay Distribution	3,075

[§] Includes \$8 million in respect of the UCI claim to be filed by the Foreign Representative.

2. The Monitor recommends an interim distribution of \$3.075 million to admitted unsecured creditors of the Bay CCAA Entities. The secured claim filed by TFCC, while disputed, continues to accrue interest and costs, the final amount of which cannot be determined at this time as the hearing to consider the TFCC claim is scheduled to be heard in September, 2017. If the claim is ultimately determined in favour of TFCC, interest and costs will be added to the amount of TFCC's claim, which would reduce the amount available for distribution to unsecured creditors. The reserve also includes a contingency for unknown issues.

3.4.3 D&O Claims – Bay CCAA Proceedings

1. Five claims totaling \$174.9 million were filed against Alan Saskin and other former D&Os of the Bay CCAA Entities in the Bay Claims Procedure. The Monitor disallowed these claims in full. The Monitor's disallowance is without prejudice to these claimants filing claims against Alan Saskin in his proposal proceedings.
2. One claim for approximately \$1,600 remains disputed against the D&Os of the Bay CCAA Entities. The claim duplicates another claim filed by the creditor against the Bay CCAA Entities. The Monitor has admitted the primary claim and, accordingly, the claim does not require any further reserve on the basis of the common law rule against double proofs.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.1(1)(d) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Schedule "B"

The Townhouses of Hogg's Hollow Inc.

King Towns Inc.

Newtowns at Kingtowns Inc.

Deaja Partner (Bay) Inc.

TCC Urbancorp (Bay) Limited Partnership

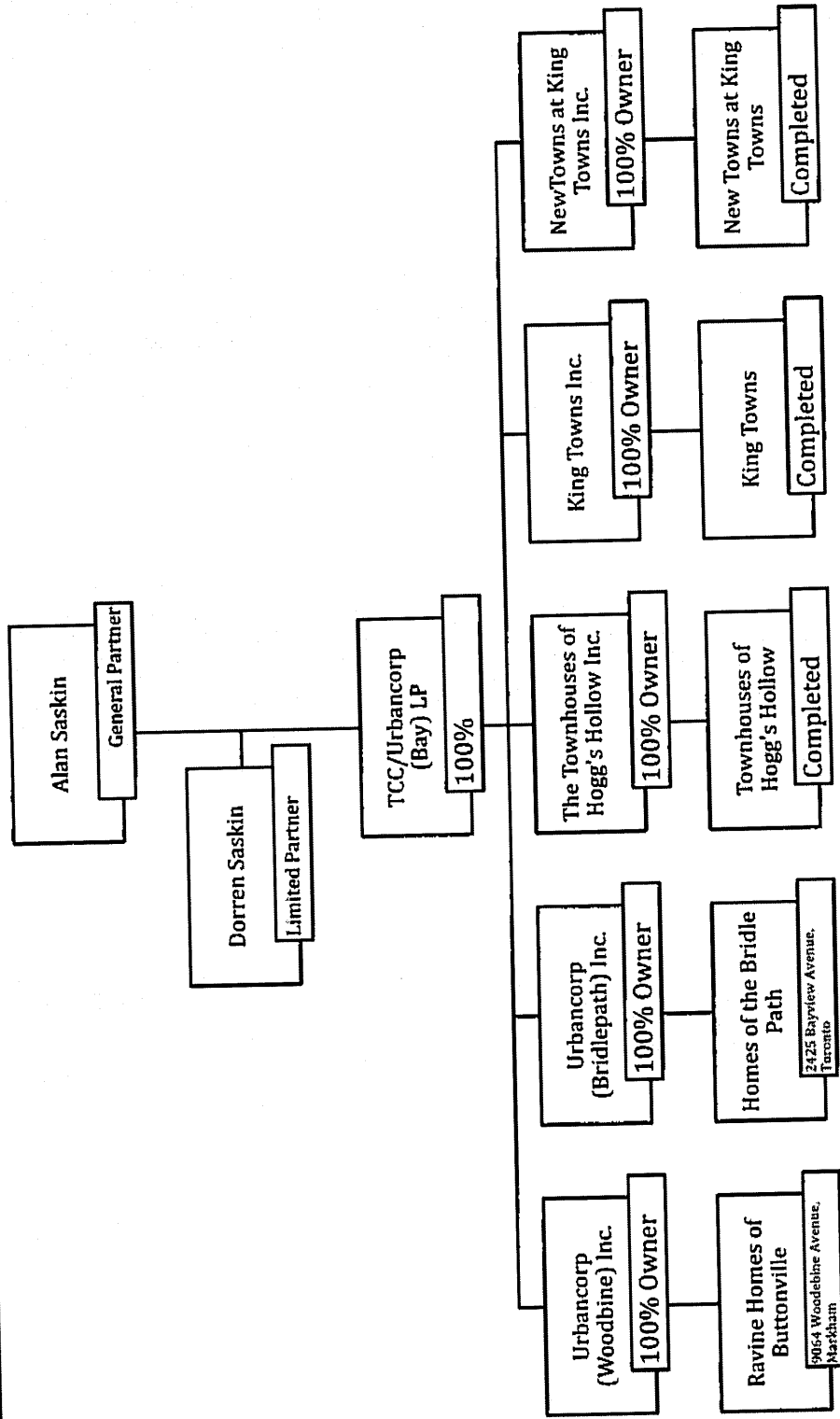
TAB A

Appendix “A”

TAB B

Appendix “B”

TCC/URBANCORP (BAYLE)



TAB C

Appendix “C”



**Fifth Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule "A" Hereto**

September 8, 2016

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COURT FILE NO.: CV-16-11389-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE
ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO

FIFTH REPORT OF KSV KOFMAN INC.

SEPTEMBER 8, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "Companies".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities" and each an "Urbancorp CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
3. On June 30, 2016, the Court made an order (the "Sale Process Order") approving, *inter alia*, a sale process ("Sale Process") for the Properties (as defined below).

4. On August 29, 2016, the Court issued an order extending the stay of proceedings for the Urbancorp CCAA Entities to November 25, 2016.
5. The principal purpose of the restructuring proceedings is to create a stabilized environment to allow the Urbancorp CCAA Entities the opportunity to consider their restructuring options, including selling some or all of their properties through a Court-supervised sale process.
6. This report ("Report") is filed by KSV in its capacity as Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) summarize the results of the Sale Process;
 - b) summarize the transactions (collectively, the "Transactions") for the sale of the Properties;
 - c) detail a process (the "Claims Process") to solicit, determine and adjudicate claims against the Urbancorp CCAA Entities and any of the Urbancorp CCAA Entities' current and former directors and officers (the "Directors and Officers");
 - d) summarize and seek approval of the fees and expenses of the Monitor and its counsel, Davies Ward Phillips & Vineberg LLP ("Davies"), from May 18, 2016, the commencement of the CCAA proceedings, to July 31, 2016; and
 - e) recommend that the Court issue orders:
 - i. approving the Transactions;
 - ii. vesting title in and to the purchased assets in the purchasers free and clear of all liens, claims and encumbrances, other than permitted encumbrances;
 - iii. sealing the confidential appendices;
 - iv. approving the Claims Process and authorizing the Monitor and the Urbancorp CCAA Entities to carry out same; and
 - v. approving the fees and disbursements of the Monitor and Davies.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the Urbancorp CCAA Entities, the books and records of the Urbancorp CCAA Entities and discussions with representatives of the Urbancorp CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background

1. The Urbancorp CCAA Entities, together with several affiliates, comprise the Urbancorp Group (collectively, the "Urbancorp Group"). The Urbancorp Group's background is summarized in the First Report of the Monitor dated June 9, 2016. A copy of the First Report is provided in Appendix "A", without appendices.
2. The table below provides a summary of the properties (collectively, the "Properties" and each a "Property") that are owned by the Companies (collectively, the "Property Companies"), excluding the Property owned by Downsview.

Company	Address of Property	Date Purchased
St. Clair	19 Innes Avenue, 177 Caledonia Road, Toronto	August 1, 2013
Patricia	425 Patricia Avenue, Toronto	August 27, 2014
Lawrence	1780 Lawrence Avenue West, Toronto	August 29, 2013
Mallow	15 Mallow Road, Toronto	August 28, 2014

3. Urbancorp Cumberland 1 LP ("Cumberland") appears to be the beneficial owner of the Properties and the sole direct or indirect shareholder of each of the Urbancorp CCAA Entities other than UTMI, Downsview, Urbancorp Power Holdings Inc. (including its shareholdings of Vestaco Holdings Inc., Vestaco Investments Inc., 228 Queens Quay Inc.), Urbancorp Residential Inc., Urbancorp Realtyco Inc., and Urbancorp Cumberland 1 GP Inc. (collectively, the "Non-Cumberland Entities").

2.1 Urbancorp Inc.

1. Urbancorp Inc. ("UC Inc."), the parent company of the Urbancorp CCAA Entities,¹ was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel. Pursuant to a deed of trust dated December 7, 2015, UC Inc. made a public offering of debentures (the "IPO") in Israel for NIS 180,583,000 (approximately \$64 million based on the exchange rate at the time of the IPO) (the "Bonds").
2. On April 25, 2016, the District Court in Tel Aviv Yafo granted Guy Gissin (the "Foreign Representative") certain powers, authority and responsibilities over UC Inc. (the "Israeli Proceedings"). The Israeli Proceedings have been recognized by the Court as foreign main proceedings and KSV is the Information Officer in those proceedings.

3. The Monitor has led the Sale Process, which was conducted in accordance with the Sale Process Order. The Monitor has kept the Foreign Representative apprised of the status of the Sale Process from its outset, including the process for and the selection of a realtor, the number of offers received and how it intended to deal with the offers. The Foreign Representative has consented to each of the Monitor's steps throughout the Sale Process, including the terms of the Sale Process Order and the offers accepted by the Monitor.

3.0 Sale Process

3.1 Background

1. The Sale Process Order (attached as Appendix "B") approved the retention of Colliers Macaulay Nicolls Ontario Inc. ("Colliers") as the listing agent for the Properties.
2. A summary of the Sale Process is as follows:

Pre-marketing Phase

- a) Immediately following the making of the Sale Process Order, the Monitor and Colliers assembled information to be used by interested parties for diligence purposes;
- b) Colliers and/or the Monitor worked together to prepare:
 - a teaser detailing the acquisition opportunities (the "Teaser");
 - a confidentiality agreement (the "CA");
 - a data room, which contained, *inter alia*, environmental reports on the Properties and a summary of the zoning status of each of the Properties (as well as additional data requested by interested parties throughout the Sale Process);
 - a suggested form of asset purchase agreement, a copy of which was made available in the data room; and
 - a Confidential Information Memorandum (the "CIM"), which included a summary of the Properties and details concerning the Sale Process, including the basis on which interested parties were recommended to submit an offer.

¹ Other than UTMI.

Marketing Phase

- a) On July 4, 2016, Colliers sent the Teaser to approximately 950 parties, including builders and developers in the Greater Toronto Area (the "GTA"), as well as parties that had contacted the Monitor, Colliers and representatives of the Urbancorp CCAA Entities prior to the commencement of the Sale Process;
- b) The CA was attached to the Teaser. Interested parties were required to sign the CA in order to obtain a copy of the CIM and access to the data room;
- c) On July 11, 2016, the listing was posted on the Toronto Real Estate Board's The Multiple Listing Services (the "MLS");
- d) The Properties were advertised on July 12, 2016 and August 9, 2016 in the national edition of the *Globe and Mail* newspaper;
- e) In order to facilitate the comparison of offers received, the Monitor suggested that prospective purchasers submit their offers in the form of the agreement of purchase and sale it made available in the data room, and to blackline any changes that were made to the agreement; and
- f) The deadline to submit offers was August 16, 2016 at 5:00 p.m. (Toronto time) (the "Initial Offer Deadline").

3.2 Sale Process Results

1. A summary of the Sale Process results is as follows:
 - a) Colliers received hundreds of enquiries from buyers and brokers regarding the Properties;
 - b) 138 parties executed the CA, and were provided access to the data room and a copy of the CIM. Interested parties spent considerable time performing diligence, including conducting property tours, speaking to City of Toronto staff regarding zoning matters and reviewing reports prepared by the Companies' consultants; and
 - c) 46 offers, from 27 separate groups, were received for the Properties, as follows:
 - i. sixteen (16) offers were received for St. Clair;
 - ii. six (6) offers were received for Lawrence;
 - iii. ten (10) offers were received for Mallow; and
 - iv. fourteen (14) offers were received for Patricia.
2. Following the Initial Offer Deadline, the Monitor accepted offers for the Lawrence and Mallow properties, subject to approval of the Court.

3. The Monitor invited the four parties with the best offers on the St. Clair Property and the five parties with the best offers on the Patricia Property to participate in a second round of bidding. Second round bids were due on August 23, 2016 at 5:00 p.m. (Toronto time) (the "Second Round Deadline"). Of the nine parties that were invited to participate in the second round, eight parties resubmitted offers and one party² left their original offer open for acceptance.
4. On August 24, 2016, the Monitor accepted offers for the St. Clair and Patricia properties, subject to Court approval.
5. Deposits have been paid by successful bidders and the deposits are being held in trust by the Monitor. All deposits that were made by unsuccessful bidders have been returned.
6. A summary of the offers received in each round of bidding is provided in Confidential Appendix "1" (the "Offer Summary").
7. All of the leading offers received (including the Transactions) require that title be vested in the purchaser free of all obligations, other than the permitted encumbrances, including the agreements of purchase and sale entered into between the Property Companies and home buyers³.
8. The Monitor is proposing to seal the purchase price for each of the Transactions. Accordingly, a summary of each proposed Transaction (without the purchase price) is provided in Appendices "C" through "F" (the "Transaction Summary").
9. An unredacted Transaction Summary for each Transaction, together with each unredacted purchase agreement, is provided in Confidential Appendices "2a" through "2d".

3.3 Confidential Appendices

1. The Monitor recommends that the Offer Summary, each unredacted Transaction Summary and each unredacted purchase agreement be filed with the Court on a confidential basis and be sealed. If these documents are not sealed, the information contained therein could negatively impact realizations in the event that the Transactions do not close for any reason.
2. The Monitor has not provided the Offer Summary to any party, including the principal of the Urbancorp CCAA Entities. The only party that has been provided with a copy of the accepted offers is Atrium Mortgage Investment Corporation ("Atrium"). Atrium is the mortgagee on the properties owned by Mallow and Patricia and is also the debtor-in-possession lender to St. Clair and Lawrence. Atrium has confirmed that it keep this information confidential.

² On the St. Clair Property.

³ A few of the offers received in the Sale Process did not specifically address how the APS were to be addressed. In those offers, the sum of the offer plus the deposits was less than the value of the Transaction. Colliers also advised the Monitor that none of the prospective purchasers indicated a willingness to assume the APS.

3. The local real estate industry is small and there are widespread rumors about the offers submitted. Should buyers become aware of the actual bids made by various parties in the Sale Process, the Monitor is concerned that buyers may attempt to renegotiate or withdraw their offers.
4. The Monitor is not aware of any party that will be prejudiced if the information is sealed. To the contrary, keeping this information confidential is in the interest of maximizing recoveries for all stakeholders.

3.4 Recommendation

1. For the following reasons, the Monitor recommends that the Court issue an order approving the Transactions and vesting clean title to the purchased assets in the purchasers:
 - a) the Sale Process was conducted on a basis consistent with the Sale Process Order;
 - b) the value of each of the Transactions represents the highest and best offers received for each of the respective Properties;
 - c) Colliers undertook an extensive marketing campaign for the Properties, using several marketing techniques, including direct solicitation of prospective purchasers, national newspaper advertisements and listing the property on MLS. Colliers also introduced this opportunity to international real estate contacts who it believed have an interest in residential development in the GTA;
 - d) Colliers is familiar with the residential real estate market and is of the view that the Transactions are the best available in these circumstances; and
 - e) Atrium has consented to the Transactions.

4.0 Claims Process⁴

1. The following section provides an overview of the Claims Process. **All interested parties are strongly encouraged to read the proposed Claims Procedure Order as full details of the Claims Process are provided therein. The information contained in this section is provided in summary format only. A copy of the proposed Claims Procedure Order is provided in Appendix "G".**
2. In order to be able to make distributions to creditors on a timely basis, the Monitor intends to commence the Claims Process forthwith. The Claims Process is in respect of all claims against the Urbancorp CCAA Entities and their respective Directors and Officers.

⁴ Capitalized terms used but not defined in this section have the meaning ascribed to them in the Claims Procedure Order.

3. The Claims Process will address Pre-Filing Claims, Restructuring Period Claims and D&O Claims, each as defined in the Claims Procedure Order.
4. The Claims Process will not solicit claims secured by any of the Court-ordered charges in the CCAA proceedings or set out in sections 5.1(2) and 19(2) of the CCAA.

4.1 Home Buyer Claims

1. As evidenced by these CCAA Proceedings, the Property Companies did not and do not have the ability to perform their respective obligations under the agreements of purchase and sale entered into between the Property Companies and home buyers. Furthermore, each of the Transactions require that title be vested in the purchaser free and clear of all obligations, including the agreements of purchase and sale entered into between the Property Companies and home buyers. Accordingly, the Property Companies cannot perform such agreements and no party has agreed to assume them. Therefore, each home buyer will have a Restructuring Period Claim arising from the failure to perform such agreements.
2. In order to simplify the administration of the Claims Process, Home Buyers will not be required to file proofs of claim with respect to such claims. Rather, the Monitor will prepare Home Buyer Claim Notices based on the amount of their deposit and will provide these to each Home Buyer. Home Buyers can accept the claim as determined by the Monitor or dispute the amount of the claim, by completing a Home Buyer Objection Notice and sending it to the Monitor before the Restructuring Period Claims Bar Date, unless otherwise ordered by the Court.
3. If the Monitor does not receive a Home Buyer Objection Notice before the Restructuring Period Claims Bar Date, then the Home Buyer's Restructuring Period Claim will be deemed to have been accepted as set out in the Home Buyer Claim Notice.

4.2 Claims Bar Date

1. Other than for claims set out in any Home Buyer Claim Notice, all creditors making Pre-Filing Claims or D&O Claims will be required to file claims with the Monitor by October 21, 2016 by 5:00 p.m. (Toronto Time) (the "Claims Bar Date").
2. Other than for claims set out in any Home Buyer Claim Notice, all creditors making Restructuring Period Claims will be required to file claims with the Monitor by the later of:
 - a) the Claims Bar Date; and
 - b) 30 days after the date on which the Monitor sends a Claim Package with respect to a Restructuring Period Claim (the "Restructuring Period Claims Bar Date").
3. Any Claimant that does not file a claim by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, will, *inter alia*: (i) be prohibited from enforcing any such claim; (ii) not be permitted to vote at any Meeting; and (iii) not participate in any distributions under a Plan or otherwise.

4. The Monitor believes the Claims Bar Date and the Restructuring Claims Bar Date are reasonable in that they provide sufficient time for Claimants to evaluate and submit any claim that they may have against the Urbancorp CCAA Entities and Directors and Officers.

4.3 Notice

1. In order to notify creditors about the Claims Process, the Monitor will:
 - a) by no later than 5:00 p.m. on September 22, 2016, send a Claims Package to:
(i) all known Claimants (including Home Buyers) at their last known address as evidenced by the books and records of the Urbancorp CCAA Entities; and (ii) each party on the service list or that has requested a Claims Package;
 - b) by no later than September 22, 2016, cause the Notice to Claimants to be published on at least two (2) business days in the national edition of *The Globe and Mail*;
 - c) by no later than 5:00 p.m. on September 19, 2016, post the Claims Package and Notice to Claimants on the Monitor's website at: <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>; and
 - d) provide a Claims Package to any Claimant that requests documents or information relating to the Claims Process prior to the Claims Bar Date or if any of the Urbancorp CCAA Entities or the Monitor becomes aware of further Claims, the Monitor will provide such Claimant a Claims Package.

4.4 Adjudication of Claims

1. The Monitor will review all Proofs of Claim received on or before the Claims Bar Date and Restructuring Period Claims Bar Date, and will accept, revise or reject each claim.
2. With respect to D&O Proofs of Claim, the Monitor will, in consultation with the Urbancorp CCAA Entities and the Directors and Officers named in respect of such D&O Claim, accept, revise or reject such claim. If a decision is made to revise or reject a Claim, the Monitor will send a Notice of Revision or Disallowance to the Claimant by November 11, 2016.
3. Any Claimant who intends to dispute a Notice of Revision or Disallowance must, within 21 days after the date on which the Claimant is deemed to have received such Notice of Revision or Disallowance or such other date as may be agreed to by the Monitor in writing, deliver a Notice of Dispute of Revision or Disallowance to the Monitor.
4. In the event a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Monitor, the Monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication, at the Monitor's election. The Claims Officer has not yet been identified and will be subject to Court approval.

5. Any Claimant that is sent a Notice of Revision or Disallowance and does not file a Notice of Dispute of Revision or Disallowance within the prescribed time period, will be deemed to have accepted the amount and determination as set out in the Notice of Revision or Disallowance and such Claimant will have no further right to dispute same.
6. If the Monitor elects to refer a disputed Claim to a Claims Officer, the Claims Officer will determine the validity and amount of the disputed Claim. The Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before a Claims Officer shall be paid.

4.5 Determination of Intercompany Claims

1. As discussed above, Cumberland is the sole shareholder and also appears to be the beneficial owner of all of the assets of the Urbancorp CCAA Entities except for those of the Non-Cumberland Entities. As such, all of the assets and liabilities of the Urbancorp CCAA Entities (except for the Non-Cumberland Entities) can effectively be consolidated within Cumberland. Accordingly, the Monitor will only determine the amounts owing by each Urbancorp CCAA Entity which is not a Non-Cumberland Entity (the "Cumberland Entities") to the Non-Cumberland Entities (and vice versa) as any transactions between such entities will need to be satisfied (i.e. they do not consolidate in Cumberland).
2. In order to address the transactions between the Cumberland Entities and the Non-Cumberland Entities, the Monitor intends to serve and file the Monitor's Inter-CCAA Entity Claims Report. To the extent determinable, this report will include:
 - a) the amount of the claim;
 - b) whether cash or services were provided by the creditor entity to the debtor entity; and
 - c) a description of the transaction.
3. The Monitor's Inter-CCAA Entity Claims Report shall be completed by October 27, 2016, unless otherwise ordered by this Court on application by the Monitor.
4. After the service of the Inter-CCAA Entity Claims Report, any Claimant may file objections relating to the report. Such objections shall be served no later than November 15, 2016 and will be returnable at the same time as the Monitor's motion seeking approval of the Monitor's Inter-CCAA Entity Claims Report.

4.6 Claims by Other Urbancorp Group Entities

1. **Any entity in the Urbancorp Group which is not an Urbancorp CCAA Entity is to be subject to the same process for filing and determining its Claim as any other non-Home Buyer arm's length creditor.**

5.0 Professional Fees

1. The fees and disbursements of the Monitor and Davies from May 18, 2016, the commencement of the CCAA proceedings, to July 31, 2016, are summarized below.

Firm	(\$)		
	Fees	Disbursements	Total
KSV	450,810.75	2,748.66	453,559.41
Davies	257,818.00	5,316.30	263,134.30
Total	708,628.75	8,064.96	716,693.71

2. Detailed invoices are provided in appendices to the affidavits filed by representatives of KSV and Davies which are provided in Appendices "H" and "I".
3. The average hourly rates for the Monitor and Davies for the referenced billing period were \$504 and \$851, respectively.
4. The Monitor is of the view that the hourly rates charged by Davies are consistent with the rates charged by law firms practicing in the area of restructuring and insolvency in the downtown Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

6.0 Correspondence with Home Buyers

1. On September 6, 2016, a home buyer on the Lawrence property wrote to the Monitor asking that the Monitor forward a letter to His Honour. A copy of the letter is attached as Appendix "J". A copy of the Monitor's response to the home buyer is attached as Appendix "K".

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.1 (e) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE URBANCORP CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

TAB D

Appendix “D”



ksv advisory inc.

**Ninth Report to Court of
KSV Kofman Inc. as Proposal
Trustee of Urbancorp (Woodbine) Inc.
and Urbancorp (Bridlepath) Inc.**

October 12, 2016

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ESTATE NO.: 31-2114850
COURT FILE NO.: 31-2114850

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND
URBANCORP (BRIDLEPATH) INC.

NINTH REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

OCTOBER 12, 2016

1.0 Introduction

1. This report (the "Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee (the "Proposal Trustee") in connection with Notices of Intention to Make a Proposal (each a "NOI") filed on April 25, 2016 by Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA"), R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). Woodbine and Bridlepath are jointly referred to herein as the "Companies".
2. On June 30, 2016, the Court issued orders approving a sale process ("Sale Process") to be carried out for the real property held by the Companies (each a "Property" and jointly, the "Properties"). On September 15, 2016, the Court made orders (the "Approval Orders") approving the sale of the Properties (the "Transactions").
3. The Woodbine Property transaction closed on September 30, 2016 and the Bridlepath Property transaction is scheduled to close on October 14, 2016.
4. On September 15, 2016, the Court provided the Companies with a final extension to October 25, 2016 to file a proposal. Absent a court approved continuation under the *Companies' Creditors Arrangement Act* as sought on this application, the Companies will be deemed bankrupt if they do not file a proposal prior to or on that date.
5. The Proposal Trustee is aware of certain declarations of trust which evidence that Bridlepath and Woodbine are the registered owners of the Properties as nominee and bare trustee for TCC/Urbancorp (Bay) Limited Partnership ("Bay LP"), which is stated to be the beneficial owner of the Properties. Accordingly, if Bridlepath and Woodbine were to become bankrupt, the Properties (and the sale proceeds related thereto) would not form part of their respective bankrupt estates and Bay LP is not currently the subject of any insolvency proceeding.

6. The NOI Proceedings have been conducted since their inception on the basis that the Properties and any and all claims against Bridlepath and Woodbine were to be dealt with and administered inside the NOI Proceedings as a matter of administrative efficiency. In order to maintain this administrative efficiency as the statutory limitation on the NOI Proceedings is about to expire, it is being recommended that the NOI Proceedings be converted into proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") and that the Proposal Trustee be appointed as monitor (the "Proposed Monitor"). Furthermore, given the apparent beneficial ownership structure, the Proposal Trustee is of the view that it would enhance the administration of these insolvent companies (including any claims process) to include Bay LP as a party to any such CCAA proceeding as the only materials assets of Bay LP appear to be its beneficial ownership interests in the Properties.
7. Bay LP also appears to be the sole shareholder of three other companies (NewTowns at King Towns Inc. ("NewTown"), The Townhouses of Hogg's Hollow Inc. and King Towns Inc. (collectively, the three entities being the "Affiliates")). A corporate search reflects that Deaja Partner (Bay) Inc. ("Deaja") is the general partner of Bay LP. For the purposes of this Report, the Companies, Deaja and the Affiliates are referred to as the "Applicants" and the Applicants together with Bay LP the "Bay LP CCAA Entities").
8. The Proposal Trustee understands that the Affiliates have no assets (other than sundry investments and related party receivables) and that Bay LP was also the beneficial owner of their respective real property prior to the real property becoming subject to their respective condominium corporations. Accordingly, for the sake of completeness and claim administration, the Proposal Trustee is also recommending that Deaja and the Affiliates be made subject to the proposed CCAA proceeding so that Bay LP and all assets and claims for all companies wholly-owned by Bay LP can be fully administered in one proceeding.
9. A copy of the corporate chart for the Bay LP CCAA Entities is provided in Appendix "A".

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information on the Bay LP CCAA Entities;
 - b) discuss the rationale for continuing the NOI Proceedings under the CCAA and for filing the proposed CCAA proceedings;
 - c) provide KSV's qualifications to act as monitor;
 - d) report on the Bay LP CCAA Entities' consolidated cash flow projection for the period October 13, 2016 to November 17, 2016 ("Cash Flow Forecast");
 - e) detail a process (the "Claims Process") to solicit, determine and adjudicate claims against the Bay LP CCAA Entities and any of the Bay LP CCAA Entities' current and former directors and officers (the "Directors and Officers");

- f) discuss the rationale for a charge in the amount of \$250,000 on all of the Bay LP CCAA Entities' current and future assets, properties and undertakings (the "Assets") to secure the fees and disbursements of the Proposed Monitor, the Proposed Monitor's legal counsel, Davies Ward Phillips & Vineberg LLP, and the Bay LP CCAA Entities' legal counsel, WeirFoulds LLP (the "Administration Charge"); and
- g) recommend that the Court make an order or orders which, *inter alia*:
 - i. continues the NOI Proceedings under the CCAA;
 - ii. grants CCAA protection to the Bay LP CCAA Entities;
 - iii. grants the Proposed Monitor enhanced powers, including authority over the business of the Bay LP CCAA Entities and the Claims Process;
 - iv. approves the Claims Process and authorizes the Proposed Monitor and the Bay LP CCAA Entities to carry out same; and
 - v. approves the Administration Charge.

1.2 Restrictions

1. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information of the Bay LP CCAA Entities, the books and records of the Bay LP CCAA Entities and discussions with representatives of the Bay LP CCAA Entities, including their lawyers and accountants. The Proposed Monitor has not performed an audit or other verification of such information. The financial information discussed herein remains subject to further review. The Proposed Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposed Monitor in preparing this Report. Any party wishing to place reliance on the Bay LP CCAA Entities' financial information is strongly encouraged to perform its own diligence and any reliance placed by any party on the information herein shall not be considered sufficient for any purpose whatsoever.
2. An examination of the Bay LP CCAA Entities' Cash Flow-Statement as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Bay LP CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposed Monitor expresses no opinion or form of assurance on whether the Cash-Flow Statement will be achieved.

2.0 KSV's Qualifications to Act as Monitor

1. KSV is qualified to act as monitor. KSV's qualifications include the following:
 - a) KSV is the Proposal Trustee of the Companies. Its familiarity with the Companies and their background will assist to efficiently complete these proceedings;
 - b) Several subsidiaries of the Urbancorp Group (as defined below) are subject to the CCAA proceedings where KSV is the CCAA Monitor. These entities are referred to herein as the "Initial Urbancorp CCAA Entities". A list of the Initial Urbancorp CCAA Entities is attached as Appendix "D".
 - c) KSV is a trustee within the meaning of Subsection 2(1) of the BIA. KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA; and
 - d) KSV has extensive experience acting as a monitor under the CCAA in a wide variety of industries, including real estate.
2. KSV has consented to act as monitor in these proceedings should the Court grant the Initial Order. A copy of the consent is attached as Appendix "B".

3.0 Background

1. The Bay LP CCAA Entities, together with several affiliates, comprise the Urbancorp Group (the "Urbancorp Group"). The business of the Urbancorp Group commenced in 1991. The Urbancorp Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area. A corporate chart for the Urbancorp Group is provided in Appendix "C".

3.1 Woodbine and Bridlepath

1. The only material assets held by the Companies are the Bridlepath Property and the proceeds from the sale of the Woodbine Property. The sale of the Woodbine Property closed on September 30, 2016. The Bridlepath Property transaction is scheduled to close on October 14, 2016.
2. On September 30, 2016, this Court issued an order authorizing and empowering the Proposal Trustee, on behalf of the Companies, to repay forthwith after closing, or as part of closing, the first mortgage obligations of the Companies, which total approximately \$16 million. The Proposal Trustee has repaid the first mortgage obligations of approximately \$5.5 million owing on the Woodbine Property and will repay the first mortgage obligations of approximately \$10.4 million owing on the Bridlepath Property¹ after closing.

¹ Principal amount outstanding as of April 11, 2016.

3. The Companies also have a cross collateralized second mortgage owing to Terra Firma Capital Corporation ("TFCC") on both the Woodbine and Bridlepath Properties. Information concerning the TFCC mortgage is provided in the Proposal Trustee's Eighth Report to Court dated October 6, 2016 ("Eighth Report"), a copy of which is attached as Appendix "E", without attachments. A complete copy of the Eighth Report is available on the Proposal Trustee's website at: <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.
4. Based on the Companies' books and records, the only material arm's length unsecured creditors of the Companies are home buyers. Home buyers made deposits of approximately \$1.9 million and \$5.6 million on Woodbine and Bridlepath, respectively.

3.2 Affiliates

1. The Affiliates are single purpose entities that developed residential projects. According to management, all of the Affiliates' projects have been completed and sold and all material liabilities have been discharged.
2. A copy of the unaudited Affiliates' balance sheets as of September 30, 2016 is attached as Appendix "F". The balance sheets reflect that:
 - a) other than intercompany receivables, the only material asset held by the Affiliates is a GIC in the amount of approximately \$173,000 held by NewTown. Management has advised that the GIC has been posted as cash collateral for a letter of credit issued in favour of the City of Toronto in connection with certain obligations of NewTown;
 - b) there are no material third party liabilities; and
 - c) there are several intercompany balances.

3.3 Bay LP

1. Bay LP is the owner of the Companies and the Affiliates. A copy of the unaudited Bay LP's balance sheet as at September 30, 2016 is attached as Appendix "G".
2. Based on the books and records of Bay LP, its only material assets appear to be investments in affiliated companies and cash of approximately \$100,000. Bay LP has obligations owing to First Capital Realty Inc. and Alan Saskin in the amount of approximately \$2.7 million and approximately \$500,000, respectively. As the beneficial owner of the Companies, it is also responsible for the obligations of the Companies and the Affiliates.

3. Bay LP and its subsidiaries are insolvent based on the following:
 - a. the Companies are subject to the NOI Proceedings and will become bankrupt absent converting the NOI Proceedings to proceedings under the CCAA; and
 - b. Bay LP and the Affiliates are unable to pay their liabilities or to fund any residual obligations relating to their projects in the normal course as their liabilities exceed the value of their assets and they generate no income.

4.0 Cash Flow Forecast

1. The Bay LP CCAA Entities have prepared a consolidated cash flow for the period October 13, 2016 to November 17, 2016 (the "Period"). The Cash Flow Forecast and the Bay LP CCAA Entities' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "H".
2. The Bay LP CCAA Entities are not operating. No disbursements other than professional fees are projected to be paid by the Bay LP CCAA Entities during the Period.
3. The proceeds from the Bridlepath Transaction are not reflected in the Cash Flow Forecast as the purchase price has been sealed pursuant to Court order, and the disclosure of the purchase price could negatively impact the Sale Process if the transaction does not close.
4. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable in the circumstances. The Proposed Monitor's statutory report on the cash flow is attached as Appendix "I".

5.0 Enhanced Monitor's Powers

1. The proposed Initial Order provides the monitor with powers greater than those typically provided to a monitor in CCAA proceedings, including control of cash and authority over the Claims Process.
2. The enhanced powers are the same as those provided to KSV in its capacity as Monitor in the Initial Urbancorp CCAA Entities' proceedings. The enhanced powers will allow the monitor to efficiently and expediently complete the restructuring process.
3. Management of the Bay LP CCAA Entities has consented to the proposed relief.

6.0 Claims Process²

1. The following section provides an overview of the Claims Process. All interested parties are strongly encouraged to read the proposed Claims Procedure Order as full details of the Claims Process are provided therein. The information contained in this section is provided in summary format only. A copy of the proposed Claims Procedure Order is provided in Appendix "J".
2. In order to be able to make distributions to creditors on a timely basis, the Proposed Monitor intends to commence the Claims Process forthwith. The Claims Process is in respect of all claims against the Bay LP CCAA Entities and their respective Directors and Officers. The Claims Process is substantively the same as the claims process used by the monitor in the Initial Urbancorp CCAA Entities' proceedings.
3. The Claims Process will address Pre-Filing Claims, Restructuring Period Claims and D&O Claims, each as defined in the Claims Procedure Order. The Claims Process will solicit claims existing as of the NOI filing date for the Companies and as of the date of the Initial Order for the Affiliates, Deaja and Bay LP.
4. The Claims Process will not solicit claims secured by any of the Court-ordered charges in the CCAA proceedings or set out in Sections 5.1(2) and 19(2) of the CCAA.

6.1 Home Buyer Claims

1. Pursuant to the Approval Orders, title to the Properties have been/will be conveyed to the purchasers free and clear of all obligations, including the agreements of purchase and sale entered into between the Companies and home buyers. Therefore, each home buyer will have a Restructuring Period Claim arising from the Companies' failure to perform such agreements.
2. In order to simplify the administration of the Claims Process, Home Buyers will not be required to file proofs of claim with respect to such claims. Rather, the monitor will prepare Home Buyer Claim Notices based on the amount of their deposit and will provide these to each Home Buyer. Home Buyers can accept the claim as determined by the monitor or dispute the amount of the claim, by completing a Home Buyer Objection Notice and sending it to the monitor before the Restructuring Period Claims Bar Date, unless otherwise ordered by the Court.
3. If the monitor does not receive a Home Buyer Objection Notice before the Restructuring Period Claims Bar Date, then the Home Buyer's Restructuring Period Claim will be deemed to have been accepted as set out in the Home Buyer Claim Notice.

² Capitalized terms used but not defined in this section have the meaning ascribed to them in the Claims Procedure Order.

6.2 Claims Bar Date

1. Other than for claims set out in any Home Buyer Claim Notice, all creditors making Pre-Filing Claims or D&O Claims will be required to file claims with the monitor by November 23, 2016 by 5:00 p.m. (Toronto Time) (the "Claims Bar Date").
2. Other than for claims set out in any Home Buyer Claim Notice, all creditors making Restructuring Period Claims will be required to file claims by the later of:
 - a) the Claims Bar Date; and
 - b) 30 days after the date on which the monitor sends a Claim Package with respect to a Restructuring Period Claim (the "Restructuring Period Claims Bar Date").
3. Any Claimant that does not file a claim by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, will, *inter alia*: (i) be prohibited from enforcing any such claim; (ii) not be permitted to vote at any Meeting; and (iii) not participate in any distributions under a Plan or otherwise.
4. The Proposed Monitor believes the Claims Bar Date and the Restructuring Claims Bar Date are reasonable in that they provide sufficient time for Claimants to evaluate and submit any claim that they may have against the Bay LP CCAA Entities and Directors and Officers.

6.3 Notice

1. In order to notify creditors about the Claims Process, the monitor will:
 - a) by no later than 5:00 p.m. on October 25, 2016, send a Claims Package to: (i) all known Claimants (including Home Buyers) at their last known address as evidenced by the books and records of the Bay LP CCAA Entities; and (ii) each party on the service list or that has requested a Claims Package;
 - b) by no later than October 25, 2016, cause the Notice to Claimants to be published on at least two (2) business days in the national edition of *The Globe and Mail*;
 - c) by no later than 5:00 p.m. on October 20, 2016, post the Claims Package and Notice to Claimants on the monitor's website at: <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>; and
 - d) provide a Claims Package to any Claimant that requests documents or information relating to the Claims Process prior to the Claims Bar Date or if any of the Bay LP CCAA Entities or the monitor becomes aware of further Claims, the monitor will provide such Claimant a Claims Package.

6.4 Adjudication of Claims

1. The monitor will review all Proofs of Claim received on or before the Claims Bar Date and Restructuring Period Claims Bar Date, and will accept, revise or reject each claim.
2. With respect to D&O Proofs of Claim, the monitor will, in consultation with the Bay LP CCAA Entities and the Directors and Officers named in respect of such D&O Claim, accept, revise or reject such claim. If a decision is made to revise or reject a Claim, the monitor will send a Notice of Revision or Disallowance to the Claimant by December 14, 2016.
3. Any Claimant who intends to dispute a Notice of Revision or Disallowance must, within 21 days after the date on which the Claimant is deemed to have received such Notice of Revision or Disallowance or such other date as may be agreed to by the monitor in writing, deliver a Notice of Dispute of Revision or Disallowance to the monitor.
4. In the event a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the monitor, the monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication, at the monitor's election. The Claims Officer has not yet been identified and will be subject to Court approval.
5. Any Claimant that is sent a Notice of Revision or Disallowance and does not file a Notice of Dispute of Revision or Disallowance within the prescribed time period, will be deemed to have accepted the amount and determination as set out in the Notice of Revision or Disallowance and such Claimant will have no further right to dispute same.
6. If the monitor elects to refer a disputed Claim to a Claims Officer, the Claims Officer will determine the validity and amount of the disputed Claim. The Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before a Claims Officer shall be paid.

6.5 Determination of Intercompany Claims

1. In order to address the transactions between the Initial Urbancorp CCAA Entities and the Bay LP CCAA Entities, the monitor intends to serve and file the Monitor's Inter-CCAA Entity Claims Report. To the extent determinable, this report will include:
 - a) the amount of the claim;
 - b) whether cash or services were provided by the creditor entity to the debtor entity; and
 - c) a description of the transaction.
2. Since all of the assets and liabilities of the Companies and the Affiliates can effectively be consolidated within Bay LP, the Monitor's Inter-CCAA Entity Claims Report will only deal with amounts owing by each of the Initial Urbancorp CCAA Entities and the Bay LP CCAA Entities as any claims between such entities will need to be satisfied.

3. Any entity in the Urbancorp Group which is not a Bay LP CCAA Entity or an Initial Urbancorp CCAA Entity is to be subject to the same process for filing and determining its Claim as any other non-Home Buyer arm's length creditor.
4. The Monitor's Inter-CCAA Entity Claims Report shall be completed by December 6, 2016, unless otherwise ordered by this Court on application by the monitor.
5. After the service of the Inter-CCAA Entity Claims Report, any Claimant may file objections relating to the report. Such objections shall be served no later than December 22, 2016 and will be returnable at the same time as the monitor's motion seeking approval of the Monitor's Inter-CCAA Entity Claims Report.

7.0 Charges

1. On March 24, 2016, the Court granted an administration charge in the amount of \$250,000 on each of the Properties (\$500,000 total) in order to secure the fees and expenses of the Proposal Trustee, its counsel and the Companies' counsel (collectively, the "Professionals"). The administration charge ranks behind the existing mortgages on the Properties.
2. On June 30, 2016, the Court granted an additional administration charge (the "Sale Process Administration Charge") in the amount of \$42,500 on each of the Properties (\$85,000 total) in order to secure a portion of the fees and expenses of the Professionals. The Sale Process Administration Charge ranks in priority to the existing mortgages on the Properties.
3. The Initial Order proposes to terminate and discharge the charges created in the NOI Proceedings and to create the Administration Charge (as defined and as detailed below).

7.1 Administration Charge

1. The Bay LP CCAA Entities are seeking an Administration Charge in the amount of \$250,000. The Administration Charge is to have priority over all claims against the Bay LP CCAA Entities. The beneficiaries of the Administration Charge are the Professionals.
2. An administration charge is a customary provision in an Initial Order in a CCAA proceeding; it is required by the professionals engaged to assist a debtor company during its restructuring process. The Administration Charge will allow the Bay LP CCAA Entities to grant security to the Professionals for their fees and services.
3. The Proposal Trustee is of the view that the Administration Charge is reasonable.

8.0 Creditor Notification

1. The proposed Initial Order requires the monitor to:
 - a) publish a notice in the national edition of *The Globe and Mail* containing the information prescribed under the CCAA without delay; and
 - b) within five days of the issuance of the Initial Order to:
 - i. make the order publicly available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Bay LP CCAA Entities of more than \$1,000 advising them that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. If appointed, the monitor will also post the Initial Order on its website at:

<http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in Section 1.1(g) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.
AND NOT IN ITS PERSONAL CAPACITY**

TAB E

Appendix “E”



**Eighth Report to Court of KSV Kofman
Inc. as CCAA Monitor of Urbancorp
Toronto Management Inc., Urbancorp (St.
Clair Village) Inc., Urbancorp (Patricia)
Inc., Urbancorp (Mallow) Inc., Urbancorp
(Lawrence) Inc., Urbancorp Downsview
Park Development Inc., Urbancorp (952
Queen West) Inc., King Residential Inc.,
Urbancorp 60 St. Clair Inc., High Res.
Inc., Bridge On King Inc. and the
Affiliated Entities Listed in Schedule "A"
Hereto**

November 10, 2016

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COURT FILE NO.: CV-16-11389-00CL

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE
ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO**

EIGHTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

NOVEMBER 10, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. (Collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "Companies"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed the monitor in those proceedings (the "Monitor").

3. The entities below are the known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP ("Cumberland"):

- St. Clair
- Patricia
- Mallow
- Lawrence
- High Res Inc. ("High Res")
- King Residential Inc. ("King Residential")
- Urbancorp (952 Queen West) Inc. ("952 Queen")
- Urbancorp 60 St. Clair Inc. ("60 St. Clair")
- Urbancorp New Kings Inc. ("New Kings")
- Bridge on King Inc. ("Bridge")
- Urbancorp (North Side) Inc. ("North Side")
- Urbancorp Partner (King South) Inc. ("King South")

Collectively, the above, together with Cumberland, are the "Cumberland Entities" and each individually is a "Cumberland Entity". Each Cumberland Entity is a nominee for Cumberland and, as such, the assets and liabilities of the Cumberland Entities are assets and liabilities of Cumberland. Because of the foregoing, there is no need to review the intercompany balances owing from one Cumberland Entity to another.

4. The remaining Urbancorp CCAA Entities, which are not Cumberland Entities, are as follows:

- UTMI
- Downsvew
- Urbancorp Power Holdings Inc. ("Power Holdings")
- Vestaco Homes Inc. ("Vestaco Homes")
- Vestaco Investments Inc. ("Vestaco Investments")
- 228 Queens Quay West Limited ("228 Queens Quay")
- Urbancorp Residential Inc. ("Urbancorp Residential")
- Urbancorp Realtyco Inc. ("Realtyco")
- Urbancorp Cumberland 1 GP ("Cumberland GP")

Collectively, the above are the "Non-Cumberland Entities" and each individually is a "Non-Cumberland Entity". Except for UTMI, all Non-Cumberland Entities are direct or indirect wholly-owned subsidiaries of Urbancorp Inc. UTMI is believed to be wholly-owned by Alan Saskin.

5. A corporate chart for the Urbancorp CCAA Entities is attached as Appendix "A".
6. On September 15, 2016 and on October 25, 2016, the Court issued orders approving a claims process (jointly, the "Claims Procedure Orders") in respect of the Urbancorp CCAA Entities. Pursuant to the Claims Procedure Orders, the Monitor is to perform a review of, and to report on, the transactions giving rise to the claims as at the date of the Initial Order between a) the Cumberland Entities and the Non-Cumberland Entities and b) the claims between the various Non-Cumberland Entities ("Inter-CCAA Entity Claims").

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) detail the Monitor's review of the transactions giving rise to the Inter-CCAA Entity claims and to provide the Monitor's assessment of those transactions in order to determine the Inter-CCAA Entity Claims, as required by the Claims Procedure Orders; and
 - b) recommend the Court make an order approving:
 - i. this Report;
 - ii. the Monitor's recommended claim amounts, as set out in Section 2.0; and
 - iii. the Monitor's activities in connection with its review of the Inter-CCAA Entity Claims.

1.2 Currency

1. All dollar amounts in this Report are in Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial statements of the Urbancorp CCAA Entities, the books and records of the Urbancorp CCAA Entities ("Books and Records") and discussions with their management ("Management"), their legal counsel ("Legal Counsel") and their external accountants ("Accountants"). (Collectively, Management, Legal Counsel and the Accountants are referred to as the "Representatives".)
2. The Monitor has not performed an audit or independent verification of the information referenced above. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
3. Pursuant to the Claims Procedure Orders, the Monitor is required to file this Report no later than November 10, 2016. A hearing to consider this Report has been scheduled for November 30, 2016. The Monitor will be seeking an order on the return of the motion approving the Inter-CCAA Entity claims as detailed in this Report. The purpose of the motion is to afford stakeholders the opportunity to comment on this Report. The findings in this Report are subject to new information being provided to the Monitor prior to the return of this motion.

2.0 Summary of the Inter-CCAA Entity Claims

1. The table below summarizes the Inter-CCAA Entity Claims¹ as reflected in the Books and Records and the adjustments thereto being recommended by the Monitor:

(\$000s; unaudited)

Claimant	Debtor	Claim Amounts*	Monitor's Recommended Adjustments	Monitor's Recommended Claim Amount	Section ²
Cumberland Entities	UTMI	3,359	44	3,403	6.1
Cumberland Entities	Vestaco Homes	4,126	-	4,126	6.2
Urbancorp Residential	Cumberland Entities	10	-	10	7.1
Urbancorp Residential	UTMI	242	-	242	8.1
Urbancorp Residential	Vestaco Homes	154	-	154	8.1
Downsview	UTMI	40	-	40	8.2
UTMI	Vestaco Homes	322	-	322	8.3
Vestaco Homes	Vestaco Investments	5,677	(5,677)	-	8.4

**Inter-CCAA Entities having claims below \$5,000, although reviewed, are not included in the table above. No claims are intended to be admitted for these amounts because they are immaterial.*

3.0 Inter-CCAA Entity Claims Review

3.1 The Review Process

1. The Monitor's review included:
 - a) obtaining copies of the accounting sub-ledgers in the Books and Records reflecting the entries ("Entries") of the transactions between Cumberland Entities and Non-Cumberland Entities and between the various Non-Cumberland Entities;
 - b) obtaining documentation supporting the Entries, as required and as available; and
 - c) having discussions with the Representatives.

¹ The claims are as of May 18, 2016, the date of the Initial Order.

² Details regarding the Entries reviewed in respect of each Inter-CCAA Entity Claim are provided in Appendix "C" to this Report.

4.0 Description of Activities of CCAA Entities

4.1 UTMI

1. As set out in the affidavit of Alan Saskin ("Saskin Affidavit") dated May 13, 2016, UTMI provides management services for the Urbancorp CCAA Entities and their affiliates (collectively, the "Urbancorp Group"). The services provided by UTMI include:
 - a) cash management;
 - b) development management;
 - c) construction management;
 - d) property management;
 - e) geothermal asset management; and
 - f) administrative services management.
2. UTMI is the only entity within the Urbancorp Group with employees and an office infrastructure.
3. UTMI's revenues are derived from fees charged to the various Urbancorp Group entities for the services listed above, as applicable. There do not appear to be any agreements between UTMI and the Urbancorp CCAA Entities. Details of the management fee arrangements are described in the prospectus ("Prospectus") referenced in the Saskin Affidavit. The Prospectus indicates UTMI would receive the following in respect of Urbancorp CCAA Entities:
 - Development fees of \$7,500 per residential unit;
 - Construction fees of 3½ % of the total construction costs of the projects built by the Group (as defined in the Prospectus); and
 - Property management fees of 3½ % of the total rental income from rental units owned by certain entities in the Urbancorp Group.³
4. Intercompany balances arise between UTMI and other Urbancorp Group entities as funds (from sources such as purchasers' deposits, loan proceeds and sale proceeds) are transferred from Urbancorp Group entities to UTMI, as UTMI pays third parties (for expenditures such as loan interest and construction costs) on behalf of Urbancorp Group entities and as UTMI earns management fees from Urbancorp Group entities.

³ The CCAA Entities which have rental properties have not paid or accrued property management fees. The Monitor is not recommending any adjustment because the amounts would be immaterial.

4.2 Urbancorp CCAA Entities (excluding UTMI)

1. Each Cumberland Entity and Non-Cumberland Entity (excluding UTMI) is a single purpose entity. Set out in Appendix "B" is a brief description of the single purpose activity for each Cumberland Entity and Non-Cumberland Entity (excluding UTMI). The entities are involved in residential property development, rental of residential units or geothermal asset ownership.

5.0 Inter-CCAA Entity Transactions

1. The Monitor has reviewed the accounting sub-ledgers of the Books and Records reflecting the Entries for the transactions between the Cumberland Entities and the Non-Cumberland Entities and between the Non-Cumberland Entities. A schedule of the Entries, together with the Monitor's comments, is provided in Appendix "C" to this Report. The sections that follow provide summaries of the Monitor's review of the validity and the quantum of the transactions giving rise to the claims between the Cumberland Entities and the Non-Cumberland Entities and between the various Non-Cumberland Entities.

6.0 Inter-CCAA Entity Claims of the Cumberland Entities

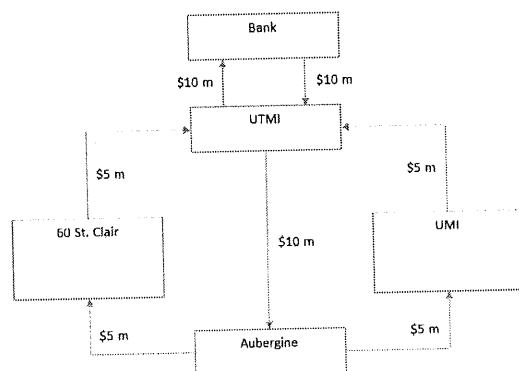
6.1 Claims by Cumberland Entities against UTMI

1. The table below sets out the Cumberland Entities claims against UTMI. A summary of the transactions that comprise the claim are provided in Appendix "D" to this Report.

(\$000s; unaudited)	Claim Against (By) UTMI	Monitor's Recommended Adjustments	Monitor's Recommended Claim Amounts
Cumberland Entity			
60 St. Clair	4,994		4,994
Lawrence	1,205	(82)	1,123
952 Queen	344		344
High Res	300		300
King Residential	260		260
North Side	(1)		(1)
King South	(179)		(179)
Bridge	(392)		(392)
St. Clair	(516)	187	(329)
Mallow	(1,165)	(59)	(1,224)
Patricia	(1,491)	(2)	(1,493)
Cumberland Entities' claims against UTMI	3,359	44	3,403

2. The 60 St. Clair intercompany receivable is primarily the result of a circular transaction that occurred on December 27, 2012. On that date, UTMI's bank loaned it \$10 million, which was transferred from UTMI to Aubergine Investments Limited ("Aubergine"), an affiliated entity, which then transferred \$5 million to 60 St. Clair, a Cumberland Entity, which then transferred \$5 million back to UTMI. Aubergine transferred the remaining \$5 million to Urbancorp Management Inc. ("UMI"), a non-Urbancorp CCAA Entity, and UMI transferred \$5 million to UTMI. The bank was repaid on the same day. The transactions were for tax planning purposes.

3. The flow of funds in respect of these transactions is set out below.



4. The result of the foregoing, as it affects the Urbancorp CCAA Entities, is that:
- 60 St. Clair has a \$5 million obligation to Aubergine. As a Cumberland Entity, 60 St. Clair's obligation will be combined with Cumberland's other obligations;
 - UTMI has a \$5 million obligation to 60 St. Clair; and
 - There is uncertainty whether UTMI will be able to repay its liabilities in full. In the event that the recovery made by 60 St. Clair from UTMI is less than the distribution made by Cumberland (on behalf of 60 St. Clair) to Aubergine, the Cumberland Entities will have been prejudiced by this circular transaction.
5. The Monitor's recommended adjustments for Lawrence, Mallow and Patricia reflect development management fees earned by UTMI that have not been accrued.
6. The Monitor's recommended adjustment for St. Clair reflects development management fees paid to UTMI which were not recorded.

6.2 Cumberland Entity Claims against Vestaco Homes

1. The table below sets out the claims of the individual Cumberland Entities against Vestaco Homes.

(\$000s; unaudited)	Claims Against (By)
Cumberland Entity	Vestaco Homes
Bridge	4,667
High Res	618
King Residential	41
Mallow	(1,200)
Cumberland Entities' claims against Vestaco Homes	4,126

2. Vestaco Homes acquired the geothermal assets at the Bridge condominium building from Bridge. This was a non-cash transaction. The \$4.667 million claim by Bridge represents the purchase price and adjustments made by the Accountants.

3. High Res's claim represents: (i) sales taxes remitted to Canada Revenue Agency ("CRA") on behalf of Vestaco Homes; and (ii) certain costs incurred by it to construct the geothermal asset at the Bridge Condominium on behalf of Vestaco Homes.
4. The King Residential claim represents costs it incurred to purchase parts for the geothermal asset owned by Vestaco Homes.
5. The \$1.2 million intercompany receivable owing to Vestaco Homes by Mallow represents funds advanced by Vestaco Homes to Terra Firma Capital Corporation ("TFCC") to repay one of Mallow's loans from TFCC. Vestaco Homes received these monies through a loan to it from The Toronto-Dominion Bank.

7.0 Inter-CCAA Entity Claims of the Non-Cumberland Entities against Cumberland Entities

1. The following section details the claims of the Non-Cumberland Entities against the Cumberland Entities.

7.1 Urbancorp Residential

1. The following table sets out the claim of Urbancorp Residential against the Cumberland Entities:

(\$000s; unaudited)	Claim By (Against)
Cumberland Entity	Urbancorp Residential
King Residential	24
Bridge	(14)
Urbancorp Residential's claims against Cumberland Entities	10

2. Urbancorp Residential's claim against the Cumberland Entities represents payments made on behalf of King Residential, a Cumberland Entity, for common area maintenance fees on condominium units owned by King Residential.
3. Bridge's claim against Urbancorp Residential represents legal fees paid by Bridge on behalf of Urbancorp Residential.

8.0 Inter-CCAA Entity Claims of the Non-Cumberland Entities against other Non-Cumberland Entities

1. The following section details the claims of the Non-Cumberland Entities against other Non-Cumberland Entities.

8.1 Urbancorp Residential

1. Urbancorp Residential has the following claims against Non-Cumberland Entities:

(\$000s; unaudited)	Claim By
Non-Cumberland Entity	Urbancorp Residential
UTMI	242
Vestaco Homes	154
Urbancorp Residential's claims against Non-Cumberland Entities	396

2. Urbancorp Residential's claim against UTMI represents cash transferred to UTMI to cover UTMI's sundry expenses, including payroll and UTMI's advances to other Urbancorp Group entities.
3. Urbancorp Residential's claim against Vestaco Homes represents:
 - a) \$144,000 paid by Urbancorp Residential to purchase parts used in the geothermal asset owned by Vestaco Homes; and
 - b) \$10,000 transferred by Urbancorp Residential to Vestaco Homes to cover an overdraft in Vestaco Homes' bank account.

8.2 Downsvievw

1. Downsvievw has a claim of approximately \$40,000 against UTMI, a Non-Cumberland Entity. Downsvievw does not have claims against any other Cumberland or Non-Cumberland entity.
2. Downsvievw's claim against UTMI represents the difference between the proceeds of a loan to Downsvievw from Mattamy Homes ("Mattamy") (\$4,499,985) for Downsvievw's required share of equity injection into Downsvievw Homes Inc., which were advanced to UTMI, and the amount advanced by UTMI (\$4,457,985) to Downsvievw Homes Inc. on behalf of Downsvievw. Essentially, UTMI retained \$40,000 of the advance from Mattamy.

8.3 UTMI

1. UTMI has a claim against Vestaco Homes in the amount of \$322,000. The claim is primarily comprised of:
 - a) payments of \$70,000 to CRA for HST paid on behalf of Vestaco; and
 - b) transfers in the amount of \$250,000 from UTMI to fund debt service costs owing by Vestaco Homes.

8.4 Vestaco Homes

1. The Books and Records reflect that Vestaco Homes has a \$5.677 million claim against Vestaco Investments in respect of the transfer of geothermal assets.
2. The \$5.677 million claim by Vestaco Homes against Vestaco Investments relates to the acquisition of the geothermal assets from Westside Gallery Lofts Inc. ("Westside Gallery"). Initially the acquisition was recorded as a transaction between Westside Gallery and Vestaco Homes notwithstanding that the conveyance of the geothermal assets was from Westside Gallery to Vestaco Investments, as reflected by the transaction conveyance documents. Subsequently, the geothermal assets at Westside Gallery were transferred, by journal entries, to Vestaco Investments from Vestaco Homes, which created the \$5.667 million claim by Vestaco Homes against Vestaco Investments.

3. The Monitor is of the view that the Entries resulting in the \$5.677 million claim should be reversed and there should be no claim by Vestaco Homes against Vestaco Investments. The Monitor understands that Management concurs with the Monitor's position with respect to this claim.

9.0 Results of the Monitor's Review

1. Based on the review conducted by the Monitor, the Monitor has made the following conclusions:
 - a) Except as outlined below, the intercompany balances between the Cumberland Entities and the Non-Cumberland Entities and among the Non-Cumberland Entities appear accurate and valid;
 - b) The \$5.7 million intercompany payable from Vestaco Investments to Vestaco Homes should be reflected as an intercompany payable from Vestaco Investment to Westside Gallery;
 - c) The Cumberland Entities' claim against UTMI should be increased by \$44,000 to reflect unaccrued development management fees of \$143,000 earned by UTMI from the Cumberland Entities and an unrecorded payment of \$187,000 made to UTMI in respect thereof; and
 - d) If 60 St. Clair is unable to collect its intercompany receivable from UTMI, the transaction described in section 6.1 would be prejudicial to Cumberland and the Monitor should consider whether an action in accordance with Section 36.1 of the CCAA should be pursued.
2. Subject to the approval of this Court, the Monitor intends to admit the Inter-CCAA Entity claims as set out in Section 2, subject to the Monitor's right to bring an action as described in 9 (1) (d) above in the future.

10.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Court make an Order granting the relief detailed in Section 1.1 (b) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY CCAA MONITOR OF
THE URBANCORP CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

TAB F

Appendix “F”



**Second Report to Court of KSV Kofman
Inc. as CCAA Monitor of Urbancorp
(Woodbine) Inc., Urbancorp (Bridlepath)
Inc., The Townhouses of Hogg's Hollow
Inc., King Towns Inc., Newtowns at
Kingtowns Inc., Deaja Partner (Bay) Inc.,
and TCC/Urbancorp (Bay) Limited
Partnership**

December 6, 2016

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COURT FILE NO.: CV-16-11549-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE
TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT
KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE
"APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

SECOND REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

DECEMBER 6, 2016

1.0 Introduction

1. On April 25, 2016, Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). Jointly, Woodbine and Bridlepath are referred to as the "Companies". KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. Pursuant to an order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated October 18, 2016 (the "Initial Order Date"), the Applicants (which include the Companies) and TCC/Urbancorp (Bay) Limited Partnership ("Bay LP" and together with the Applicants, the "Bay CCAA Entities") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
3. The Bay CCAA Entities consist of Bay LP, Deaja Partner (Bay) Inc. ("Deaja") and the following wholly-owned subsidiaries of Bay LP:
 - Woodbine
 - Bridlepath
 - The Townhouses of Hogg's Hollow Inc. ("Hogg's Hollow")
 - King Towns Inc. ("King Towns")
 - Newtowns at Kingtowns Inc. ("Newtowns")

Deaja is the general partner of Bay LP. Each Bay CCAA Entity is individually known as a "Bay CCAA Entity". Each of the Bay LP subsidiaries is a nominee for Bay LP and, as such, their assets and liabilities are assets and liabilities of Bay LP. Because of the foregoing, there is no need to review the intercompany balances owing from one Bay CCAA Entity to another, other than between Deaja and the other Bay CCAA Entities. Pursuant to the Books and Records (as defined below), there were no recorded transactions between Deaja and the other Bay CCAA Entities.

4. The entities below are the known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP ("Cumberland"):

- Urbancorp (St. Clair Village) Inc. ("St. Clair")
- Urbancorp (Patricia) Inc. ("Patricia")
- Urbancorp (Mallow) Inc. ("Mallow")
- Urbancorp (Lawrence) Inc. ("Lawrence")
- High Res Inc.
- King Residential Inc. ("King Residential")
- Urbancorp (952 Queen West) Inc. ("952 Queen")
- Urbancorp 60 St. Clair Inc. ("60 St. Clair")
- Urbancorp New Kings Inc. ("UNKI")
- Bridge on King Inc. ("Bridge")
- Urbancorp (North Side) Inc.
- Urbancorp Partner (King South) Inc. ("King South")

Collectively, Cumberland and its direct and indirect subsidiaries are the "Cumberland Entities" and each individually is a "Cumberland Entity". Each Cumberland Entity is a nominee for Cumberland and, as such, the assets and liabilities of the Cumberland Entities are assets and liabilities of Cumberland. As detailed in Section 4 below, prior to the Urbancorp reorganization (the "Reorganization") on or about December 15, 2015, each of the Cumberland subsidiaries listed above was a subsidiary of Bay LP.

5. Each of the Cumberland Entities, but for UNKI, is subject to a separate CCAA proceeding (the "Cumberland CCAA Proceeding"). The entities listed below comprise the remaining entities in the Cumberland CCAA Proceeding:

- Urbancorp Toronto Management Inc. ("UTMI")
- Urbancorp Downsview Park Development Inc. ("Downsview")
- Urbancorp Power Holdings Inc.
- Vestaco Homes Inc.
- Vestaco Investments Inc.
- 228 Queens Quay West Limited
- Urbancorp Residential Inc.
- Urbancorp Realtyco Inc. ("Realtyco")
- Urbancorp Cumberland 1 GP

The entities above, together with the Cumberland Entities excluding UNKI, are the "Cumberland CCAA Entities". Except for UTMI, the above entities are direct or indirect wholly-owned subsidiaries of Urbancorp Inc. ("UCI"). UTMI is believed to be wholly owned by Alan Saskin.

6. KSV, as Monitor of the Cumberland CCAA Entities, filed its Eighth Report to Court dated November 10, 2016 addressing transactions between the Cumberland CCAA Entities (the "Cumberland Intercompany Report"). In order to avoid duplication, certain contents of the Cumberland Intercompany Report have not been repeated herein. The Cumberland Intercompany Report can be found on KSV's website at <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.
7. Corporate charts for each of the Bay CCAA Entities and Cumberland CCAA Entities are attached as Appendices "A" and "B", respectively. For the purposes of this Report, the Bay CCAA Entities and the Cumberland CCAA Entities, together with their affiliates and UKNI, comprise the Urbancorp Group (the "Urbancorp Group").
8. On the Initial Order Date, the Court issued an order approving a claims process in respect of the Bay CCAA Entities (the "Claims Procedure Order"). Pursuant to the Claims Procedure Order, the Monitor is to perform a review of, and to report on, the transactions giving rise to claims, as at the date of the Claims Procedure Order, by the Cumberland CCAA Entities against the Bay CCAA Entities. In addition to the foregoing, and notwithstanding that it was not specifically required to do so under the Claims Procedure Order, the Monitor has performed, for the sake of completeness, a review of, and is reporting on, the transactions giving rise to the claims by the Bay CCAA Entities against the Cumberland CCAA Entities (both of these groups of claims are referred to as the "Inter-CCAA Entity Claims").

1.1 Purposes of this Report

1. The purposes of this report (the "Report") are to:
 - a) detail the Monitor's review of the transactions giving rise to the Inter-CCAA Entity Claims and to provide the Monitor's assessment of those transactions in order to determine the Inter-CCAA Entity Claims; and
 - b) recommend the Court make an order approving:
 - i. this Report;
 - ii. the Monitor's recommended claim amounts, as set out in Section 2.0; and
 - iii. the Monitor's activities in connection with its review of the Inter-CCAA Entity Claims.

1.2 Currency

1. All dollar amounts in this Report are in Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial statements of the Bay CCAA Entities and Cumberland CCAA Entities, the books and records of the Bay CCAA Entities and Cumberland CCAA Entities (the "Books and Records") and discussions with their management ("Management"), their legal counsel ("Legal Counsel") and their external accountants ("Accountants"). (Collectively, Management, Legal Counsel and the Accountants are referred to as the "Representatives".)

2. The Monitor has not performed an audit or independent verification of the information referenced above. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
3. Pursuant to the Claims Procedure Order, the Monitor is required to file this Report with the Court no later than December 6, 2016. A hearing to consider this Report has been scheduled for January 16, 2017. The Monitor will be seeking an order on the return of the motion approving the Inter-CCAA Entity Claims as detailed in this Report. The purpose of the motion is to afford stakeholders the opportunity to comment on this Report. The findings in this Report are subject to new information being provided to the Monitor prior to the return of this motion.

2.0 Summary of the Inter-CCAA Entity Claims

1. The table below summarizes the Inter-CCAA Entity Claims¹ as reflected in the Books and Records. The Monitor has concluded that no adjustments are required.

(\$000s; unaudited)			
Claimant	Debtor	Claim Amount	Section ²
Bay CCAA Entities	UTMI	544	6.1
Cumberland Entities	Bay CCAA Entities	540	6.2

3.0 Inter-CCAA Entity Claims Review

3.1 The Review Process

1. The Monitor's review included:
 - a) obtaining copies of the accounting sub-ledgers in the Books and Records reflecting the entries (the "Entries" and individually, an "Entry") of the transactions between the Bay CCAA Entities and the Cumberland CCAA Entities;
 - b) obtaining documentation supporting the Entries, as required and as available; and
 - c) having discussions with the Representatives.

¹ The claims are as of October 18, 2016, the date of the Claims Procedure Order.

² Details regarding the Entries reviewed in respect of each Inter-CCAA Entity Claim are provided in Appendix "D" to this Report.

2. The Books and Records reflect Bay LP Entries dating back to 2009. As set out in paragraph 4 of Section 1.0 of this Report, prior to the Reorganization, the Cumberland Entities were subsidiaries of Bay LP. As such, the intercompany transactions, as they relate to the entities covered by this Report, were solely between Bay LP and UTMI. For the following reasons, the Monitor has chosen to restrict its review to the Entries between Bay LP and UTMI subsequent to December 31, 2012:

- The intercompany balance between Bay LP and UTMI at January 1, 2013 was relatively small (approximately \$184,000 owing from UTMI to Bay LP);
- A scanning of the Entries prior to 2013 indicates that the significant Entries were primarily fund transfers in the normal course of conducting the Urbancorp Group's business and likely would not have been subject to a Section 36.1 CCAA action;
- The Accountants have reviewed the intercompany Entries prior to 2013 and provided Management with adjustments, as necessary, from time to time; and
- The Cumberland Entities and Downsview were, prior to the Reorganization, nominees of Bay LP. Any Entry between a Bay CCAA Entity and a Cumberland Entity or Downsview prior to December 15, 2015 would have been combined and eliminated in Bay LP.

Based on the above, the Monitor has concluded that there is a low risk that the Inter-CCAA Entity Claims could be materially misstated by restricting its review to transactions subsequent to December 31, 2012.

4.0 Urbancorp Reorganization

1. On June 19, 2015, UCI was incorporated in connection with issuing a bond offering in Israel, which raised approximately \$64 million (the "Israel Bond Offering"). In conjunction with the Israel Bond Offering, Bay LP transferred each of the Cumberland Entities to Cumberland and transferred Downsview to UCI (the "Transfers"). In exchange for the Transfers, Bay LP, through a series of transactions, received Class D shares of Urbancorp Holdco Inc., the parent company of UCI. UCI assumed certain obligations of Bay LP in exchange for the 51% interest Bay LP had in Downsview Homes Inc. (which was held by Downsview as its nominee) (the "Downsview Transfer").
2. In conducting the Inter-CCAA Entity Claims review, the Monitor has not sought to determine whether the Transfers or the Downsview Transfer could be subject to a potential action pursuant to Section 36.1 of the CCAA.
3. Provided the creditors of Bay LP are repaid in full, the prejudice, if any, of the Transfers and the Downsview Transfer will be borne by the limited partner of Bay LP. According to the Urbancorp Group corporate organizational chart, Doreen Saskin is the limited partner of that entity.

5.0 Description of Activities of Bay CCAA Entities

5.1 Bay CCAA Entities

1. Each Bay CCAA Entity is a single purpose entity. Set out in Appendix "C" is a brief description of the single purpose activity for each Bay CCAA Entity. The entities are involved in residential property development.
2. As set out in Section 1.0 of this Report, the subsidiaries of Bay LP are nominees for Bay LP. In the normal course, Bay LP would, with the assistance of the Accountants, make year-end adjustments, whereby intercompany balances in the Bay LP subsidiaries owing to and from UTMI would be transferred to Bay LP. The result of the foregoing adjustments is reflected in the balance between Bay LP and UTMI, with certain exceptions as detailed in paragraph 3 below.
3. For the year ended December 31, 2015 and up to the Initial Order Date, Bay LP has not finalized its accounting records nor have the Accountants prepared all year-end and interim period adjustments as they would in the normal course. As such, certain intercompany balances in the Bay LP subsidiaries owing to and from UTMI (including those balances owing to UTMI by Woodbine and Bridlepath) were not transferred to Bay LP, giving rise to intercompany balances as at the Initial Order Date within the Bay LP subsidiaries owing to and from UTMI (as detailed in Section 6.1 below).

6.0 Inter-CCAA Entity Transactions

1. The Monitor has reviewed the accounting sub-ledgers of the Books and Records reflecting the Entries for the transactions between the Bay CCAA Entities and the Cumberland CCAA Entities. A schedule of the Entries, together with the Monitor's comments, is provided in Appendix "D" to this Report. The sections that follow provide summaries of the Monitor's review of the validity and the quantum of the transactions giving rise to the claims between the Bay CCAA Entities and the Cumberland CCAA Entities.

6.1 Claims by Bay CCAA Entities against UTMI

1. The table below sets out the claims between the Bay CCAA Entities and UTMI.

(\$000s; unaudited)	
Bay CCAA Entity	Claim Against (By) UTMI
Bay LP	728
Hogg's Hollow	118
King Towns	100
Newtowns	(99)
Woodbine	(149)
Bridlepath	(154)
Net Bay CCAA Entities' claims against UTMI	544

2. Bay LP's intercompany receivable represents Entries between it and UTMI subsequent to December 31, 2012. The intercompany receivable is comprised of the following major transactions:

- a) net proceeds of \$14.5 million generated on the sale of Bay LP's 49% interest in the Downsview project to Mattamy Homes ("Mattamy"), which were paid directly to UTMI³; and
- b) funds advanced to UTMI by Bay LP.

The Bay LP intercompany receivable is reduced by the following major transactions:

- a) a \$6.8 million consulting fee (discussed further in Section 7.3) owed to UTMI in respect of the Downsview project;
- b) funds advanced by UTMI to various Bay LP subsidiaries, the intercompany balances of which were transferred to Bay LP, as discussed in Section 5.1(2);
- c) interest paid by UTMI on behalf of Bay LP;
- d) funds advanced by UTMI on behalf of Bay LP's interest in a joint venture in the King South project; and
- e) vendor obligations of Bay LP, such as trades and professionals, which were funded by UTMI.

3. Hogg's Hollow's intercompany receivable is primarily the result of approximately \$112,000 transferred to UTMI.

4. King Towns' intercompany receivable relates to a \$100,000 employee bonus paid in 2014 by King Towns on behalf of UTMI.

5. Newtowns' intercompany payable is comprised of:

- a) a \$190,000 transfer by UTMI to Newtowns to fund a technical audit performed on the Newtowns project; and
- b) net transfers of \$91,000 by Newtowns to UTMI.

6. Woodbine's and Bridlepath's intercompany payables are primarily comprised of amounts paid by UTMI on their behalf from November, 2015 to March, 2016 in respect of third party interest payments (\$120,000 and \$86,000, respectively) and vendor obligations (\$29,000 and \$68,000, respectively).

³ Total proceeds from the sale to Mattamy were approximately \$22 million. The balance of the proceeds were primarily used to discharge a loan on the Downsview project and for payments made on behalf of Urbancorp (Bay/Stadium) LP.

6.2 Cumberland Entities' Claims against the Bay CCAA Entities

1. The table below sets out the claims between the individual Cumberland Entities and the Bay CCAA Entities.

(\$000s; unaudited)	Claims Against (By) the Bay CCAA Entities
Cumberland Entity	
952 Queen	232
St. Clair	95
Lawrence	94
Mallow	83
Patricia	50
60 St. Clair	1
King South	-
King Residential	(2)
Bridge	(13)
Net Cumberland Entities' claims against the Bay CCAA	540

2. 952 Queen's intercompany receivable is primarily made up of the following:
 - a) a \$90,000 interest payment made in November, 2015 on behalf of Bridlepath; and
 - b) 2016 sales tax refunds of approximately \$125,000 received by Bay LP on 952 Queen's behalf.
3. The intercompany receivable of St. Clair, Mallow and Patricia relate to 2015 and 2016 sales tax refunds received by Bay LP on their behalf.
4. Lawrence's intercompany receivable is primarily comprised of 2015 and 2016 sales tax refunds of approximately \$124,000 received by Bay LP on Lawrence's behalf, and reduced by legal fees of \$30,000 paid by Hogg's Hollow on Lawrence's behalf.
5. Bridge's intercompany payable is comprised of legal fees of \$13,000 paid by Hogg's Hollow on its behalf.

7.0 Management and Other Fees Charged by UTMI

1. UTMI's revenues are derived from fees charged to the various Urbancorp Group entities for management services including, but not limited to, development management and construction management, as applicable. There do not appear to be any written agreements between UTMI and the Bay CCAA Entities outlining the terms of the management agreements⁴. This section sets out the management fees charged, or not charged, by UTMI to each Bay CCAA Entity.

⁴ There is also no written management fee agreement between UTMI and the Cumberland Entities. However, the management fee arrangement for the Cumberland Entities was detailed in the Israel Bond Offering prospectus.

7.1 Woodbine and Bridlepath

1. UTMI did not charge any management fees for the Woodbine and Bridlepath projects nor was a development management fee accrued in respect of Woodbine or Bridlepath. According to UTMI's controller, Bay LP and UTMI had an unwritten agreement whereby UTMI would earn its development fee only when construction financing had been obtained. The fee was to be calculated based on a fixed fee per unit. Woodbine and Bridlepath did not obtain construction financing, and as such, no development management fee was charged or accrued.
2. The methodology in calculating development management fees earned by UTMI for Woodbine and Bridlepath is inconsistent with the one applied to the Cumberland CCAA Entities. The Monitor has prepared a calculation of what the UTMI management fees would have been had Bay LP and UTMI used the criteria adopted between the Cumberland CCAA Entities and UTMI, as detailed in the Israel Bond Offering prospectus. Based on the Monitor's findings, and assuming a consistent methodology is applied, Woodbine and Bridlepath would have a development management fee owing to UTMI of \$95,000 and \$250,000, respectively.

7.2 Hogg's Hollow, King Towns and Newtowns

1. UTMI charged (and was paid) management fees of \$912,000, \$177,000 and \$523,000 on the completed Bay CCAA Entity projects, being Hogg's Hollow, King Towns and Newtowns.
2. The fees charged by UTMI to Hogg's Hollow represent development management fees and construction management fees. The fees charged by UTMI to King Towns and Newtowns, however, represent development management fees only. The Monitor has been advised by UTMI's controller that prior to construction of the Hogg's Hollow project, it was not UTMI's policy to charge a construction management fee to a stacked townhomes/townhouses project. No documentation has been provided in this regard.
3. Development management fees were calculated on a fixed fee per unit basis. Construction management fees were calculated as 1% of budgeted construction costs.
4. Details of the management fees charged in respect of Hogg's Hollow, King Towns and Newtowns are set out in Appendix "E" to this Report.

7.3 Downsview

1. In 2013 and 2014, consulting fees totalling \$6.8 million were reflected as earned by UTMI from Bay LP in respect of Downsview in accordance with an agreement dated June 10, 2013 and amended on June 1, 2015. The consulting fees relate to the sale of Bay LP's 49% interest in the Downsview project to Mattamy. This fee is reflected in the Entries of both Bay LP and UTMI.

8.0 Promissory Note

1. As displayed on Appendix "D" to this Report, Bay LP maintained an intercompany account for transactions between Bay LP and UTMI. This intercompany account reflects both advances by Bay LP to or on behalf of UTMI and advances by UTMI to or on behalf of Bay LP. The Books and Records reflect that, on December 11, 2015, UTMI was indebted to Bay LP in the approximate amount of \$600,000.
2. On December 11, 2015, Bay LP issued a promissory note in the amount of \$6 million to UTMI (the "\$6 Million Promissory Note"). On the same day, UTMI assigned the \$6 Million Promissory Note to UCI, such that Bay LP is now obligated to UCI. In reviewing the Entries between Bay LP and UTMI, the Monitor has not found evidence that Bay LP owed \$6 million to UTMI at the time of the creation of the \$6 Million Promissory Note. The Monitor has discussed this issue with Representatives and the Monitor has been advised by them that the \$6 Million Promissory Note was issued on the basis of the payable⁵ Entries in the intercompany account between Bay LP and UTMI, without taking into consideration the receivable Entries⁶.
3. We understand that in addition to the \$6 million Promissory Note, Bay LP issued a \$2 million promissory note to UTMI (the "\$2 Million Promissory Note") on December 11, 2015. The \$2 Million Promissory Note was assigned by UTMI to Realtyco. For reasons identical to the \$6 Million Promissory Note, the Monitor has not found any evidence that Bay LP owed \$2 million to UTMI at the time of the creation of the \$2 Million Promissory Note.

9.0 Results of the Monitor's Review

1. Based on the review conducted by the Monitor, the Monitor has made the following conclusions:
 - a) the intercompany balances between the Bay CCAA Entities and the Cumberland CCAA Entities, as set out in Section 2.0, appear accurate and valid;
 - b) UTMI did not charge for management services provided by it to Woodbine and Bridlepath, apparently for the reasons provided in Section 7.1 of this Report; and
 - c) as at the date of this Report, the Monitor has not been provided evidence of a debt owing by Bay LP to UCI or Realtyco in respect of the \$6 Million Promissory Note and the \$2 Million Promissory Note, respectively. The Monitor continues to review this matter and is awaiting further information from the Representatives.
2. Subject to the approval of this Court, the Monitor intends to admit the Inter-CCAA Entity claims as set out in Section 2.

⁵ For clarification, the amounts payable by Bay LP to UTMI reflected in the intercompany account.

⁶ For clarification, the amounts receivable to Bay LP from UTMI reflected in the intercompany account.

10.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Court make an Order granting the relief detailed in Section 1.1(b) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF
URBANCORP (WOODBINE) INC., URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES
OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC.,
DEAJA PARTNER (BAY) INC. AND TCC/URBANCORP (BAY) LIMITED PARTNERSHIP
AND NOT IN ITS PERSONAL CAPACITY**

TAB G

Appendix “G”



April 20, 2017

**Fifteenth Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule "A" Hereto**

and

**Seventh Report to Court of KSV Kofman
Inc. as CCAA Monitor of Urbancorp
(Woodbine) Inc., Urbancorp (Bridlepath)
Inc., The Townhouses of Hogg's Hollow
Inc., King Towns Inc., Newtowns at
Kingtowns Inc., Deaja Partner (Bay) Inc.,
and TCC/Urbancorp (Bay) Limited
Partnership**

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COURT FILE NO.: CV-16-11389-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC.,
URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE
ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED
ENTITIES LISTED IN SCHEDULE "A" HERETO

FIFTEENTH REPORT OF KSV KOFMAN INC.

COURT FILE NO.: CV-16-11549-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE
TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT
KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE
"APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

SEVENTH REPORT OF KSV KOFMAN INC.

APRIL 20, 2017

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "NOI Entities"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the NOI Entities, together with the entities listed on Schedule "A" attached (collectively, the "Cumberland CCAA Entities" and each a "Cumberland CCAA Entity"), were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor of the Cumberland CCAA Entities (the "Monitor").
3. On April 25, 2016, Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") each filed a NOI. KSV was appointed as the Proposal Trustee of each of Bridlepath and Woodbine.
4. Pursuant to an order made by the Court dated October 18, 2016, Bridlepath and Woodbine and the entities listed on Schedule "B" (collectively, the "Bay CCAA Entities", and together with the Cumberland CCAA Entities, the "CCAA Entities") were granted protection in a separate CCAA proceeding and KSV was appointed Monitor of the Bay CCAA Entities.
5. On January 27, 2017, the Court issued orders extending the stay of proceedings for the Cumberland CCAA Entities and the Bay CCAA Entities to April 28, 2017.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) provide an update on the CCAA proceedings;
 - b) report on the Cumberland CCAA Entities' and the Bay CCAA Entities' consolidated cash flow projections for the period April 23, 2017 to July 31, 2017 ("Cash-Flow Statements");
 - c) summarize and seek approval of the fees and expenses of KSV, as Monitor of the CCAA Entities, and its counsel, Davies Ward Phillips & Vineberg LLP ("Davies"), and of WeirFoulds LLP ("WeirFoulds"), counsel to the CCAA Entities, as follows:
 - i. for KSV and Davies, for the period January 1 to March 31, 2017;
 - ii. for WeirFoulds for the period December 1, 2016 to March 31, 2017;

- d) recommend that the Court issue orders:
 - i. granting an extension of the stay of proceedings for the CCAA Entities to July 31, 2017; and
 - ii. approving the fees and disbursements of the Monitor, Davies and WeirFoulds, as detailed in this Report.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the CCAA Entities, the books and records of the CCAA Entities and discussions with representatives of the CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
2. An examination of the CCAA Entities' Cash Flow Statements as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Update on CCAA Proceedings

2.1 Interim Distribution

2.1.1 Cumberland CCAA Entities

1. As indicated in the Supplement to the Monitor's Fourteenth Report dated April 5, 2017 (the "Supplemental Report"), subject to resolving the claims filed by Tarion Warranty Corporation ("Tarion") and receiving the Court's approval, the Monitor expects to be able to make an interim distribution to the creditors of the Cumberland CCAA Entities.
2. The Monitor is working with Tarion to resolve its claims. Substantially all of Tarion's claims have been disallowed in full.¹ The Monitor is hopeful that the Tarion claims can be resolved consensually, failing which it intends to bring a motion forthwith to have them determined.

¹ Tarion filed claims totaling \$5.8 billion against the Cumberland CCAA Entities. Of that amount, the Monitor admitted a claim of \$3,390 against Bridge on King Inc.

2.1.2 Bay CCAA Entities

1. Prior to making a distribution to the creditors of the Bay CCAA Entities, the Monitor needs to resolve several disputed claims, including those file by Tarion, Terra Firma Capital Corporation and UCI. A motion is scheduled on May 2, 2017 to resolve a portion of UCI's claim.

2.2 Geothermal Assets

1. Certain of the Cumberland CCAA Entities have an interest in geothermal assets (collectively, the "Geothermal Assets") located at four condominium projects developed by entities in the Urbancorp Group of Companies.
2. Pursuant to energy supply agreements, each condominium corporation (collectively, the "Condo Corporations") is required to pay Urbancorp Renewable Power Inc. ("URPI"), for the supply of the geothermal energy. URPI is neither a subsidiary of UCI nor subject to CCAA proceedings. URPI is required to pay the revenue it receives from the Condo Corporations to the Urbancorp entity that holds the geothermal energy system, net of a management fee of approximately 3% payable to URPI. Each of the entities which holds the geothermal energy systems is subject to the Urbancorp CCAA proceedings.
3. The Condo Corporations have failed to make payments under their supply agreements since March, 2016. As a result, URPI has initiated litigation proceedings against the Condo Corporations. Representatives of URPI have advised the Monitor that a motion is scheduled to be heard on June 14 and 15, 2017 for this purpose.

2.3 Residential Unit Sale Process

1. On December 14, 2016, the Court issued an order (the "Sale Process Order") approving a sale process for 28 condominium units (the "Residential Units") held by Urbancorp Residential Inc. ("URI") and King Residential Inc.² ("KRI"), each of which is a Cumberland CCAA Entity. Pursuant to the Sale Process Order, Brad J. Lamb Realty Inc. ("Brad Lamb Realty") is marketing the Residential Units for sale.
2. On January 27, 2017, the Court issued an order (the "Transaction Order"):
 - a) authorizing the Monitor to complete transactions for the Residential Units provided it is satisfied with the purchase price and other terms of the transaction;
 - b) approving a form of Purchase and Sale Agreement in respect of the Residential Units; and
 - c) approving a form of Approval and Vesting Order.

² URI and KRI are nominee companies for Urbancorp Realty Co. and Urbancorp Cumberland 1 LP, respectively.

3. Since the Transaction Order, the Monitor has closed six transactions for Residential Units. The transactions have generated proceeds, net of real estate commissions, of approximately \$2.2 million. Each condominium unit has sold significantly above its asking price. The Monitor expects that the remaining units will be sold by the end of 2017.

2.4 Urbancorp New Kings Inc.

1. Urbancorp Cumberland 1 LP, a Cumberland CCAA Entity, is the shareholder of Urbancorp New Kings Inc. ("UNKI"). UNKI is not subject to the CCAA proceedings. UNKI owns a 50% interest in a development located at 1100 King Street West, Toronto (the "Kingsclub Development"). The remaining 50% interest of the Kingsclub Development is owned by King Liberty North Corporation ("KLNC"), an affiliate of First Capital (S.C.) Corporation ("FCSCC").³
2. The Kingsclub Development is a significant project presently under construction and is to consist of retail and residential space together with related residential and retail parking space. The retail development is projected to be completed by the end of 2017 and the residential development is projected to be completed by the end of 2018.
3. Pursuant to the Initial Order, Robert Kofman, the President of KSV and the person with primary oversight of these proceedings on behalf of the Monitor, or such representative of KSV as Mr. Kofman may designate in writing from time to time, was appointed to the management committee of the Kingsclub Development in place of Alan Saskin, the sole officer and director of UNKI.
4. The Monitor, KLNC and FCSCC have entered into a Court-approved standstill agreement in respect of the Kingsclub Development (the "Standstill Agreement"). The Standstill Agreement is intended to facilitate an orderly completion of the Kingsclub Development. The Monitor is continuing to oversee the Kingsclub Development with a view to generating recoveries from this asset. The recoveries, if any, cannot be quantified at this time.
5. Further information concerning the Kingsclub Development is provided in the Monitor's Tenth Report to Court dated December 9, 2016 ("Tenth Report"). The Tenth Report is available on the Monitor's website for the CCAA proceedings at:

<http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>

2.5 Downsview

1. Downsview Homes Inc. ("DHI") owns land located at 2995 Keele Street in Toronto, which is being developed into condominiums and low-rise residences (the "Downsview Project"). The shares of DHI are owned by Downsview (51%) and Mattamy (Downsview) Limited, an affiliate of Mattamy Homes ("Mattamy") (49%).

³ Kings Club Development Inc., a nominee entity, is the registered owner of the Kingsclub Development on behalf of its beneficial owners, UNKI (50%) and KLNC (50%).

2. Downsvew's only material assets is its interest in DHI. The shares are subject to transfer restrictions and co-ownership obligations with, and a pledge in favour of, Mattamy.
3. The Monitor is continuing to oversee this project, which has the potential to generate significant value for stakeholders in these proceedings.
6. Further information concerning the Downsvew Project is provided in the Monitor's Eleventh Report to Court dated January 13, 2017, which can also be found on the Monitor's website.

3.0 Statement of Receipts and Disbursements

3.1 Cumberland CCAA Entities

1. A consolidated statement of receipts and disbursements for the Cumberland CCAA Entities for the period May 18, 2016, the date the Cumberland CCAA proceedings commenced, to April 17, 2017 is reflected in the table below.

(unaudited; C\$000's)	Amount
Receipts	
Sale of assets	80,105
Debtor-in-possession financing	
Atrium Mortgage Investment Corporation	3,078
Urbancorp Partner (King South) Inc.	1,900
Other	542
Total Receipts	85,625
Disbursements	
Atrium Mortgage Investment Corporation (DIP)	3,278
Atrium Mortgage Investment Corporation (Mortgages)	7,940
Professional fees	3,446
Court approved loan to Urbancorp Inc.	1,201
Mortgage repayments	1,184
Payroll	1,122
Real estate commissions	951
Sundry operating expenses	2,191
Total disbursements	21,313
Net Cash Flow	64,312
Opening Bank Balance	874
Net Cash Flow	64,312
Closing Bank Balance	65,186

2. As reflected in the table above:
 - a) the sale of the Cumberland CCAA Entities' real property generated net proceeds of approximately \$80.1 million; and
 - b) the debtor-in-possession loan advanced by Atrium Mortgage Investment Corporation ("AMIC") (\$3.078 million) and mortgages owing to AMIC on the real property formerly held by each of Patricia and Mallow (totalling \$7.9 million) have been repaid.

3.2 Bay CCAA Entities

1. A consolidated statement of receipts and disbursements for the Bay CCAA Entities for the period October 18, 2016, the date the Bay CCAA proceedings commenced, to April 17, 2017 is reflected in the table below.

(unaudited; C\$000's)	Amount
Receipts	
Sale of assets	39,093
Other	394
Total Receipts	39,487
Disbursements	
Repayment of mortgages	
Atrium Mortgage Investment Corporation	11,595
Laurentian Bank of Canada	5,477
Professional fees	811
Real estate commissions	945
Sundry operating expenses	262
Total disbursements	19,090
Net Cash Flow	20,397
Opening Bank Balance	-
Net Cash Flow	20,397
Closing Bank Balance	20,397

3. As reflected in the table above:
 - a) the sale of Bay CCAA Entities' real property generated net proceeds of approximately \$39.1 million; and
 - b) mortgage obligations have been repaid owing to AMIC (approximately \$11.6 million) in respect of the property formerly held by Bridlepath and to Laurentian Bank of Canada (approximately \$5.5 million) in respect of the property formerly held by Woodbine.

4.0 Cash Flow Forecasts

1. Consolidated cash flow projections have been prepared for the CCAA Entities for the period April 23, 2017 to July 31, 2017 (the "Period"). The Cash-Flow Statements and the CCAA Entities' statutory reports on the cash flow pursuant to Section 10(2)(b) of the CCAA are attached as Appendix "A" and "B", respectively.
2. The expenses in the Cash-Flow Statements are primarily comprised of payroll, general and administrative expenses and professional fees. The CCAA Entities have sufficient cash on hand to pay all disbursements during the Period.
3. Based on the Monitor's review of the Cash-Flow Statements, there are no material assumptions which seem unreasonable in the circumstances. The Monitor's statutory reports on the cash flows are attached as Appendix "C".

5.0 Request for an Extension

1. The CCAA Entities are seeking an extension of the stay of proceedings from April 28, 2017 to July 31, 2017. The Monitor supports their request for extensions of the stay of proceedings for the following reasons:
 - a) the CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;
 - c) it will allow the Cumberland CCAA Entities and the Monitor further time to deal with the remaining assets owned by the Cumberland CCAA Entities, including the Residential Units, the Geothermal Assets, the Downsview Project and the Kingsclub Development;
 - d) it will allow the Monitor the opportunity to advance the claims process for the CCAA Entities; and
 - e) as of the date of this Report, neither the CCAA Entities nor the Monitor is aware of any party opposed to an extension.

6.0 Professional Fees

- The fees and disbursements of the Monitor, Davies and WeirFoulds are summarized below.

Firm	Period	(\$)		
		Fees	Disbursements	Total
<u>Cumberland CCAA Entities</u>				
KSV	Jan 1/17 – Mar 31/17	273,251.50	624.78	273,876.28
Davies	Jan 1/17 – Mar 31/17	303,543.50	6,344.14	309,887.64
WeirFoulds	Dec 1/16 – Mar 31/17	79,860.50	1,669.68	81,530.18
Total		656,655.50	8,638.60	665,294.10
<u>Bay CCAA Entities</u>				
KSV	Jan 1/17 – Mar 31/17	83,701.00	-	83,701.00
Davies	Jan 1/17 – Mar 31/17	6,775.00	30.00	6,805.00
WeirFoulds	Dec 1/16 – Mar 31/17	17,932.00	274.02	18,206.02
Total		108,408.00	304.02	108,712.02

- Detailed invoices for each of KSV, Davies and WeirFoulds are provided in the appendices to the affidavits filed by representatives of each firm in Appendices “D”, “E” and “F”, respectively.
- The average hourly rates for the Monitor, Davies and WeirFoulds is as follows:

Firm	Average Hourly Rate (\$)
<u>Cumberland CCAA Entities</u>	
KSV	506.54
Davies	805.80
WeirFoulds	684.32
<u>Bay CCAA Entities</u>	
KSV	560.06
Davies	954.23
WeirFoulds	548.38

- Since the last fee approval motion, the main matters being addressed by Davies and WeirFoulds include: the damage claim litigation commenced by certain home buyers; resolving issues related to claims filed by UCI (including litigation involving promissory notes issued by TCC/Urbancorp (Bay) Limited Partnership), Tarion and former employees of Urbancorp Toronto Management Inc.; dealing with the sale of the Residential Units; and dealing with matters related to the Geothermal Assets.
- The Monitor is of the view that the hourly rates charged by Davies and WeirFoulds are consistent with rates charged by law firms practicing in the area of restructuring and insolvency in the downtown Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.1(1)(d) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 27TH
)
JUSTICE MYERS) DAY OF JUNE, 2017
)
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

**ORDER
(Interim Distribution)**

THIS MOTION, made by KSV Kofman Inc., in its capacity as Court-appointed Monitor (the "**Monitor**") of the Applicants and TCC/Urbancorp (Bay) Limited Partnership (collectively, the "**CCAA Entities**", and each individually a "**CCAA Entity**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") for an order, among other things, authorizing and directing the Monitor to make the Bay Distribution as defined and outlined in the Monitor's Eighth Report to

Court dated June 23, 2017 (the "**Report**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Monitor and the Report, and on hearing the submissions of respective counsel for the Monitor, the CCAA Entities, Adv. Guy Gissin, in his capacity as the Court-appointed Israeli Functionary of Urbancorp Inc., and such other counsel as were present, no one else appearing although duly served as appears from the Affidavits of Service as filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

INTERIM DISTRIBUTION

2. **THIS COURT ORDERS** that the Monitor, for and on behalf of the CCAA Entities, be and is hereby authorized and directed to effect the Bay Distribution as defined and outlined in the Report.
3. **THIS COURT ORDERS AND DECLARES** that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of any creditor or legal representative of the CCAA Entities within the meaning of any relevant legislation and that any distribution ultimately made to any creditor of the CCAA Entities by the Monitor will be deemed to have been made by the CCAA Entities themselves, and the Monitor shall incur no

liability or obligation as a result of the carrying out of the provisions of this Order, other than in respect of its gross negligence or wilful misconduct.

IN THE MATTER OF *THE COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C.1985, c. C-36, AS AMENDED

Court File No. CV-16-11549-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

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

Proceeding commenced at Toronto

**ORDER
(INTERIM DISTRIBUTION)**

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Lawyers for the Monitor

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC. AND DEAJA PARTNER (BAY) INC. (COLLECTIVELY, THE "APPLICANTS")

AND IN THE MATTER OF TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

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

(PROCEEDING COMMENCED AT TORONTO)

**MOTION RECORD
(Returnable June 27, 2017 – Initial Distribution)**

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