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Updated Notice to Home Buyers

KSV Kofman Inc. (“KSV”) is the monitor (“Monitor”) in proceedings under the *Companies’ Creditors Arrangement Act* (“CCAA”) involving several subsidiaries of Urbancorp Inc. (the “Cumberland CCAA Proceedings”), including Urbancorp (Mallow) Inc. (“Mallow”), Urbancorp (St. Clair Village) Inc. (“St. Clair”) and Urbancorp (Lawrence) Inc. (“Lawrence”) (collectively, the “Cumberland Property Companies”).

KSV is also the Monitor in CCAA proceedings involving several subsidiaries of TCC/Urbancorp (Bay) Limited Partnership (the “Bay LP CCAA Proceedings” and together with the Cumberland CCAA Proceedings, the “CCAA Proceedings”), including Urbancorp (Bridlepath) Inc. (“Bridlepath”) and Urbancorp (Woodbine) Inc. (“Woodbine”) (jointly, the “Bay Property Companies” and together with the Cumberland Property Companies, the “Property Companies”).

The purpose of this notice is to provide home buyers with an update on the status of the claims process in both CCAA Proceedings.

Background

The Property Companies each held an interest in real property (collectively, the “Properties”) which they intended to develop into residential homes. In connection with the developments, the Property Companies pre-sold homes and collected deposits from home buyers (the “Deposits”). The Deposits were spent prior to the commencement of these insolvency proceedings.

The Monitor sold the Properties pursuant to a Court-approved sale process. The Court orders that approved each of the sale transactions provided each of the purchasers with title to the Properties free and clear of all obligations, including the agreements of purchase and sale entered into between the Property Companies and the home buyers (the “Home Buyer Agreements”). Therefore, each home buyer has a claim arising from the failure of the Property Companies to perform the Home Buyer Agreements.

Claims Process

Pursuant to Court orders issued in the CCAA proceedings, the Monitor was authorized to conduct a process to call for and determine claims (the “Claims Process”).

Pursuant to the Claims Process, home buyers were not required to file proofs of claim. Instead, the Monitor prepared each home buyer’s claim and sent it to each home buyer. Based on the Monitor’s review of the Home Buyer Agreements, its view is that home buyers only have a claim for the return of their Deposits. Home buyers were entitled to accept the claims as determined by the Monitor or dispute the amount of the claim by filing an objection notice.

Pursuant to the Claims Process, 64 home buyers (representing approximately 35% of total home buyers) filed an objection notice claiming damages in addition to amount of their Deposit. Of the home buyers submitting an objection notice, 56 are represented by Dickinson Wright LLP, which, pursuant to Court orders issued on August 29, 2016, was appointed as representative counsel to home buyers who “opted in” to its representation.

On February 10, 2017, the Monitor brought a motion returnable April 13, 2017 seeking an order disallowing the home buyers’ damage claims in full.

The Monitor has also disputed other claims that have been filed in the CCAA Proceedings, including significant claims from Tarion Warranty Corporation ("Tarion").

Distribution to Home Buyers

Mallow, St. Clair and Lawrence Home Buyers

Subject to resolving Tarion's claims in the Cumberland CCAA Proceedings, the cash available for distribution to creditors is expected **to be sufficient** to repay all home buyer Deposit claims in full and still have funds available to pay disputed claims in the event they are admitted, including the damage claims advanced by home buyers. The Monitor is in contact with legal counsel to Tarion in an attempt to resolve its claims. If Tarion's claims are resolved, the Monitor intends to bring a motion to make a distribution in respect of the admitted claims, including the Deposit portion of the home buyer claims. The Monitor cannot make a distribution to home buyers in respect of their damage claims until the Court makes a determination on the validity of those claims.

Bridlepath and Woodbine Home Buyers

The cash available for distribution to creditors in the Bay CCAA Proceedings **is not sufficient** to repay the Deposit portion of the home buyer claims and still have sufficient funds available to pay all disputed claims in the event they are admitted. If the remaining disputed claims cannot be resolved on a timely basis, the Monitor intends to bring a motion to have the Court determine these claims. Once the disputed claims are resolved, the Monitor will bring a motion to make a distribution to creditors with admitted claims.

Any distribution in the CCAA Proceedings will require Court approval.

If you have questions, please contact Noah Goldstein at ngoldstein@ksvadvisory.com or 416.932.6207.



**KSV KOFMAN INC.
IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF THE PROPERTY COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**