



**Sixth 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**

March 21, 2017

<b>Contents</b>	<b>Page</b>
1.0 Introduction.....	1
1.1 Purposes of this Report .....	3
1.2 Currency .....	4
1.3 Restrictions.....	4
2.0 Background .....	4
2.1 General.....	4
2.2 Bay LP .....	4
2.3 UTMI.....	5
2.4 Accounting and Transactions among Urbancorp Group Entities.....	5
3.0 Bay LP – UTMI Intercompany Account .....	6
4.0 Management Fee and Promissory Notes.....	6
5.0 Other Matters .....	8
5.1 Realtyco.....	8
5.2 Estimated Bay LP Equity .....	8
6.0 Monitor’s Conclusions and Recommendations .....	9

## Appendices

<b>Appendix</b>	<b>Tab</b>
Corporate chart of the Bay CCAA Entities .....	A
Corporate chart of the Cumberland CCAA Entities .....	B
UCI Claim .....	C
Notice of Revision or Disallowance .....	D
Memorandum re: Ownership of Bay LLP .....	E
Monitor’s Second Report.....	F
Monitor’s Eighth Report.....	G
Intercompany Accounts.....	H1 – H6
Original Fee Agreement .....	I
2013 Bay LP Financial Statements .....	J
Original Promissory Note .....	K
2014 Bay LP Financial Statements .....	L
December 31, 2014 Bay LP Trial Balance .....	M
Amended Fee Agreement .....	N
\$6 Million Promissory Note.....	O
\$2 Million Promissory Note.....	P
Assignment of \$6 Million Promissory Note by UTMI to UCI .....	Q
Assignment of \$2 Million Promissory Note by UTMI to UMI.....	R
Assignment of \$2 Million Promissory Note by UMI to Realtyco .....	S
September 30, 2016 Realtyco Trial Balance.....	T

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

SIXTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

MARCH 21, 2017

## 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 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.

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 referenced in Section 2.3 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 CCAA proceeding (the “Cumberland CCAA Proceeding”) separate from the CCAA proceedings involving the Bay CCAA Entities. The entities listed below comprise the remaining entities in the Cumberland CCAA Proceeding:

- Urbancorp Toronto Management Inc. (“UTMI”)
- Urbancorp Downsview Park Development Inc. (“Downsview Park”)
- Urbancorp Power Holdings Inc.
- Vestaco Homes Inc.
- Vestaco Investments Inc. (“Vestaco”)
- 228 Queens Quay West Limited
- Urbancorp Residential Inc. (“URI”)
- 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, has filed various reports to Court. The reports filed by KSV, as Monitor of the Bay CCAA Entities and the Cumberland CCAA Entities 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, comprise the Urbancorp Group (the “Urbancorp Group”).
8. On the Initial Order Date, an order (the “Claim Procedure Order”) was made by the Court to establish a procedure for the identification and quantification of certain claims against the Bay CCAA Entities and against the current and former officers and directors of the Bay CCAA Entities.
9. In response to the Claims Procedure Order, UCI submitted a \$6,051,486.96 claim dated November 8, 2016 (the “Claim”). The Claim was in respect of a \$6 million promissory note dated December 11, 2015 issued by Bay LP in favour of UTMI, as assigned to UCI, plus interest. A copy of the Claim is attached as Appendix “C”.
10. On December 9, 2016, the Monitor issued a Notice of Revision or Disallowance (the “Disallowance”) to UCI, disallowing the Claim in its entirety. A copy of the Disallowance is attached as Appendix “D”.
11. On February 22, 2017, Guy Gissin (“Gissin”), the Israeli court-appointed functionary officer and foreign representative (the “Foreign Representative”) of UCI filed a motion (the “Foreign Representative Motion”) with this Court. The relief sought in the Foreign Representative Motion includes:
  - Setting aside the Disallowance;
  - Confirming the validity of a \$2 million promissory note dated December 11, 2015, originally issued by Bay LP in favour of UTMI and subsequently assigned to Realtyco<sup>1</sup>; and
  - In the alternative, a declaration that the first \$8 million, plus interest, of funds that Vestaco<sup>2</sup> receives from Bay LP are held in trust for UCI and Realtyco and are to be paid to the Foreign Representative on behalf of UCI (the “Alternative Relief”).

## 1.1 Purposes of this Report

1. The purposes of this report (the “Report”) are to:
  - a) Detail the Monitor’s review of information pertaining to the Claim and the basis for the Disallowance;
  - b) Recommend the Court make an order approving:
    - i) this Report;

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<sup>1</sup> Realtyco is a wholly-owned subsidiary of UCI and as such, UCI could potentially benefit from a \$2 million realization by Realtyco from Bay LP.

<sup>2</sup> Vestaco, as a nominee for Doreen Saskin, is a registered limited partner of Bay LP. See Section 2.2 and Appendix “E”.

- ii) the Monitor's Disallowance;
- iii) the Monitor's conclusion that there is no debt owing by Bay LP on the \$2 million note held by Realtyco; and
- iv) in the event that the Alternative Relief is considered, that 25% of the payments be made to KSV, as Monitor of Realtyco.

## **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".) The Monitor has considered the explanations by the Representatives concerning the transactions discussed herein.
2. The Monitor has not performed an audit or independent verification of the information discussed herein. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

## **2.0 Background**

### **2.1 General**

1. The Urbancorp Group was founded in 1991 by Alan Saskin. The Urbancorp Group is principally involved in the development of residential real estate projects in the Greater Toronto Area. There are numerous entities within the Urbancorp Group. We understand that Mr. Saskin, family members and family trusts are, directly or indirectly, the ultimate owners of the Urbancorp Group entities.

### **2.2 Bay LP**

1. Bay LP is a limited partnership that the Monitor understands was started in 2008. Bay LP owned, through nominee corporations, various real estate projects. At the commencement of the NOI Proceedings, Bay LP owned real estate projects through its nominees, Woodbine and Bridlepath. The land held in the name of Woodbine and Bridlepath was sold by KSV on September 30, 2016 and October 14, 2016, respectively.

2. The ownership of Bay LP is as follows:
  - Deaja – General Partner - .01%
  - Alan Saskin – Limited Partner – 79.99%
  - Vestaco, as nominee for Doreen Saskin – Limited Partner – 20.00%<sup>3</sup>

Collectively Deaja, Alan Saskin and Vestaco are referred to as the “Partners”.

3. During 2015, in contemplation of and in conjunction with a bond offering in Israel (the “Israel Bond Offering”), Bay LP transferred Downsview Park to UCI and various other Bay LP nominees to Cumberland, as set out in Section 1.0.4 of this Report (the “Transfers”). A more detailed description of the Transfers is provided in the Monitor’s Second Report, dated December 6, 2016 (the “Second Report”). A copy of the Second Report is attached as Appendix “F”, without appendices.
4. Bay LP does not have any employees or office infrastructure. Management services are provided to Bay LP by UTMI. Management and other fees charged to Bay LP by UTMI are described in the Second Report.

### **2.3 UTMI**

1. UTMI is the only Urbancorp Group entity with employees and an office infrastructure. A description of the services performed and the fees charged by UTMI to other Urbancorp Group entities is provided in KSV’s Eighth Report dated November 10, 2016 filed in the Cumberland CCAA Entities’ proceedings. A copy of this report is provided in Appendix “G”, without appendices.

### **2.4 Accounting and Transactions among Urbancorp Group Entities**

1. In the normal course, UTMI received funds on behalf of, or from, other Urbancorp Group entities, including sale proceeds, purchaser deposits and loans. UTMI also disbursed funds on behalf of, or to, other Urbancorp Group entities for purposes such as servicing loans, paying construction costs and paying deposits on real estate purchases. In addition, UTMI earned fees from other Urbancorp Group entities.
2. The transactions between UTMI and other Urbancorp Group entities are recorded in an intercompany account. Entries in the intercompany account were made in the normal course, with periodic adjustments. The periodic adjustments were often provided with the assistance of the Accountants.

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<sup>3</sup> Pursuant to a 2008 agreement, Vestaco is to receive a preferred return.

### 3.0 Bay LP – UTMI Intercompany Account

1. Bay LP and UTMI maintained an intercompany account (the “Intercompany Account”), as described in Section 2.4 above, in its general ledger system. Set out in Appendices “H-1” through “H-6” are copies of the Intercompany Account for the years 2008 through 2015. A summary of the year end balances is as follows:

	Amount owing by (to) UTMI (\$)
2008	(1,575)
2009	(3,995,218)
2010	(5,499,757)
2011	(3,268,730)
2012	183,616
2013	(1,403,928)
2014	3,537,135
2015	527,655

2. The Foreign Representative Motion references an \$8 million fee as the basis for the debt to support the promissory note that was issued by Bay LP in favour of UTMI. The management fee referenced in the Foreign Representative Motion is accounted for and reflected in the balances above. As evidenced by the table above, UTMI owed Bay LP \$527,655 at the end of 2015. A full description of the management fee and the promissory notes is provided in the sections below.

### 4.0 Management Fee and Promissory Notes

1. The management fee referenced in the Foreign Representative Motion relates to a fee charged by UTMI to Bay LP in respect of the sale of Bay LP’s 49% interest (the “Sale”) in Downsview Homes Inc. (“Downsview Homes”) to Mattamy Homes. A history of Downsview Homes, the Sale, the management fee and the promissory notes, is as follows:
  - June 28, 2011 – Downsview Homes, a nominee for Downsview Park, which was the nominee for Bay LP, entered into agreements (the “Purchase Agreements”) for the purchase of lands (the “Lands”) from Parc Downsview Park Inc. (“PDP”). The Purchase Agreements were to close upon the rezoning of the Lands. The date for the closing was unknown at the time of entering into the Purchase Agreements.
  - June 10, 2013 – A consulting agreement (the “Original Fee Agreement”) was entered into among Bay LP, Downsview Park and UTMI. The Original Fee Agreement provided, *inter alia*, that Bay LP would pay UTMI a \$9.8 million fee if Bay LP successfully completed the Sale for an amount in excess of \$18 million. The fee would become payable upon an invoice being rendered by UTMI to Bay LP, which UTMI agreed would not be rendered prior to the closing of the Purchase Agreements with PDP. At the date of the Original Fee Agreement, the date of the final closings for the Purchase Agreements was unknown. The final closings, as it turned out, occurred on June 4, 2015. A copy of the Original Fee Agreement is attached as Appendix “I”.



- July 30, 2013 – Bay LP completes the Sale to Mattamy Homes for an amount in excess of \$21 million (the “Sale Price”). From the proceeds of the Sale Price, UTMI received approximately \$14.5 million in two separate payments (\$6.8 million and \$7.7 million). The proceeds are accounted for and reflected in the Intercompany Account.
- December 31, 2013 – The 2013 Bay LP Financial Statements reflect a “Management fees” expense of \$1.8 million in the Statement of Earnings. These management fees were included in the 2013 Bay LP’s Balance Sheet item “Accounts payable and accruals” of \$1,817,030. The \$1.8 million accrued management fee was a portion of the \$9.8 million Original Fee Agreement. In 2014, the \$1.8 million accrued management fee (plus HST for a total of \$2,034,000) was “billed” and reflected in the Intercompany Account. A copy of the 2013 Bay LP Financial Statements is attached as Appendix “J”.
- December 15, 2014 – An \$8 million promissory note (the “Original Promissory Note”), dated December 15, 2014 was issued by Bay LP in favour of UTMI. The debt supporting the Original Promissory Note was the unbilled balance of the fee relating to the Original Fee Agreement (i.e. \$9.8 million less the \$1.8 million fee accrued in 2013). The payment terms of the Original Promissory Note differ from the payment terms of the Original Fee Agreement; the Original Promissory Note was “Due on Demand”, whereas the Original Fee Agreement specifies the fee would be due upon the rendering of an invoice by UTMI to Bay LP, which would not be rendered prior to the final closing of the Purchase Agreements. A copy of the Original Promissory Note is attached as Appendix “K”.
- December 31, 2014 – The 2014 Bay Financial Statements reflect a “Management fees” expense of \$8 million in the Statement of Earnings. The management fees were included in the 2014 Bay LP’s Balance Sheet item “Accounts payable and accruals” item of \$8,150,738. The \$8 million management fee was the balance of the \$9.8 million Original Fee Agreement. The \$8 million management fee accrual was accounted for and reflected in the Intercompany Account on June 30, 2015. As at December 31, 2014, the Intercompany Account reflected \$3,537,135 owing by UTMI to Bay LP, exclusive of the \$8 million management fee accrual. A copy of the 2014 Bay LP Financial Statements is attached as Appendix “L”. In addition, attached is a copy of the December 31, 2014 Bay LP Trial Balance, which identifies both the \$8 million accrued liability and the \$3,537,135 Intercompany Account balance, as Appendix “M”.
- June 1, 2015 – An amending agreement (the “Amended Fee Agreement”) was entered into among Bay LP, Downsview Park and UTMI. The Amended Fee Agreement reduces the fee earned on the Sale by \$3.0 million to \$6.8 million. The Amended Fee Agreement also changes the date on which the fee is to be due and payable to the date of the first advance from bclMC Mortgage Fund (“bclMC”) of the construction financing for the Downsview Park project. The first funding from bclMC, although not known at the time of the Amended Fee Agreement, occurred in 2016. The financing facility provided by bclMC closed on July 21, 2016. A copy of the Amended Fee Agreement is attached as Appendix “N”.

- December 11, 2015 – The \$8 million Original Promissory Note was replaced by a \$6 million promissory note (the “\$6 Million Promissory Note”) and a \$2 million promissory note (the “\$2 Million Promissory Note”) (collectively the “Substituted Promissory Notes”). The Substituted Promissory Notes make reference to the Original Promissory Note (although the Substituted Promissory Notes state the Original Promissory Note had been issued on December 11, 2015 rather than December 15, 2014). The terms of the Substituted Promissory Notes appear to be the same as the Original Promissory Note except that the Substituted Promissory Notes bear interest (at 1%), whereas the Original Promissory Note stated there is no interest. The \$6 Million Promissory Note and the \$2 Million Promissory Note were assigned by UTMI on December 11, 2015 to UCI and Urbancorp Management Inc. (“UMI”), respectively; on the same day, UMI assigned the \$2 Million Promissory Note to Realtyco. Copies of the \$6 Million Promissory Note, the \$2 Million Promissory Note, the assignment of the \$6 Million Promissory Note by UTMI to UCI, the assignment of the \$2 Million Promissory Note by UTMI to UMI and the assignment of the \$2 Million Promissory Note by UMI to Realtyco are attached Appendices “O”, “P”, “Q”, “R” and “S”, respectively.
- During 2015 – Numerous transactions occurred during 2015 (as set out in Appendix “H-6”), the net of which resulted in the Intercompany Account reflecting a balance of \$527,655 owing by UTMI to Bay LP at the end of 2015. Because all of the foregoing is recorded in the Intercompany Account, the Intercompany Account reflects the management fee in favour of UTMI pursuant to the Original Fee Agreement and the Amended Fee Agreement.

## 5.0 Other Matters

### 5.1 Realtyco

1. Realtyco is one of the Cumberland CCAA Entities and is a direct, wholly-owned subsidiary of UCI. The Books and Records of Realtyco do not reflect the \$2 Million Promissory Note from Bay LP. A copy of Realtyco’s September 30, 2016 Trial Balance is attached as Appendix “T”.
2. URI is a nominee for Realtyco. The Books and Records of URI indicate that URI has substantial liabilities to both other Urbancorp Group entities as well as to third parties.

### 5.2 Estimated Bay LP Equity

1. All major assets of Bay LP have been realized upon. Excluding the value, if any, of the receivable from UTMI, no other realizations are expected to form part of the Bay LP estate.

- The equity that may be available for distribution to the Partners is estimated as follows:

Balance in Monitor's bank account		\$ 20,159,300
Less:		
• Reserve for administrative expenses		3,000,000
• Admitted claims		
-vendors	1,661,100	
-Intercompany	540,000	
-Purchasers' deposits	7,113,700	9,314,800
		<u>12,314,800</u>
Estimated equity <sup>4</sup> before disputed claims		<u>\$ 7,844,500</u>

- There are disputed claims in Bay LP, aside from the Substituted Promissory Notes. The disputed claims are:
  - Terra Firma Guarantee Claims - \$6.5 million
  - Employees Claims - \$2.4 million
  - Homebuyers Damage Claims – Unspecified<sup>5</sup>
  - Tarion - \$349 million
- Until the disputed claims listed above are resolved, there is no certainty that any distribution would be available for the Partners.

## 6.0 Monitor's Conclusions and Recommendations

- The Foreign Representative Motion seeks the following reliefs:
  - Setting aside the Disallowance in respect of the \$6 Million Promissory Note and allowing the Claim;
  - Confirming the validity of the \$2 Million Promissory Note assigned to Realtyco; and
  - In the alternative, a declaration that the first \$8 million, plus interest, of funds that are paid by Bay LP to Vestaco are held in trust for UCI and Realtyco and be paid to the Foreign Representative on behalf of UCI.

<sup>4</sup> Bay LP is a partnership and as such, does not pay income taxes. There may be taxable income attributed to the Partners for 2016. The liability for the taxes, if any, to the Partners is not reflected in the estimated equity.

<sup>5</sup> The Monitor is having discussions with counsel for certain of the homebuyers that would limit the damage claims.

2. The bases for the Foreign Representative Motion include:
- The Original Promissory Note was issued as consideration for management fees that were owed to UTMI in an amount in excess of \$8 million;
  - The Substituted Promissory Notes were identical to the Original Promissory Note;
  - UCI and Realtyco are holders in due course and as such, are entitled to enforce the Substituted Promissory Notes without regard to any defect in title or any personal defences;
  - UCI and the Bondholders were consistently reassured through the prospectus (“Prospectus”) of the Israel Bond Issue that the Substituted Promissory Notes were valid, enforceable and would be transferred to UCI and Realtyco as prerequisites of the Israel Bond Issue; and
  - At the time of the issuance of the Substituted Promissory Notes, the Original Promissory Note had not been repaid.
3. Based on the information obtained and reviewed by the Monitor and as set out in this Report, the conclusions of the Monitor are:
- At the date of the issuance of the Original Promissory Note, Bay LP did not owe UTMI at least \$8 million. The factors leading to this conclusion include:
    - i. The payment of the management fee, as set out in the Original Fee Agreement, which gave rise to the Original Promissory Note, was contingent on a future event (i.e. the final closing of the Purchase Agreements), although likely to occur, that had not yet occurred at the date of the issuance of the Original Promissory Note;
    - ii. Contrary to the terms of the Original Promissory Note, pursuant to the terms of the Original Fee Agreement, the management fee was not due and payable until the final closing of the Purchase Agreements and was not due on demand;
    - iii. At the date of the issuance of the Original Promissory Note, even if the full amount of the management fee under the Original Fee Agreement is taken into account, the indebtedness of Bay LP to UTMI was substantially less than \$8 million because UTMI owed Bay LP in excess of \$3.5 million, as set out in the Intercompany Account; and
    - iv. The quantum of the management fee was reduced by the Amended Fee Agreement; the Amended Fee Agreement pre-dates the time that the management fee would have been due and payable (i.e. the date of the first advance by bclMC) and the time the Substituted Promissory Notes were issued.
  - Contrary to the assertion by Gissin contained in the Foreign Representative Motion, the terms of the Substituted Promissory Notes were not identical to the terms of the Original Promissory Note in that the Substituted Promissory Notes bear interest whereas the Original Promissory Note did not bear any interest.

- UCI and Realtyco are part of the Urbancorp Group and as such cannot be third party holders in due course of the Substituted Promissory Notes without notice.
  - Assurances to the Bondholders through the Prospectus that the Substituted Promissory Notes were valid, enforceable and would be transferred to UCI and Realtyco may have been made. Bay LP was not included in the Prospectus and did not provide such assurances.
  - At the date of the issuance of the Substituted Promissory Notes, Bay LP had fully repaid any such debt obligations to UTMI under the Original Promissory Note. In fact, at the date of the issuance of the Substituted Promissory Note, UTMI was indebted to Bay LP after giving full effect to the management fee created by the Original Fee Agreement and the Amended Fee Agreement.
  - The Books and Records of Realtyco do not reflect any amount owing by Bay LP.
  - UCI, as the parent company of Realtyco, is entitled to the equity, if any, in Realtyco. The Books and Records of URI reflect substantial liabilities to other Urbancorp Group entities and to third parties. Should the Court decide that the Substituted Promissory Notes are valid and enforceable, URI, a nominee of Realtyco, and Realtyco may need the proceeds of the \$2 million Promissory Note to satisfy their liabilities.
4. Based on the information contained in this Report, the Monitor makes the following recommendations:
- Dismiss the motion to set aside the Disallowance of the Claim;
  - Dismiss the motion to confirm the validity of the \$2 Million Promissory Note;
  - In the event that the Alternative Relief is considered, that 25%<sup>6</sup> of the payments be made to KSV, as Monitor of Realtyco;
  - Approve this Report.

\* \* \*

All of which is respectfully submitted,



**KSV KOFMAN INC.**

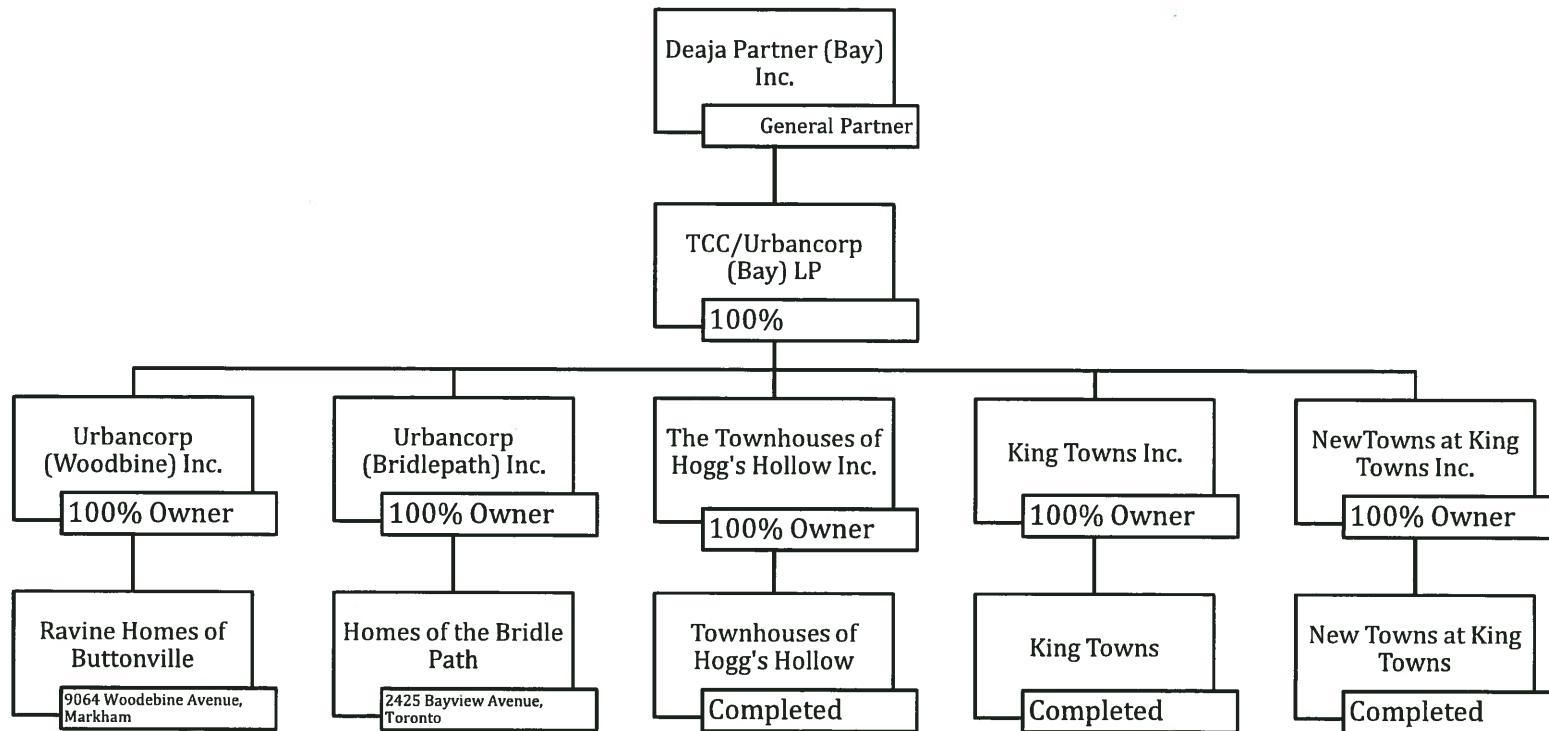
**IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF  
URBANCORP (WOODBINE) INC., URBANCORP (BRIDLEPATH) INC., THE TOWNHOUSES  
OF HOGG'S HOLLOW INC., KING TOWNS INC., NEWTOWNS AT KINGTOWNS INC.,  
DEAJA PARTNER (BAY) INC. AND TCC/URBANCORP (BAY) LIMITED PARTNERSHIP  
AND NOT IN ITS PERSONAL CAPACITY**

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<sup>6</sup> Realtyco holds the \$2 million Promissory Note, which is 25% of the \$8 million Original Promissory Note.

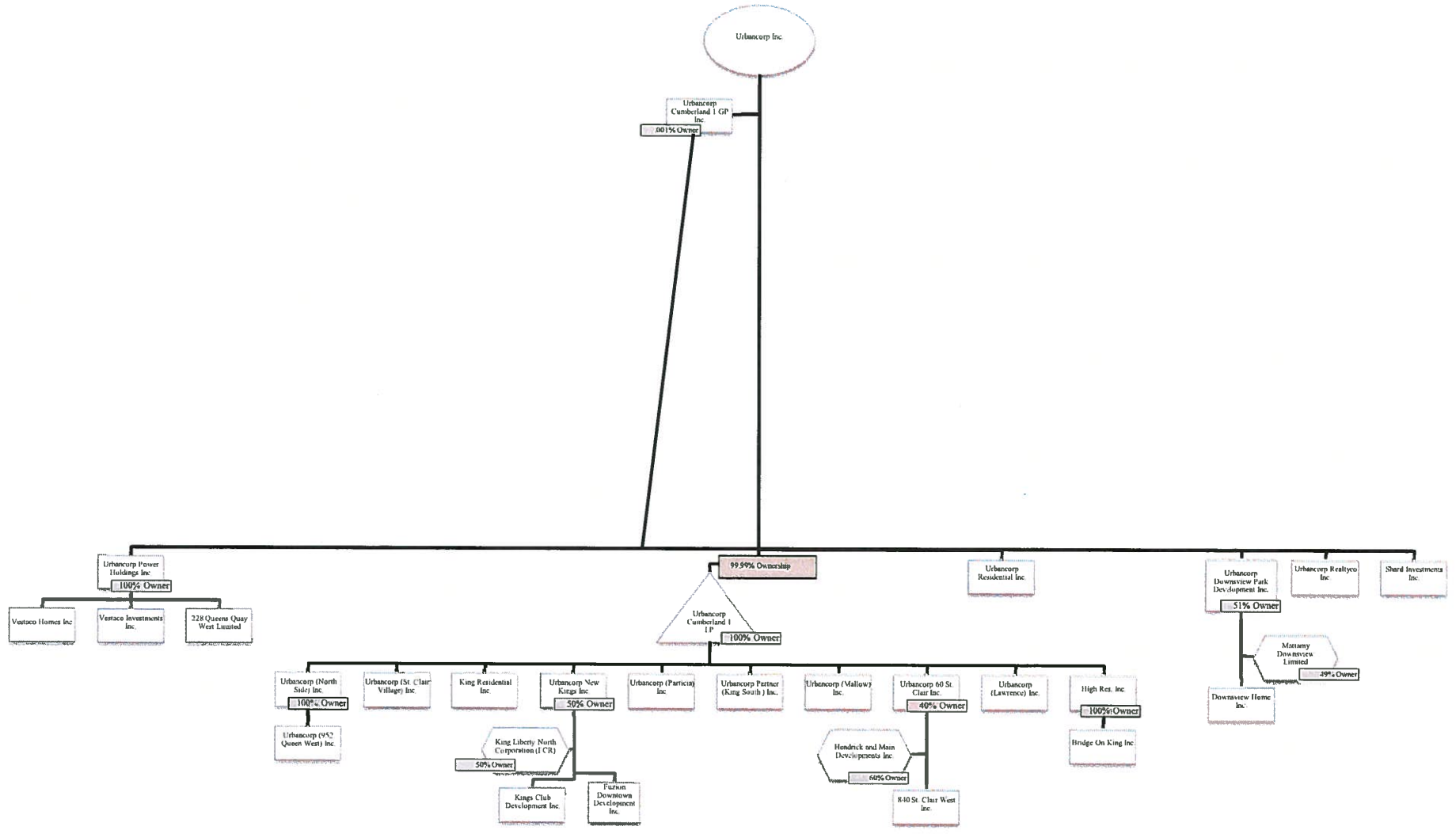
## Appendix "A"

TCC/URBANCORP (BAY)



## Appendix “B”





## Appendix “C”

**PROOF OF CLAIM FORM FOR CLAIMS AGAINST  
THE CCAA ENTITIES<sup>1</sup>**

**1. Name of CCAA Entity or Entities (the "Debtor"):**

Debtor: TCC/URBAN CORP (BAY) LIMITED PARTNERSHIP

**2(a) Original Claimant (the "Claimant")**

Legal Name of Claimant

URBAN CORP INC.

Name of Contact

GUY GISSIN

Address

c/o GISSIN LAW  
38B HABARZEL ST.

Title COURT-APPOINTED FUNCTIONARY

Phone #

+972-3-7467777

Fax #

+972-3-7467700

City

TEL AVIV

Prov /State

ISRAEL

email

GUY@GISSINLAW.CO.IL

Postal/Zip Code

69710

**2(b) Assignee, if claim has been assigned**

Legal Name of Assignee

N/A

Name of Contact

Address

Phone #

Fax #

City

Prov /State

email:

Postal/Zip Code

**3. Amount of Claim**


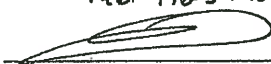
The Debtor was and still is indebted to the Claimant as follows:

Currency	Amount of Claim	Unsecured Claim	Secured Claim
<u>CAD</u>	<u>\$6,051,485.96</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Urbancorp (Woodbine) Inc., Urbancorp (Bridlepath) Inc., The Townhouses of Hogg's Hollow Inc., King Towns Inc., New Towns at King Towns Inc., DEAJA Partner (Bay) Inc. and TCC/Urbancorp (Bay) Limited Partnership (collectively, the "CCAA Entities").

**4. Documentation**

Provide all particulars of the Claim and supporting documentation, including amount, and description of transaction(s) or agreement(s), or legal breach(es) giving rise to the Claim, including any claims assignment/transfer agreement or similar document, if applicable, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Debtor to the Claimant and estimated value of such security.

<b>5. Certification</b> I hereby certify that: <ol style="list-style-type: none"><li>1. I am the Claimant or authorized representative of the Claimant.</li><li>2. I have knowledge of all the circumstances connected with this Claim.</li><li>3. The Claimant asserts this Claim against the Debtor as set out above.</li><li>4. Complete documentation in support of this claim is attached.</li></ol>	
Signature: <u></u>	Witness: <u>Yael Hershkovitz</u> <u></u> (signature)
Name: <u>GUY GISSIN</u>	<u>Yael HERSHKOVITZ</u> (print)
Title: <u>COURT-APPOINTED FUNCTIONARY</u>	
Dated at <u>TEL AVIV</u> this <u>8</u> day of <u>NOVEMBER</u> , 2016	

**6. Filing of Claim**

This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on November 23, 2016 (or within thirty (30) days after the date on which the Monitor had sent you a Claims Package with respect to a Restructuring Period Claim) by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

**KSV Kofman Inc.**  
150 King Street West  
Suite 2308  
Toronto, ON M5H 1J9

Attention: **Noah Goldstein**  
Email: **ngoldstein@ksvadvisory.com**  
Fax: **416.932.6266**

For more information see <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>, or contact the Monitor by telephone (416.932.6207)

## Appendix “D”

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**NOTICE OF REVISION OR DISALLOWANCE**

**For Persons that have asserted Claims against the CCAA Entities<sup>1</sup>,  
D&O Claims against the Directors and/or Officers of the CCAA Entities**

---

Claims Reference Number:

20

TCC/Urbancorp (Bay) Limited  
Partnership

---

TO:

Urbancorp Inc.  
(the "Claimant")

Defined terms not defined in this Notice of Revision or Disallowance have the meaning ascribed in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the CCAA Entities dated October 18, 2016 (the "Claims Procedure Order").

Pursuant to the Claims Procedure Order, the Monitor hereby gives you notice that it has reviewed your Proof of Claim or D&O Proof of Claim and has revised or disallowed all or part of your purported Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be as follows:

	Amount as submitted		Amount allowed by Monitor
	Currency		
A. Unsecured Claim	CAD	\$6,051,485.96	\$0.00
B. Secured Claim			
C. D&O Claim			
E. Total Claim	CAD	\$6,051,485.96	\$0.00

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<sup>1</sup> Urbancorp (Woodbine) Inc., Urbancorp (Bridlepath) Inc., The Townhouses of Hogg's Hollow Inc., King Towns Inc., NewTown at King Towns Inc., DEAJA Partner (Bay) Inc. and TCC/Urbancorp (Bay) Limited Partnership (collectively, the "CCAA Entities").

**Reasons for Revision or Disallowance:**

As stated in Section 8.0 of the Monitor's Second Report, 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. As there is no supporting debt, the promissory note is unenforceable.

**SERVICE OF DISPUTE NOTICES**

If you intend to dispute this Notice of Revision or Disallowance, you must, no later than 5:00 p.m. (prevailing time in Toronto) on the day that is twenty-one (21) Calendar Days after this Notice of Revision or Disallowance is deemed to have been received by you (in accordance with paragraph 36(a) of the Claims Procedure Order), deliver a Notice of Dispute of Revision or Disallowance to the Monitor by ordinary prepaid mail, registered mail, courier, personal delivery or electronic transmission to the address below.

**KSV Kofman Inc.**  
150 King Street West, Suite 2308  
Toronto, ON M5H 1J9

**Attention: Noah Goldstein**  
**Email: [ngoldstein@ksvadvisory.com](mailto:ngoldstein@ksvadvisory.com)**  
**Fax: 416.932.6266**

In accordance with the Claims Procedure Order, notices shall be deemed to be received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.

**IF YOU FAIL TO FILE A NOTICE OF DISPUTE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.**

DATED this 9<sup>th</sup> day of December, 2016.

**KSV KOFMAN INC., SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR OF THE CCAA ENTITIES, AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**

Per: 

For more information see <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>, or contact the Monitor by telephone (416.932.6207).

## Appendix “E”





**To:** Bennett Jones  
**From:** Jeremy Cole  
**Cc:** Alan Saskin, Ted Saskin, Barry Rotenberg  
**Subject:** Alan's shareholdings in Bay LP  
**Date:** September 12, 2016

**Objective**

The objective of this memorandum is to document Alan's shareholdings in TCC/Urbancorp (Bay) Limited Partnership ("Bay LP").

**Registered Partners, Beneficial Owners, and Control of Votes**

*[Barry to provide all LP agreements, and amending agreements for Bay LP]*

*[Barry to provide all nominee/trustee agreements for Vestaco Investments Inc. and Deaja Partner (Bay) Inc.]*

Registered	Beneficial	Shares (%)*
Limited Partner – Vestaco Investments Inc.	Doreen Saskin	20.00
Limited Partner – Alan Saskin	Alan Saskin	79.99
General Partner – Deaja Partner (Bay) Inc.	Alan Saskin	0.01

\* shares are approximate and subject to amending agreements & preferred returns

Ultimately, Alan Saskin controls the votes through General Partner.

Per amending agreement dated May 15, 2008, Doreen Saskin (through Vestaco Investments) is to receive a preferred return of \$7M, which increases by 7% per annum compounded annually. As of September 30, 2016, the preferred return is approximately \$12.3M.



Assets of the entity

Per review of the draft 2015 financial statements, assets of Bay LP include:

- Cash
- Investment in Urbancorp Inc:
  - o 952 Queen West\*
  - o Kingsclub
  - o Fuzion
  - o 1071 King
  - o 836 St. Clair
  - o King Residential
  - o Patricia
  - o Mallow
  - o Cafedonia (St. Clair Village)
  - o Lawrence
  - o Bridge
- Investment in Bayview (Bridlepath)
- Investment in Woodbine
- Investment in Newtowns
- Investment in King Towns
- Investment in Hoggs Hollow

\*Sold during the year

## 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

<b>Contents</b>		<b>Page</b>
1.0	Introduction.....	1
1.1	Purposes of this Report.....	3
1.2	Currency.....	3
1.3	Restrictions.....	3
2.0	Summary of the Inter-CCAA Entity Claims.....	4
3.0	Inter-CCAA Entity Claims Review.....	4
3.1	The Review Process.....	4
4.0	Urbancorp Reorganization.....	5
5.0	Description of Activities of Bay CCAA Entities.....	6
5.1	Bay CCAA Entities.....	6
6.0	Inter-CCAA Entity Transactions.....	6
6.1	Claims by Bay CCAA Entities against UTMI.....	6
6.2	Cumberland Entities' Claims against the Bay CCAA Entities.....	8
7.0	Management and Other Fees Charged by UTMI.....	8
7.1	Woodbine and Bridlepath.....	9
7.2	Hogg's Hollow, King Towns and Newtowns.....	9
7.3	Downsview.....	9
8.0	Promissory Note.....	10
9.0	Results of the Monitor's Review.....	10
10.0	Conclusion.....	11

**Appendices**

<b>Appendix</b>	<b>Tab</b>
Corporate chart of the Bay CCAA Entities.....	A
Corporate chart of the Cumberland CCAA Entities.....	B
Description of single purpose entities.....	C
Listing of Entries.....	D
Management fees charged to Hogg's Hollow, King Towns and Newtowns.....	E



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 Claims<sup>1</sup> as reflected in the Books and Records. The Monitor has concluded that no adjustments are required.

(\$000s; unaudited)			
Claimant	Debtor	Claim Amount	Section <sup>2</sup>
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.

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

<sup>2</sup> 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 Downsvie were, prior to the Reorganization, nominees of Bay LP. Any Entry between a Bay CCAA Entity and a Cumberland Entity or Downsvie 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 Downsvie 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 Downsvie Homes Inc. (which was held by Downsvie as its nominee) (the "Downsvie Transfer").
2. In conducting the Inter-CCAA Entity Claims review, the Monitor has not sought to determine whether the Transfers or the Downsvie 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 Downsvie 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)
<b>Net Bay CCAA Entities' claims against UTMI</b>	<b>544</b>

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 UTMI<sup>3</sup>; 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).

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<sup>3</sup> 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) Cumberland Entity	Claims Against (By) the Bay CCAA Entities
952 Queen	232
St. Clair	95
Lawrence	94
Mallow	83
Patricia	50
60 St. Clair	1
King South	-
King Residential	(2)
Bridge	(13)
<b>Net Cumberland Entities' claims against the Bay CCAA</b>	<b>540</b>

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 agreements<sup>4</sup>. This section sets out the management fees charged, or not charged, by UTMI to each Bay CCAA Entity.

<sup>4</sup> 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 payable<sup>5</sup> Entries in the intercompany account between Bay LP and UTMI, without taking into consideration the receivable Entries<sup>6</sup>.
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.

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

<sup>6</sup> 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*

**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**



## Appendix "G"



**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

<b>Contents</b>	<b>Page</b>
1.0 Introduction.....	1
1.1 Purposes of this Report.....	3
1.2 Currency .....	3
1.3 Restrictions .....	3
2.0 Summary of the Inter-CCAA Entity Claims.....	4
3.0 Inter-CCAA Entity Claims Review .....	4
3.1 The Review Process .....	4
4.0 Description of Activities of CCAA Entities.....	5
4.1 UTMI.....	5
4.2 Urbancorp CCAA Entities (excluding UTMI).....	6
5.0 Inter-CCAA Entity Transactions .....	6
6.0 Inter-CCAA Entity Claims of the Cumberland Entities .....	6
6.1 Claims by Cumberland Entities against UTMI .....	6
6.2 Cumberland Entity Claims against Vestaco Homes.....	7
7.0 Inter-CCAA Entity Claims of the Non-Cumberland Entities against Cumberland Entities.....	8
7.1 Urbancorp Residential.....	8
8.0 Inter-CCAA Entity Claims of the Non-Cumberland Entities against other Non-Cumberland Entities.....	8
8.1 Urbancorp Residential.....	8
8.2 Downsview.....	9
8.3 UTMI .....	9
8.4 Vestaco Homes.....	9
9.0 Results of the Monitor’s Review .....	10
10.0 Conclusion.....	10

## Schedules and Appendices

### Schedules

Urbancorp CCAA Entities .....	A
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### Appendix

Corporate chart of the Urbancorp CCAA Entities .....	A
Description of single purpose entities .....	B
Listing of Entries .....	C
Summary of transactions between the Cumberland Entities and UTMI .....	D



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
- Downsview
- 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 Claims<sup>1</sup> 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 <sup>2</sup>
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.

<sup>1</sup> The claims are as of May 18, 2016, the date of the Initial Order.

<sup>2</sup> 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.<sup>3</sup>
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.

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<sup>3</sup> 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

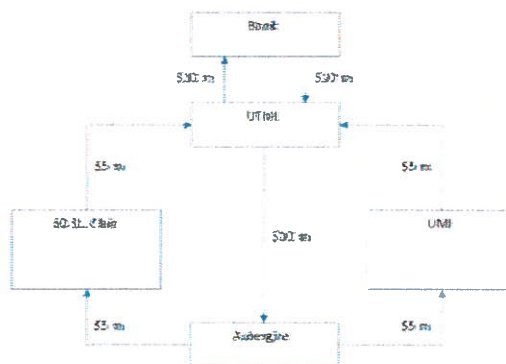
### 6.1 Claims by Cumberland Entities against UTMI

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) Cumberland Entity	Claims Against (By) Vestaco Homes
Bridge	4,667
High Res	618
King Residential	41
Mallow	(1,200)
<b>Cumberland Entities' claims against Vestaco Homes</b>	<b>4,126</b>

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) Cumberland Entity	Claim By (Against) 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) Non-Cumberland Entity	Claim By 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 Downsview

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

**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.

## Appendix “H-1”

**General Ledger System**

Wide General Ledger Report Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2008 to 12/31/2008  
 Division(s) : 001  
 Account(s) : 2500.40  
 lb-Ledger(s) : \* Currency : CAN  
 Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							LC - Urbancorp Toronto Mgt 2					LC - Urbancorp Toronto Mgt 2		0.00
2500.40	001		12/08/2008	CD	00053559	0001	Payment 00004751 Horwath Orenstein LLP		-1,575.00	12/08/2008	00053559	Payment 00004751 Horwath Orenstein LLP	-1,575.00	-1,575.00
2500.40							Total Account...					Total Account...	-1,575.00	-1,575.00
							Total Report...					Total Report...	-1,575.00	-1,575.00

**General Ledger System**

Wide General Ledger Report Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2009 to 12/31/2009  
 Division(s) : 001  
 Account(s) : 2500.40  
 lb-Ledger(s) : \* Currency : CAN  
 Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							LC - Urbancorp Toronto Mgt 2					LC - Urbancorp Toronto Mgt 2		-1,575.00
2500.40	001		06/11/2009	CD	00055307	0004	Payment 00004930 Meyers Norris Penny LLP		-1,653.75	06/11/2009	00055307	Payment 00004930 Meyers Norris Penny LLP	-1,653.75	-3,228.75
2500.40	001		10/09/2009	GJ	00056667	0001	Purchase of the remaining undivided 50% interest in the CP Option Agreement not being conveyed to First Capital, payable simultaneous with the completion of a sale of an undivided 50% interest in the option agreement - agreement oct 8 '09		-3,500,000.00	10/09/2009	00056667	Purchase of the remaining undivided 50% interest in the CP Option Agreement not being conveyed to First Capital, payable simultaneous with the completion of a sale of an undivided 50% interest in the option agreement - agreement oct 8 '09		-3,503,228.75
2500.40	001		10/31/2009	GJ	00056634	0001	reclass a/r from UTMI to tcc/urbancorp (bay) lp		7,384,353.33	10/31/2009	00056634	reclass a/r from UTMI to tcc/urbancorp (bay) lp		3,881,124.58
2500.40	001		10/31/2009	GJ	00056634	0002	reclass interco utmi to tcc/urbancorp (bay) lp		-1,353,315.26	10/31/2009	00056634	reclass interco utmi to tcc/urbancorp (bay) lp		2,527,809.32
2500.40	001		10/31/2009	GJ	00056634	0003	interco with utmi trf to tcc/urbancorp (bay) lp		-3,101,123.66	10/31/2009	00056634	interco with utmi trf to tcc/urbancorp (bay) lp		-573,314.34
2500.40	001		10/31/2009	GJ	00056634	0004	interco with utmi trf to tcc/urbancorp (bay) lp		-2,541,378.29	10/31/2009	00056634	interco with utmi trf to tcc/urbancorp (bay) lp		-3,114,692.63
2500.40	001		10/31/2009	GJ	00056634	0005	interco with utmi trf to tcc/urbancorp (bay) lp		-633,294.17	10/31/2009	00056634	interco with utmi trf to tcc/urbancorp (bay) lp	-3,744,758.05	-3,747,986.80
2500.40	001		12/07/2009	CD	00056922	0001	Payment 00005122 King Liberty North Corporation		-200,000.00	12/07/2009	00056922	Payment 00005122 King Liberty North Corporation		-3,947,986.80
2500.40	001		12/31/2009	GJ	00058999	0001	to reclassify High Res a/r from UTMI to TCC/Urbancorp (Bay) LP		35,767.85	12/31/2009	00058999	to reclassify High Res a/r from UTMI to TCC/Urbancorp (Bay) LP		-3,912,218.95
2500.40	001		12/31/2009	GJ	00058999	0002	to reclassify newtown's a/p from UTMI to TCC/Urbancorp (Bay) LP		-800.00	12/31/2009	00058999	to reclassify newtown's a/p from UTMI to TCC/Urbancorp (Bay) LP		-3,913,018.95
2500.40	001		12/31/2009	GJ	00058999	0004	to reclassify hoggs hollow a/p from UTMI to TCC/Urbancorp (Bay) LP		-82,200.00	12/31/2009	00058999	to reclassify hoggs hollow a/p from UTMI to TCC/Urbancorp (Bay) LP	-247,232.15	-3,995,218.95
2500.40							Total Account...					Total Account...	-3,993,643.95	-3,995,218.95
							Total Report...					Total Report...	-3,993,643.95	-3,995,218.95

**General Ledger System**

Wide General Ledger Report Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2010 to 12/31/2010  
 Division(s) : 001  
 Account(s) : 2500.40



## Appendix “H-2”

ib-Ledger(s) : \* Currency : CAN

Currency :

Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							LC - Urbancorp Toronto Mgt 2					LC - Urbancorp Toronto Mgt 2		-3,995,218.95
2500.40	001		03/29/2010	CD	00058232	0001	Payment 00005275 King Liberty North Corporation		-100,000.00	03/29/2010	00058232	Payment 00005275 King Liberty North Corporation	-100,000.00	-4,095,218.95
2500.40	001		05/06/2010	CD	00058820	0002	Payment 00005333 King Liberty North Corporation		-100,000.00	05/06/2010	00058820	Payment 00005333 King Liberty North Corporation		-4,195,218.95
2500.40	001		05/06/2010	CD	00058820	0006	Payment 00005334 Meyers Norris Penny LLP		-1,653.75	05/06/2010	00058820	Payment 00005334 Meyers Norris Penny LLP	-101,653.75	-4,196,872.70
2500.40	001		07/09/2010	CD	00059516	0001	Payment 00005414 King Liberty North Corporation		-50,000.00	07/09/2010	00059516	Payment 00005414 King Liberty North Corporation	-50,000.00	-4,246,872.70
2500.40	001		08/17/2010	CD	00059968	0001	Payment 00005486 King Liberty North Corporation		-50,000.00	08/17/2010	00059968	Payment 00005486 King Liberty North Corporation		-4,296,872.70
2500.40	001		08/25/2010	CD	00060035	0002	Payment 00005488 Fuzion Downtown Development Inc		-17,000.00	08/25/2010	00060035	Payment 00005488 Fuzion Downtown Development Inc	-67,000.00	-4,313,872.70
2500.40	001		12/31/2010	GJ	00061950	0002	transfer interco between co 48 and 40		215,476.33	12/31/2010	00061950	transfer interco between co 48 and 40		-4,098,396.37
2500.40	001		12/31/2010	GJ	00061951	0002	transfer interco between 49 and 17a		-67,800.00	12/31/2010	00061951	transfer interco between 49 and 17a		-4,166,196.37
2500.40	001		12/31/2010	GJ	00061953	0001	transfer interco between co 53 and 17a		7,041.70	12/31/2010	00061953	transfer interco between co 53 and 17a		-4,159,154.67
2500.40	001		12/31/2010	GJ	00061955	0001	transfer interco between 53b and 17a		-5,500.00	12/31/2010	00061955	transfer interco between 53b and 17a		-4,164,654.67
2500.40	001		12/31/2010	GJ	00061959	0001	transfer interco between co 51 and 17a		-1,335,102.18	12/31/2010	00061959	transfer interco between co 51 and 17a	-1,185,884.15	-5,499,756.85
2500.40							Total Account...					Total Account...	-1,504,537.90	-5,499,756.85
							Total Report...					Total Report...	-1,504,537.90	-5,499,756.85

General Ledger System

Wide General Ledger Report: Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership

Period : 01/01/2011 to 12/31/2011

Division(s) : 001

Account(s) : 2500.40

ib-Ledger(s) : \* Currency : CAN

Currency :

Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							LC - Urbancorp Toronto Mgt 2					LC - Urbancorp Toronto Mgt 2		-5,499,756.85
2500.40	001		01/07/2011	CD	00061545	0001	Payment 00005702 King Liberty North Corporation		-28,327.93	01/07/2011	00061545	Payment 00005702 King Liberty North Corporation	-28,327.93	-5,528,084.78
2500.40	001		04/27/2011	CD	00063201	0003	Payment 00005865 Meyers Norris Penny LLP		-2,966.25	04/27/2011	00063201	Payment 00005865 Meyers Norris Penny LLP	-2,966.25	-5,531,051.03
2500.40	001		06/30/2011	CD	00063837	0001	Payment 00005942 King Liberty North Corporation		-131,470.66	06/30/2011	00063837	Payment 00005942 King Liberty North Corporation	-131,470.66	-5,662,521.69
2500.40	001		12/12/2011	GJ	00066999	0001	wire trf to Miller Thompson LLP in Trust re Hungarian House Closing		-1,133,510.00	12/12/2011	00066999	wire trf to Miller Thompson LLP in Trust re Hungarian House Closing		-6,796,031.69
2500.40	001		12/12/2011	PJ	00067003	0001	Inv HungarianHouse Harris, Sheaffer in Trust LegalFee-Hungarian House Closing		-38,000.00	12/12/2011	00067003	Inv HungarianHouse Harris, Sheaffer in Trust LegalFee-Hungarian House Closing		-6,834,031.69
2500.40	001		12/12/2011	GJ	00067477	0001	reverse wire trf to Miller Thompson should be co. 60 and not 52 re Hungarian House		1,133,510.00	12/12/2011	00067477	reverse wire trf to Miller Thompson should be co. 60 and not 52 re Hungarian House		-5,700,521.69
2500.40	001		12/12/2011	GJ	00067479	0001	reverse inv Hungarian House Harris Sheaffer in trust legal fee for HS		38,000.00	12/12/2011	00067479	reverse inv Hungarian House Harris Sheaffer in trust legal fee for HS		-5,662,521.69
2500.40	001		12/30/2011	CD	00067068	0003	Payment 00006279 King Liberty North Corporation		-133,649.76	12/30/2011	00067068	Payment 00006279 King Liberty North Corporation		-5,796,171.45
2500.40	001		12/31/2011	GJ	00067993	0001	reclass interco between newtowns and urbancorp co 53 to investment account		-91,165.67	12/31/2011	00067993	reclass interco between newtowns and urbancorp co 53 to investment account		-5,887,337.12
2500.40	001		12/31/2011	GJ	00068035	0001	reclass intercompany in company 49 between 17a and 49		-127,000.64	12/31/2011	00068035	reclass intercompany in company 49 between 17a and 49		-6,014,337.76
2500.40	001		12/31/2011	GJ	00068054	0001	reclass intercompany between 53b and 17a		-151,999.02	12/31/2011	00068054	reclass intercompany between 53b and 17a		-6,166,336.78
2500.40	001		12/31/2011	GJ	00068055	0001	reclass intercompany between 51 and 17a		206,529.25	12/31/2011	00068055	reclass intercompany between 51 and 17a		-5,959,807.53
2500.40	001		12/31/2011	GJ	00069089	0002	Year end adjustment To record investment in new projects	to record new	-3,599,182.77	12/31/2011	00069089	Year end adjustment To record investment in new projects		-9,558,990.30
2500.40	001		12/31/2011	GJ	00069089	0003	Year end adjustment To correct intercompany	to correct inter	140,480.00	12/31/2011	00069089	Year end adjustment To correct intercompany		-9,418,510.30
2500.40	001		12/31/2011	GJ	00069089	0003	Year end adjustment To correct intercompany	to correct inter	2,078,780.45	12/31/2011	00069089	Year end adjustment To correct intercompany		-7,339,729.85
2500.40	001		12/31/2011	GJ	00069089	0003	Year end adjustment To correct intercompany	to correct inter	4,071,000.00	12/31/2011	00069089	Year end adjustment To correct intercompany	2,393,791.84	-3,268,729.85
2500.40							Total Account...					Total Account...	2,231,027.00	-3,268,729.85
							Total Report...					Total Report...	2,231,027.00	-3,268,729.85

## Appendix “H-3”

General Ledger System

Wide General Ledger Report: Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2012 to 12/31/2012  
 Division(s) : 001  
 Account(s) : 2500.40  
 ib-Ledger(s) : \* Currency : CAN  
 Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							LC - Urbancorp Toronto Mgt 2					LC - Urbancorp Toronto Mgt 2		-3,268,729.85
2500.40	001		01/12/2012	CD	00067501	0001	Payment 00006336 King Liberty North Corporation		-245,000.00	01/12/2012	00067501	Payment 00006336 King Liberty North Corporation	-245,000.00	-3,513,729.85
2500.40	001		02/06/2012	GJ	00069684	0001	reclass transactions between co 80 and co 33 then reallocated to 17a		240,000.00	02/06/2012	00069684	reclass transactions between co 80 and co.33 then reallocated to 17a	240,000.00	-3,273,729.85
2500.40	001		03/19/2012	GJ	00069680	0001	reclass wire transfers directly between subsidiary company 80 and 17a		587,349.00	03/19/2012	00069680	reclass wire transfers directly between subsidiary company 80 and 17a		-2,686,380.85
2500.40	001		03/19/2012	GJ	00069680	0001	reclass wire transfers directly between subsidiary company 80 and 17a		745,288.11	03/19/2012	00069680	reclass wire transfers directly between subsidiary company 80 and 17a		-1,941,092.74
2500.40	001		03/20/2012	CD	00068989	0002	Payment 00006477 1182331 Ontario Limited & Maria Schmitz		-250,000.00	03/20/2012	00068989	Payment 00006477 1182331 Ontario Limited & Maria Schmitz		-2,191,092.74
2500.40	001		03/21/2012	CD	00069008	0001	Payment 00006481 Markoff & Shain LLP In Trust		-250,000.00	03/21/2012	00069008	Payment 00006481 Markoff & Shain LLP In Trust		-2,441,092.74
2500.40	001		03/23/2012	CR	00069045	0001	Deposit 6477 Urbancorp Toronto Management Inc.		250,000.00	03/23/2012	00069045	Deposit 6477 Urbancorp Toronto Management Inc.	1,082,637.11	-2,191,092.74
2500.40	001		04/16/2012	CD	00069435	0001	Payment 00006545 Harris, Sheaffer in Trust		-168,734.00	04/16/2012	00069435	Payment 00006545 Harris, Sheaffer in Trust	-168,734.00	-2,359,826.74
2500.40	001		05/11/2012	CD	00069794	0001	Payment 00006597 MNP LLP		-4,805.32	05/11/2012	00069794	Payment 00006597 MNP LLP	-4,805.32	-2,364,632.06
2500.40	001		06/19/2012	CD	00070659	0001	Payment 00006697 1071 KG INC		-76,000.00	06/19/2012	00070659	Payment 00006697 1071 KG INC		-2,440,632.06
2500.40	001		06/29/2012	CR	00070873	0001	Deposit 02080094 King Liberty North Corporation		403,000.00	06/29/2012	00070873	Deposit 02080094 King Liberty North Corporation		-2,037,632.06
2500.40	001		06/30/2012	CD	00070843	0001	Payment 00006743 King Liberty North Corporation		-131,835.82	06/30/2012	00070843	Payment 00006743 King Liberty North Corporation	195,164.18	-2,169,467.88
2500.40	001		07/31/2012	CD	00071214	0002	Payment 00006795 1071 KG INC		-108,000.00	07/31/2012	00071214	Payment 00006795 1071 KG INC	-108,000.00	-2,277,467.88
2500.40	001		09/17/2012	CD	00072143	0001	Payment 00006952 Fuzion Downtown Development Inc.		-1,053,716.00	09/17/2012	00072143	Payment 00006952 Fuzion Downtown Development Inc.	-1,053,716.00	-3,331,183.88
2500.40	001		12/31/2012	CD	00073940	0005	Payment 00007211 King Liberty North Corporation		-133,284.56	12/31/2012	00073940	Payment 00007211 King Liberty North Corporation		-3,464,468.44
2500.40	001		12/31/2012	CD	00073940	0006	Payment 00007212 First Capital 1071 Corporation		-105,743.50	12/31/2012	00073940	Payment 00007212 First Capital 1071 Corporation		-3,570,211.94
2500.40	001		12/31/2012	CD	00073940	0007	Payment 00007213 Hendrick and Main Developments Inc.		-56,984.70	12/31/2012	00073940	Payment 00007213 Hendrick and Main Developments Inc.		-3,627,196.64
2500.40	001		12/31/2012	GJ	00074563	0002	Funds Transferred from 17A to Co. 60 in 2012		-438,989.20	12/31/2012	00074563	Funds Transferred from 17A to Co. 60 in 2012		-4,066,185.84
2500.40	001		12/31/2012	GJ	00074569	0002	Funds transfer by 17A to Co 72 in 2012	Funds trsf by 17	-1,690.20	12/31/2012	00074569	Funds transfer by 17A to Co 72 in 2012		-4,067,876.04
2500.40	001		12/31/2012	GJ	00074618	0004	reclass funds transferred from UTM (17A) to 952 Queen (co 86)		-6,839.93	12/31/2012	00074618	reclass funds transferred from UTM (17A) to 952 Queen (co 86)		-4,074,715.97
2500.40	001		12/31/2012	GJ	00074618	0006	Commitment Fee PACE Savings & Credit Union reclass from co 33 to co 52		-35,000.00	12/31/2012	00074618	Commitment Fee PACE Savings & Credit Union reclass from co 33 to co 52		-4,109,715.97
2500.40	001		12/31/2012	GJ	00074717	0001	costs paid by 17a for co 83 in 2012		-199,963.46	12/31/2012	00074717	costs paid by 17a for co 83 in 2012		-4,309,679.43
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	1071 King and	-9,527.18	12/31/2012	00076187	year end adjustments		-4,319,206.61
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	addl cont 60 st	-100,000.00	12/31/2012	00076187	year end adjustments		-4,419,206.61
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	High res adj an	4,701,399.04	12/31/2012	00076187	year end adjustments		282,192.43
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Kingtowns and	-7,000.00	12/31/2012	00076187	year end adjustments		275,192.43
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Newtowns and	-7,792.50	12/31/2012	00076187	year end adjustments		267,399.93
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Newtowns and	-20,281.00	12/31/2012	00076187	year end adjustments		247,118.93
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Newtowns and	-1,140.00	12/31/2012	00076187	year end adjustments		245,978.93
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Newtowns and	-15,600.00	12/31/2012	00076187	year end adjustments		230,378.93
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	Hoggs Hollow	-53,281.00	12/31/2012	00076187	year end adjustments		177,097.93
2500.40	001		12/31/2012	GJ	00076187	0001	year end adjustments	consolidate loa	6,518.16	12/31/2012	00076187	year end adjustments	3,514,799.97	183,616.09
2500.40							Total Account ..					Total Account ..	3,452,345.94	183,616.09
							Total Report ..					Total Report ..	3,452,345.94	183,616.09

General Ledger System

Wide General Ledger Report: Accrual Ledger

## Appendix “H-4”

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2013 to 12/31/2013  
 Division(s) : 001  
 Account(s) : 2500.40  
 Sub-Ledger(s) : \* Currency : CAN  
 Print Details : yes

Currency :

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							I/C - Urbancorp Toronto Mgt 2					I/C - Urbancorp Toronto Mgt 2		183,616.09
2500.40	001		01/15/2013	CD	00074328	0001	Payment 00007261 King Liberty North Corporation		-15,291.38	01/15/2013	00074328	Payment 00007261 King Liberty North Corporation	-15,291.38	168,324.71
2500.40	001		02/11/2013	GJ	00074889	0001	Equity repatriation from Fuzion wire trf by FCR to Urbancorp bank account		536,447.50	02/11/2013	00074889	Equity repatriation from Fuzion wire trf by FCR to Urbancorp bank account		704,772.21
2500.40	001		02/15/2013	CD	00074866	0003	Payment 00007324 1071 KG INC		-61,500.00	02/15/2013	00074866	Payment 00007324 1071 KG INC	474,947.50	643,272.21
2500.40	001		05/31/2013	CD	00076977	0005	Payment 00007568 MNP LLP		-5,635.88	05/31/2013	00076977	Payment 00007568 MNP LLP	-5,635.88	637,636.33
2500.40	001		06/27/2013	CD	00077663	0001	Payment 00007651 1071 KG INC		-81,000.00	06/27/2013	00077663	Payment 00007651 1071 KG INC		556,636.33
2500.40	001		06/30/2013	GJ	00079045	0003	Contributions to Downsview		-51,690.20	06/30/2013	00079045	Contributions to Downsview		504,946.13
2500.40	001		06/30/2013	GJ	00079045	0004	Contributions to Downsview		-59,309.80	06/30/2013	00079045	Contributions to Downsview		445,636.33
2500.40	001		06/30/2013	GJ	00079050	0001	copier pd by 17a for Downsview		-422.55	06/30/2013	00079050	copier pd by 17a for Downsview		445,213.78
2500.40	001		06/30/2013	GJ	00079055	0001	wire transfers done by 17A to 952 Queen at the project level assumed by Bay LP		-377,380.90	06/30/2013	00079055	wire transfers done by 17A to 952 Queen at the project level assumed by Bay LP	-569,803.45	67,832.88
2500.40	001		07/02/2013	CD	00077722	0002	Payment 00007657 King Liberty North Corporation		-131,470.66	07/02/2013	00077722	Payment 00007657 King Liberty North Corporation		-63,637.78
2500.40	001		07/31/2013	GJ	00078271	0001	Mattamy closing adjustments		6,786,661.68	07/31/2013	00078271	Mattamy closing adjustments	6,655,191.02	6,723,023.90
2500.40	001		12/31/2013	GJ	00080682	0001	cash contributions in 2013 to 60 St. Clair funded by UTMI therefore, payable to UTMI		-500,652.38	12/31/2013	00080682	cash contributions in 2013 to 60 St. Clair funded by UTMI therefore, payable to UTMI		6,222,371.52
2500.40	001		12/31/2013	GJ	00080710	0001	to record cash contributions by UTMI to Hoggs Hollow in 2013		-457,100.00	12/31/2013	00080710	to record cash contributions by UTMI to Hoggs Hollow in 2013		5,765,271.52
2500.40	001		12/31/2013	GJ	00080742	0001	cash contributions made by UTMI for 1071 King in 2013		-106,673.57	12/31/2013	00080742	cash contributions made by UTMI for 1071 King in 2013		5,658,597.95
2500.40	001		12/31/2013	GJ	00080889	0001	to record cash contributions made by company 17A UTMI to St. Clair Village Inc. - Caledonia in 2013		-684,388.01	12/31/2013	00080889	to record cash contributions made by company 17A UTMI to St. Clair Village Inc. - Caledonia in 2013		4,974,209.94
2500.40	001		12/31/2013	GJ	00081428	0001	To flow through transaction between 952 Queen + UTM + Bay LP	flow between 9	50,000.00	12/31/2013	00081428	To flow through transaction between 952 Queen + UTM + Bay LP		5,024,209.94
2500.40	001		12/31/2013	GJ	00081428	0002	To flow through transaction between 952 Queen + UTM + Bay LP	flow between 9	-220,164.38	12/31/2013	00081428	To flow through transaction between 952 Queen + UTM + Bay LP		4,804,045.56
2500.40	001		12/31/2013	GJ	00082379	0002	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		3,800.00	12/31/2013	00082379	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		4,807,845.56
2500.40	001		12/31/2013	GJ	00082379	0002	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		-7,096.62	12/31/2013	00082379	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		4,800,748.94
2500.40	001		12/31/2013	GJ	00082379	0002	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		-2,200.00	12/31/2013	00082379	MNP y/e adjustment To adjust for RP between Bay LP and Urbancorp Toronto Management Inc.		4,798,548.94
2500.40	001		12/31/2013	GJ	00082379	0008	MNP Y/E Adjustment To record investment in Urbancorp (Lawrence) paid for by UTM	to rec: invest in	-1,202,276.92	12/31/2013	00082379	MNP Y/E Adjustment To record investment in Urbancorp (Lawrence) paid for by UTM		3,596,272.02
2500.40	001		12/31/2013	GJ	00082379	0009	MNP Y/E Adjustment To record investment in King Res. Inc. and to pick up loss from King Res. Inc.	to rec: invest in	-200.00	12/31/2013	00082379	MNP Y/E Adjustment To record investment in King Res. Inc. and to pick up loss from King Res. Inc.		3,596,072.02
2500.40	001		12/31/2013	GJ	00082379	0012	MNP Y/E Adjustment To record withdrawal	to rec: withdraw	-5,000,000.00	12/31/2013	00082379	MNP Y/E Adjustment To record withdrawal	-8,126,951.88	-1,403,927.98
2500.40							Total Account...					Total Account...	-1,587,544.07	-1,403,927.98
							Total Report...					Total Report...	-1,587,544.07	-1,403,927.98

General Ledger System  
 Wide General Ledger Report - Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership  
 Period : 01/01/2014 to 12/31/2014  
 Division(s) : 001  
 Account(s) : 2500.40  
 Sub-Ledger(s) : \* Currency : CAN  
 Print Details : yes

Currency :

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							I/C - Urbancorp Toronto Mgt 2					I/C - Urbancorp Toronto Mgt 2		-1,403,927.98
2500.40	001		01/22/2014	CD	00081066	0033	Payment 00008215 King Liberty North Corporation		-133,649.74	01/22/2014	00081066	Payment 00008215 King Liberty North Corporation	-133,649.74	-1,537,577.72

## Appendix “H-5”

2500.40	001	03/03/2014	CD	00081861	0003	Payment 00008321-1071 KG INC	-60,500.00	03/03/2014	00081861	Payment 00008321-1071 KG INC	-60,500.00	-1,598,077.72
2500.40	001	04/29/2014	GJ	00082977	0001	Mattamy closing - April 29, 2014	7,699,683.00	04/29/2014	00082977	Mattamy closing - April 29, 2014	7,699,683.00	6,101,605.28
2500.40	001	05/01/2014	CD	00083045	0006	Payment 00008560 MNP LLP	-5,635.88	05/01/2014	00083045	Payment 00008560 MNP LLP		6,095,969.40
2500.40	001	05/02/2014	CD	00083073	0001	Payment 00008571 Berkow, Cohen LLP Barristers	-64,489.20	05/02/2014	00083073	Payment 00008571 Berkow, Cohen LLP Barristers		6,031,480.20
2500.40	001	05/05/2014	CD	00083119	0001	Payment 00008572 Harris, Sheaffer Barristers & Solicitors	-98,255.57	05/05/2014	00083119	Payment 00008572 Harris, Sheaffer Barristers & Solicitors	-168,380.65	5,933,224.63
2500.40	001	06/19/2014	GJ	00083850	0001	Wire Transfer from CO 17 UTM to Co. 33 TCC/urbancorp (Bay) LP Initial Balance	-1,000.00	06/19/2014	00083850	Wire Transfer from CO 17 UTM to Co. 33 TCC/urbancorp (Bay) LP Initial Balance		5,932,224.63
2500.40	001	06/23/2014	CD	00083865	0004	Payment 00008660 XYNERGY XPRESS INC.	-104.02	06/23/2014	00083865	Payment 00008660 XYNERGY XPRESS INC.		5,932,120.61
2500.40	001	06/25/2014	CD	00083836	0001	Payment 00008652 1071 KG INC	-19,000.00	06/25/2014	00083836	Payment 00008652 1071 KG INC		5,913,120.61
2500.40	001	06/30/2014	GJ	00084437	0001	To record the advances from UTMi directly to Co. 60	-60,138.55	06/30/2014	00084437	To record the advances from UTMi directly to Co. 60		5,852,982.06
2500.40	001	06/30/2014	GJ	00084447	0001	to record advances from UTMi for 1071 King and record the liabilities to UTMi	-108,702.82	06/30/2014	00084447	to record advances from UTMi for 1071 King and record the liabilities to UTMi		5,744,279.24
2500.40	001	06/30/2014	GJ	00084471	0002	To record advances made by UTMi to Woodbine (as flow through to Bay LP - the beneficial owner)	-880,648.99	06/30/2014	00084471	To record advances made by UTMi to Woodbine (as flow through to Bay LP - the beneficial owner)		4,863,630.25
2500.40	001	06/30/2014	GJ	00084472	0002	To record advances made by UTMi to Bridlepath (as flow through to Bay LP - the beneficial owner)	-1,990,995.64	06/30/2014	00084472	To record advances made by UTMi to Bridlepath (as flow through to Bay LP - the beneficial owner)		2,872,634.61
2500.40	001	06/30/2014	GJ	00084493	0002	To record advances made by UTMi to Lawrence (as flow through to Bay LP - beneficial owner)	-460,000.00	06/30/2014	00084493	To record advances made by UTMi to Lawrence (as flow through to Bay LP - beneficial owner)		2,412,634.61
2500.40	001	06/30/2014	GJ	00084506	0001	to record advances to/from UTMi to flow through Bay LP - beneficial owner	131,935.38	06/30/2014	00084506	to record advances to/from UTMi to flow through Bay LP - beneficial owner		2,544,569.99
2500.40	001	06/30/2014	GJ	00084539	0001	To record cash advances made by UTMi directly to 952 Queen, transactions should flow through Bay LP-beneficial owner	-226,166.68	06/30/2014	00084539	To record cash advances made by UTMi directly to 952 Queen, transactions should flow through Bay LP-beneficial owner	-3,614,821.32	2,318,403.31
2500.40	001	07/18/2014	CD	00084352	0009	Payment 00008715 XYNERGY XPRESS INC.	-20.67	07/18/2014	00084352	Payment 00008715 XYNERGY XPRESS INC.	-20.67	2,318,382.64
2500.40	001	08/18/2014	CD	00084871	0002	Payment 00008782 King Liberty North Corporation	-131,470.68	08/18/2014	00084871	Payment 00008782 King Liberty North Corporation		2,186,911.96
2500.40	001	08/22/2014	GJ	00085169	0002	Wire transfer from Co 52 TCC/urbancorp Bay LP to Co. 17A UTM	200,000.00	08/22/2014	00085169	Wire transfer from Co 52 TCC/urbancorp Bay LP to Co. 17A UTM		2,386,911.96
2500.40	001	08/28/2014	GJ	00085261	0004	Wire Transfer from Co 52 Bay LP to Co. 17a UTM Funds are to be used for the closing of Urbancorp (Mallow) Inc.	59,000.00	08/28/2014	00085261	Wire Transfer from Co 52 Bay LP to Co. 17a UTM Funds are to be used for the closing of Urbancorp (Mallow) Inc.		2,445,911.96
2500.40	001	08/31/2014	GJ	00085930	0001	to record advances by UTMi to Mallow up to August 31, 2014	-1,141,187.83	08/31/2014	00085930	to record advances by UTMi to Mallow up to August 31, 2014		1,304,724.13
2500.40	001	08/31/2014	GJ	00085958	0001	To record the advances to Patricia by UTMi	-2,134,445.00	08/31/2014	00085958	To record the advances to Patricia by UTMi	-3,148,103.51	-829,720.87
2500.40	001	09/26/2014	CD	00085835	0001	Payment 00008924 Fuzion Downtown Development Inc.	-648,000.00	09/26/2014	00085835	Payment 00008924 Fuzion Downtown Development Inc.		-1,477,720.87
2500.40	001	09/30/2014	GJ	00086282	0002	Advances by UTM to Patricia from Jun 2014 to Sep 2014	-615,308.90	09/30/2014	00086282	Advances by UTM to Patricia from Jun 2014 to Sep 2014		-2,093,029.77
2500.40	001	09/30/2014	GJ	00086290	0001	Advances to 1071 King from July 1 to September 30, 2014	-104,304.40	09/30/2014	00086290	Advances to 1071 King from July 1 to September 30, 2014		-2,197,334.17
2500.40	001	09/30/2014	GJ	00086367	0002	i/c transaction between co. 17A and co. 86	-356,500.00	09/30/2014	00086367	i/c transaction between co. 17A and co. 86	-1,724,113.30	-2,553,834.17
2500.40	001	10/14/2014	GJ	00086273	0013	wire transfer co. 52 to Co. 17A to partially cover UTMi's CIBC o'd	66,000.00	10/14/2014	00086273	wire transfer co. 52 to Co. 17A to partially cover UTMi's CIBC o'd		-2,487,834.17
2500.40	001	10/17/2014	GJ	00086664	0001	wire transfer co. 52 to co. 17A deposit for Weston-Eastern	1,000.00	10/17/2014	00086664	wire transfer co. 52 to co. 17A deposit for Weston-Eastern	67,000.00	-2,486,834.17
2500.40	001	11/04/2014	GJ	00086655	0005	wire transfer from co. 52 to co. 17A to cover transfers from 17A to other companies	15,000.00	11/04/2014	00086655	wire transfer from co. 52 to co. 17A to cover transfers from 17A to other companies	15,000.00	-2,471,834.17
2500.40	001	12/31/2014	GJ	00088026	0002	to record advances made by UTMi to Lawrence (as flow through to Bay LP - Beneficial owner) (Dec 31, 2014)	-431,000.00	12/31/2014	00088026	to record advances made by UTMi to Lawrence (as flow through to Bay LP - Beneficial owner) (Dec 31, 2014)		-2,902,834.17
2500.40	001	12/31/2014	GJ	00088279	0002	Advances by UTMi from 952 Queen for the period October to December 2014	-230,000.00	12/31/2014	00088279	Advances by UTMi from 952 Queen for the period October to December 2014		-3,132,834.17
2500.40	001	12/31/2014	GJ	00090989	0001	MNP year end adjustment To re-allocate advance from project - Woodbine	1,304,845.84	12/31/2014	00090989	MNP year end adjustment To re-allocate advance from project - Woodbine		-1,827,988.33
2500.40	001	12/31/2014	GJ	00090989	0002	Management fees capitalized from A/P control to 2500.40 UTMi	-2,034,000.00	12/31/2014	00090989	Management fees capitalized from A/P control to 2500.40 UTMi		-3,861,988.33
2500.40	001	12/31/2014	GJ	00090990	0001	MNP year end adjustment To record transfers of intercompany to capital for Bridlepath	3,587,000.00	12/31/2014	00090990	MNP year end adjustment To record transfers of intercompany to capital for Bridlepath		-274,988.33
2500.40	001	12/31/2014	GJ	00090991	0001	MNP year end adjustment To reclass UTM interco to Bay Stadium	-645,861.48	12/31/2014	00090991	MNP year end adjustment To reclass UTM interco to Bay Stadium		-920,849.81
2500.40	001	12/31/2014	GJ	00090992	0001	MNP year end adjustment To record adjustment to move UTM interco in Downsview books	4,457,985.00	12/31/2014	00090992	MNP year end adjustment To record adjustment to move UTM interco in Downsview books	6,008,969.36	3,537,135.19
2500.40						Total Account...				Total Account...	4,941,063.17	3,537,135.19
						Total Report...				Total Report...	4,941,063.17	3,537,135.19

**General Ledger System**

Wide General Ledger Report Accrual Ledger

Company : 0052 TCC/urbancorp (Bay) Limited Partnership

Period : 01/01/2015 to 12/31/2015

Division(s) : 001

Account(s) : 2500.40

ib-Ledger(s) : \*

Currency : CAN

Currency :

Print Details : yes



## Appendix “H-6”

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Posting Amount	Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500.40							IC - Urbancorp Toronto Mgt 2					IC - Urbancorp Toronto Mgt 2		3,537,135.19
2500.40	001		01/05/2015	CD	00087700	0001	Payment 00009182 King Liberty North Corporation		-133,649.76	01/05/2015	00087700	Payment 00009182 King Liberty North Corporation	-133,649.76	3,403,485.43
2500.40	001		02/18/2015	CD	00088544	0001	Payment 00009275 1071 KG INC		-39,500.00	02/18/2015	00088544	Payment 00009275 1071 KG INC		3,363,985.43
2500.40	001		02/19/2015	GJ	00088660	0002	wire trf co 17A to co 52 to cover payment to TCC re 1071 cash call		-39,500.00	02/19/2015	00088660	wire trf co 17A to co 52 to cover payment to TCC re 1071 cash call		3,324,485.43
2500.40	001		02/19/2015	GJ	00088662	0001	wire trf co 52 to co 17A to cancel grp 88660-2 17A paid 1071 King cash call directly		39,500.00	02/19/2015	00088662	wire trf co 52 to co 17A to cancel grp 88660-2 17A paid 1071 King cash call directly		3,363,985.43
2500.40	001		02/26/2015	GJ	00088880	0009	wire trf co 52 to co 17A to cover payments made by UTMI		35,000.00	02/26/2015	00088880	wire trf co 52 to co 17A to cover payments made by UTMI	-4,500.00	3,398,985.43
2500.40	001		03/05/2015	GJ	00088957	0001	wire trf co 52 to co 17A to cover transfers from co 17A to other companies		65,000.00	03/05/2015	00088957	wire trf co 52 to co 17A to cover transfers from co 17A to other companies		3,463,985.43
2500.40	001		03/11/2015	GJ	00089052	0005	wire trf from co 52 to co 17A to cover payroll		6,000.00	03/11/2015	00089052	wire trf from co 52 to co 17A to cover payroll	71,000.00	3,469,985.43
2500.40	001		04/06/2015	GJ	00089771	0001	fund trf co 52 to co 17A		7,000.00	04/06/2015	00089771	fund trf co 52 to co 17A		3,476,985.43
2500.40	001		04/29/2015	PJ	00089922	0044	Inv 7256380 MNP LLP		-3,937.50	04/29/2015	00089922	Inv 7256380 MNP LLP	3,062.50	3,473,047.93
2500.40	001		05/01/2015	PJ	00090415	0001	Inv 2013 ConMgtFecCR Urbancorp Toronto Management Inc		-2,034,000.00	05/01/2015	00090415	Inv 2013 ConMgtFecCR Urbancorp Toronto Management Inc		1,439,047.93
2500.40	001		05/11/2015	GJ	00090056	0007	wire trf co 52 to co 17A to cover transfers from 17A to other companies		12,000.00	05/11/2015	00090056	wire trf co 52 to co 17A to cover transfers from 17A to other companies	-2,022,000.00	1,451,047.93
2500.40	001		06/08/2015	GJ	00090417	0001	wire trf co 52 to co 17A to cover UTMI's CIBC a/c o/d & trf from UTMI to other companies		32,000.00	06/08/2015	00090417	wire trf co 52 to co 17A to cover UTMI's CIBC a/c o/d & trf from UTMI to other companies		1,483,047.93
2500.40	001		06/30/2015	GJ	00090996	0001	reclass from 2500.40 to 2100 mgt fee from prior year		2,034,000.00	06/30/2015	00090996	reclass from 2500.40 to 2100 mgt fee from prior year		3,517,047.93
2500.40	001		06/30/2015	GJ	00090996	0001	reclass from 2500.40 to 2100 mgt fee from prior year		-7,000,000.00	06/30/2015	00090996	reclass from 2500.40 to 2100 mgt fee from prior year		-3,482,952.07
2500.40	001		06/30/2015	GJ	00090996	0001	reclass from 2500.40 to 2100 mgt fee from prior year		-1,000,000.00	06/30/2015	00090996	reclass from 2500.40 to 2100 mgt fee from prior year		-4,482,952.07
2500.40	001		06/30/2015	GJ	00091002	0001	to record advances in 17A for King South and flow through Bay LP		3,739,032.95	06/30/2015	00091002	to record advances in 17A for King South and flow through Bay LP		-743,919.12
2500.40	001		06/30/2015	GJ	00091003	0001	to record advances from 17A and flow through Bay LP		-116,425.61	06/30/2015	00091003	to record advances from 17A and flow through Bay LP	-2,311,392.66	-860,344.73
2500.40	001		07/01/2015	GJ	00090989	0002	Management fees capitalized from A/P control to 2500.40 UTMI		2,034,000.00	07/01/2015	00090989	Management fees capitalized from A/P control to 2500.40 UTMI		1,173,655.27
2500.40	001		07/10/2015	PJ	00090762	0007	Inv 9th Cash Call 1071 KG INC		-40,500.00	07/10/2015	00090762	Inv 9th Cash Call 1071 KG INC		1,133,155.27
2500.40	001		07/22/2015	CD	00091133	0006	Payment 00009605 King Liberty North Corporation		-131,470.68	07/22/2015	00091133	Payment 00009605 King Liberty North Corporation		1,001,684.59
2500.40	001		07/31/2015	GJ	00091743	0001	reverse group number 90996-1 entered 2x see group number 90989-2		-2,034,000.00	07/31/2015	00091743	reverse group number 90996-1 entered 2x see group number 90989-2		-1,032,315.41
2500.40	001		07/31/2015	GJ	00091751	0001	to record advances by 17A to Co 86 and flow through Bay LP the beneficial owner of Co 86 total advances from January 1 - June 30, 2015		-611,763.62	07/31/2015	00091751	to record advances by 17A to Co 86 and flow through Bay LP the beneficial owner of Co 86 total advances from January 1 - June 30, 2015	-783,734.30	-1,644,079.03
2500.40	001		09/30/2015	GJ	00092340	0001	reclass GJ 91205-1 - Fuzion's cash distribution dated May 19, 2015 wired to UTMI account cash received \$149,985 plus \$15 bank charges = \$150,000 cash distribution		149,985.00	09/30/2015	00092340	reclass GJ 91205-1 - Fuzion's cash distribution dated May 19, 2015 wired to UTMI account cash received \$149,985 plus \$15 bank charges = \$150,000 cash distribution	149,985.00	-1,494,094.03
2500.40	001		10/08/2015	PJ	00092301	0001	Inv 10th cash call 1071 KG INC		-27,500.00	10/08/2015	00092301	Inv 10th cash call 1071 KG INC		-1,521,594.03
2500.40	001		10/31/2015	GJ	00092663	0001	to record advances by UTMI to Woodbine advances from Jan 1 - Oct 31/15 and flow through to Bay LP, its beneficial owner		-294,753.70	10/31/2015	00092663	to record advances by UTMI to Woodbine advances from Jan 1 - Oct 31/15 and flow through to Bay LP, its beneficial owner		-1,816,347.73
2500.40	001		10/31/2015	GJ	00092678	0001	to record advances by UTMI directly to Bridlepath to flow through the advances to Bay LP - beneficial owner of Bridlepath		-785,375.11	10/31/2015	00092678	to record advances by UTMI directly to Bridlepath to flow through the advances to Bay LP - beneficial owner of Bridlepath	-1,107,628.81	-2,601,722.84
2500.40	001		12/11/2015	PJ	00093019	0001	Inv Dec 11/15-52 Urbancorp Toronto Management Inc		202,000.00	12/11/2015	00093019	Inv Dec 11/15-52 Urbancorp Toronto Management Inc		-2,399,722.84
2500.40	001		12/31/2015	GJ	00093570	0001	to record adjustment at end of Dec 2014 by MNP re Je 89269-2		-46,000.00	12/31/2015	00093570	to record adjustment at end of Dec 2014 by MNP re Je 89269-2		-2,445,722.84
2500.40	001		12/31/2015	GJ	00093572	0001	advances by UTMI to 60 St. Clair to flow through Bay LP		-26,622.66	12/31/2015	00093572	advances by UTMI to 60 St. Clair to flow through Bay LP		-2,472,345.50
2500.40	001		12/31/2015	GJ	00095444	0001	MNP y/e adjustments To reverse PY management fees accrual, client posted reclassified entry to reclass accrued liabilities to IC - Urbancorp Toronto Mgt 2 account		3,000,000.00	12/31/2015	00095444	MNP y/e adjustments To reverse PY management fees accrual, client posted reclassified entry to reclass accrued liabilities to IC - Urbancorp Toronto Mgt 2 account	3,129,377.34	527,654.50
2500.40							Total Account...					Total Account...	-3,009,480.69	527,654.50
							Total Report...					Total Report...	-3,009,480.69	527,654.50

General Ledger System

Wide General Ledger Report - Accrual Ledger

Company : 0052 TCC/Urbancorp (Bay) Limited Partnership

Period : 01/01/2016 to 10/31/2016

Division(s) : 001

Account(s) : 2500.40

ib-Ledger(s) : \*

Currency : CAN

Currency :

Print Details : yes

Account Code	Div. Code	Sub-Ledger	Posting Date	Jr	Group Number	Unit No.	Primary / Ancillary Memo	Detail Memo	Amount	Posting Date	Group Number	Primary / Ancillary Memo	Total Month	Account Balance
2500 40							LC - Urbancorp Toronto Mgt 2							527,654.50
2500 40	001		03/31/2016	PJ	00094552	0010	Inv Co 52to17A-Apr6/16 Urbancorp Toronto Management Inc		200,000.00	03/31/2016	00094552	Inv Co 52to17A-Apr6/16 Urbancorp Toronto Management Inc	200,000.00	727,654.50
2500 40							Total Account...						200,000.00	727,654.50
							Total Report...						200,000.00	727,654.50

## Appendix “I”

THIS AGREEMENT made this 10th day of June, 2013.

B E T W E E N:

URBANCORP TORONTO MANAGEMENT INC.

(hereinafter referred to as "UTMI")

OF THE FIRST PART,

- and -

URBANCORP DOWNSVIEW PARK DEVELOPMENT INC.

(hereinafter referred to as "Urbancorp Downsview")

OF THE SECOND PART.

- and -

TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

(hereinafter referred to as "TCC")

**WHEREAS** Urbancorp Downsview entered into two Agreements of Purchase and Sale dated June 28<sup>th</sup>, 2011, to acquire certain lots and blocks in the Stanley Greene Community of Downsview Park from Parc Downsview Park Inc. as same have been amended (collectively the "APS");

**AND WHEREAS** Urbancorp Downsview has entered into the APS as Trustee for and on behalf of TCC, the beneficial owner;

**AND WHEREAS** Urbancorp Downsview and TCC have realized the necessity of having an equity partner with expertise in the construction of residential dwelling units who would purchase from Urbancorp Downsview an undivided 49% interest in the APS;

**AND WHEREAS** UTMI has introduced TCC to Mattamy Homes ("Mattamy") with whom UTMI has been having discussions about the concept of acquiring an undivided 49% interest in the APS;

**AND WHEREAS** TCC has agreed in the event of a successful transaction with Mattamy, to pay a consulting fee to UTMI (the "Fee") for such introduction and negotiating the transaction with Mattamy;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of other good and valuable consideration and the sum of TWO (\$2.00) DOLLARS now paid by each of the parties to the other (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. In the event that Urbancorp Downsview is successful in selling an undivided 49% interest in the APS to Mattamy, Urbancorp Downsview and/or TCC agrees to pay the Fee to UTMI calculated as follows:
  - (a) in the event that the sale for the undivided 50% interest in the APS to Mattamy is for up to \$10,000,000, Urbancorp Downsview and/or TCC shall pay to UTMI a Fee of \$3,000,000;
  - (b) in the event that the sale price for the undivided 49% interest in the APS to Mattamy is for between \$10,000,000 and \$18,000,000, Urbancorp Downsview and/or TCC shall pay to UTMI a Fee of \$7,000,000;
  - (c) in the event that the sale price for the undivided 49% interest in the APS to Mattamy is for in excess of \$18,000,000, Urbancorp Downsview and/or TCC shall pay to UTMI a Fee of \$9,800,000.
2. In addition to the Fee, Urbancorp Downsview and/or TCC shall pay applicable HST on the Fee.
3. Subject to paragraph 4 below, the Fee due to UTMI shall become due and payable upon receipt by TCC or Urbancorp Downsview of an invoice with respect to the Fee.
4. UTMI agrees not to submit an invoice to TCC or Urbancorp Downsview prior to the date on which the final closing of the transaction as referred to in the APS occurs with Parc Downsview Park Inc.
5. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
6. This Agreement supercedes all previous agreements between the parties whether verbal or in writing with respect to the above-noted transaction.

- 7. The parties hereto agree that this Agreement may be transmitted by facsimile, email or such similar device and that the reproduction of signatures by facsimile, email or such similar device will be treated as binding as if an original.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

SIGNED, SEALED AND DELIVERED  
In the presence of:

) URBANCORP TORONTO MANAGEMENT INC.

)  
) Per: \_\_\_\_\_

) Alan Saskin  
) President

) I have the authority to bind the Corporation

)  
) URBANCORP DOWNSVIEW PARK  
) DEVELOPMENT INC.

)  
) Per: \_\_\_\_\_

) Alan Saskin  
) President

) I have the authority to bind the Corporation

)  
) TCC/URBANCORP (BAY) LIMITED  
) PARTNERSHIP by its General Partner  
) DEAJA PARTNER (BAY) INC.

)  
) Per: \_\_\_\_\_

) Alan Saskin  
) President

) I have the authority to bind the Corporation

## Appendix “J”



**TCC/Urbancorp (Bay) Limited Partnership**  
**Financial Statements**

*December 31, 2013*

*(Unaudited - see Notice to Reader)*

**Notice To Reader**

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On the basis of information provided by management, we have compiled the balance sheet of TCC/Urbancorp (Bay) Limited Partnership as at December 31, 2013 and the statements of earnings (loss) and partners' capital for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

*MNP* LLP

Markham, Ontario

March 22, 2014

Chartered Professional Accountants

Licensed Public Accountants

**TCC/Urbancorp (Bay) Limited Partnership**  
**Balance Sheet**

As at December 31, 2013  
(Unaudited - see Notice to Reader)

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Accounts receivable	12,769,091	-
Investment in Fuzion and King's Club - Project	9,884,021	8,315,534
Investment in Urbancorp Downsview Park Development Inc. - Project	4,639,187	1,096,591
Investment in Urbancorp 60 St. Clair Inc. - Project	2,278,283	1,777,630
Investment in St. Clair Village - Project	1,684,388	-
Investment in Urbancorp Partner (King South) Inc. - Project	1,274,252	1,025,078
Investment in Urbancorp (952 Queen Street West) Inc. - Co-tenancy	1,218,270	977,433
Investment in Lawrence - Project	1,202,277	-
Investment in New Towns Inc. - Project	381,591	-
Investment in Hogg's Hollow - Project	272,632	255,249
Sundry assets	7,619	2,557
	<b>35,611,611</b>	<b>13,450,072</b>
<b>Liabilities</b>		
Deficiency in High Res Inc./King Towns Inc. - Projects	2,671,567	1,158,211
Loan payable	2,651,204	2,651,204
Due to related parties	1,928,652	5,331,480
Accounts payable and accruals	1,817,030	17,030
Deficiency in King Residential - Project	13,625	-
	<b>9,082,078</b>	<b>9,157,925</b>
<b>Partners' Capital</b>	<b>26,529,533</b>	<b>4,292,147</b>
	<b>35,611,611</b>	<b>13,450,072</b>

**TCC/Urbancorp (Bay) Limited Partnership**  
**Statement of Earnings (Loss)**

*For the year ended December 31, 2013*  
*(Unaudited - see Notice to Reader)*

	<b>2013</b>	<b>2012</b>
<b>Income (loss)</b>		
Income from Downview Park Development Inc. - Project	19,692,231	-
Income (loss) from High Res Inc. - Project	3,285,095	(22,522)
Income from Fuzion	1,958,187	-
Loss from King Towns Inc.	(2,391)	(3,232)
Loss from King Residential	(13,825)	-
Loss from New Towns at New Towns Inc. - Project	(15,550)	(24,434)
Income (loss) from Urbancorp (952 Queen West) Inc. - Co-tenancy	(316,336)	(33,141)
Loss from Hogg's Hollow Inc. - Project	(439,715)	(71,269)
	<b>24,147,696</b>	<b>(154,598)</b>
<b>Expenses</b>		
Management fees	1,800,000	-
Professional fees	110,299	4,253
Interest and bank charges	11	-
	<b>1,910,310</b>	<b>4,253</b>
<b>Net earnings (loss)</b>	<b>22,237,386</b>	<b>(158,851)</b>

**TCC/Urbancorp (Bay) Limited Partnership**  
**Statement of Partners' Capital**  
*For the year ended December 31, 2013*  
*(Unaudited - see Notice to Reader)*

	2013	2012
<b>Deaja Partner (Bay) Inc.</b>		
Share of earnings	1,814	-
<b>Balance, end of year</b>	<b>1,814</b>	<b>-</b>
<b>Alan Saskin</b>		
Balance, beginning of year	4,192,147	4,350,998
Share of earnings	14,508,095	(158,851)
<b>Balance, end of year</b>	<b>18,700,242</b>	<b>4,192,147</b>
<b>Vestaco Investments Inc.</b>		
Balance, beginning of year	100,000	100,000
Share of earnings	7,727,477	-
<b>Balance, end of year</b>	<b>7,827,477</b>	<b>100,000</b>
	<b>26,529,533</b>	<b>4,292,147</b>

## Appendix “K”

**PROMISSORY NOTE**

CANADIAN \$8,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 15<sup>th</sup>, 2014

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Eight Million (\$8,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), with no interest.

Provided this Promissory Note may be repaid in whole without interest or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

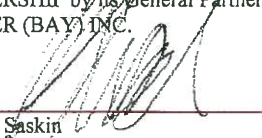
All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice of protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

## Appendix “L”



**TCC/Urbancorp (Bay) Limited Partnership**

**Financial Statements**

*December 31, 2014*

*(Unaudited - see Notice to Reader)*

**Notice To Reader**

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On the basis of information provided by management, we have compiled the balance sheet of TCC/Urbancorp (Bay) Limited Partnership as at December 31, 2014 and the statements of earnings (loss) and partners' capital for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Toronto, Ontario

March 11, 2015

*MNP* LLP

Chartered Professional Accountants

Licensed Public Accountants

**TCC/Urbancorp (Bay) Limited Partnership**  
**Balance Sheet**

As at December 31, 2014  
(Unaudited - see Notice to Reader)

	2014	2013
<b>Assets</b>		
Investment in Fuzion and King's Club - Project	8,384,524	9,884,021
Due from related parties	6,394,299	-
Investment in High Res Inc./New Towns Inc. - Project	2,846,133	381,591
Investment in Urbancorp (Patricia) Inc. - Project	2,749,754	-
Investment in Urbancorp 60 St. Clair Inc. - Project	2,393,937	2,278,283
Accounts receivable	2,200,143	12,769,091
Investment in Urbancorp (Lawrence) Inc. - Project	2,071,932	1,202,277
Investment in Urbancorp (St. Clair Village) Inc. - Project	1,684,388	1,684,388
Investment in Urbancorp Partner (King South) Inc. - Project	1,566,759	1,274,252
Investment in Urbancorp (952 Queen Street West) Inc. - Co-tenancy	923,004	1,218,270
Investment in Urbancorp (Mallow) Inc. - Project	674,050	-
Investment in Hogg's Hollow - Project	269,238	272,632
Investment in Urbancorp Downsview Park Development Inc. - Project	3,771	4,639,187
Cash	353	-
Sundry assets	-	7,619
	<b>32,162,285</b>	<b>35,611,611</b>
<b>Liabilities</b>		
Accounts payable and accruals	8,150,738	1,817,030
Loan payable	2,651,204	2,651,204
Deficiency in Urbancorp (Bridalpath) Inc. - Project	1,596,004	-
Deficiency in Urbancorp (Woodbine) Inc. - Project	424,197	-
Deficiency in High Res Inc./King Towns Inc. - Projects	337,468	2,671,567
Deficiency in King Residential Inc. - Project	165,671	13,625
Due to related parties	-	1,928,652
	<b>13,325,282</b>	<b>9,082,078</b>
<b>Partners' Capital</b>	<b>18,837,003</b>	<b>26,529,533</b>
	<b>32,162,285</b>	<b>35,611,611</b>

**TCC/Urbancorp (Bay) Limited Partnership**  
**Statement of Earnings (Loss)**  
For the year ended December 31, 2014  
(Unaudited - see Notice to Reader)

	<b>2014</b>	<b>2013</b>
<b>Income (loss)</b>		
Income (loss) from projects and co-tenancy		
Income from High Res Inc. - Project	<b>2,817,050</b>	3,285,095
Income from Urbancorp 60 St. Clair Inc. - project	<b>55,515</b>	-
Income (loss) from King Residential	<b>(152,046)</b>	(13,825)
Loss from King Towns Inc.	<b>(533)</b>	(2,391)
Loss from Hogg's Hollow Inc. - Project	<b>(1,297)</b>	(439,715)
Income (loss) from Fuzion	<b>(24,773)</b>	1,958,187
Income (loss) from Downview Park Development Inc. - Project	<b>(115,286)</b>	19,692,231
Loss from New Towns at New Towns Inc. - Project	<b>(242,262)</b>	(15,550)
Loss from Urbancorp (Mallow) Inc. - Project	<b>(467,138)</b>	-
Loss from Urbancorp (952 Queen West) Inc. - Co-tenancy	<b>(1,105,433)</b>	(316,336)
Interest	<b>5</b>	-
	<b>763,802</b>	24,147,696
<b>Expenses</b>		
Management fees	<b>8,000,000</b>	1,800,000
Interest and bank charges	<b>297,091</b>	11
Professional fees	<b>149,012</b>	110,299
Miscellaneous	<b>10,119</b>	-
Office	<b>110</b>	-
	<b>8,456,332</b>	1,910,310
<b>Net earnings (loss)</b>	<b>(7,692,530)</b>	22,237,386

**TCC/Urbancorp (Bay) Limited Partnership**  
**Statement of Partners' Capital**

*For the year ended December 31, 2014*  
*(Unaudited - see Notice to Reader)*

	2014	2013
<b>Deaja Partner (Bay) Inc.</b>		
Balance, beginning of year	1,814	-
Share of earnings	-	1,814
<b>Balance, end of year</b>	<b>1,814</b>	<b>1,814</b>
<b>Alan Saskin</b>		
Balance, beginning of year	18,700,242	4,192,147
Share of earnings (loss)	(6,154,024)	14,508,095
<b>Balance, end of year</b>	<b>12,546,218</b>	<b>18,700,242</b>
<b>Vestaco Investments Inc.</b>		
Balance, beginning of year	7,827,477	100,000
Share of earnings	(1,538,506)	7,727,477
<b>Balance, end of year</b>	<b>6,288,971</b>	<b>7,827,477</b>
	<b>18,837,003</b>	<b>26,529,533</b>

## Appendix “M”

**TCC/Urbancorp (Bay) Limited Partnership**

Year End: December 31, 2014

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 12/13 %Chg
1055 Bank Account - General	353.30	0.00	0.00	353.30		0.00 0
<b>A Cash</b>	<b>353.30</b>	<b>0.00</b>	<b>0.00</b>	<b>353.30</b>		<b>0.00 0</b>
1200 Accounts Receivable	109.00	0.00	0.00	109.00		0.00 0
1201 GST-Input Tax Credit	0.00	0.00	0.00	0.00	1,662.50	-100
1215 Other Receivable	2,200,033.76	0.00	0.00	2,200,033.76	12,769,090.55	-83
2330.01 HST - ITC	97,454.92	0.00	0.00	97,454.92	2,290.89	4154
2330.02 OHST - ITC	155,927.87	0.00	0.00	155,927.87	3,665.43	4154
2340.01 HST Remittance	-253,382.79	0.00	0.00	-253,382.79	0.00	0
<b>C Accounts Receivable</b>	<b>2,200,142.76</b>	<b>0.00</b>	<b>0.00</b>	<b>2,200,142.76</b>	<b>12,776,709.37</b>	<b>-83</b>
1601 FS - deficit	0.00	0.00	337,468.46	337,468.46	2,671,567.00	-87
1602 FS - deficient	0.00	0.00	-337,468.46	-337,468.46	-2,671,567.00	-87
1105.22 Investment in High Res Inc.-Project	2,970,874.55	-264,071.00	0.00	2,706,803.55	-2,334,631.71	-216
1105.49 Investment in King Towns	-337,468.46	0.00	0.00	-337,468.46	-336,935.07	0
1105.50 Investment in Newtowns	139,329.43	0.00	0.00	139,329.43	381,591.23	-63
<b>F Investment in King Towns/New Town/High Res</b>	<b>2,772,735.52</b>	<b>-264,071.00</b>	<b>0.00</b>	<b>2,508,664.52</b>	<b>-2,289,975.55</b>	<b>-210</b>
1105.23 Investment in Hoggs Hollow Inc.-Project	269,237.88	0.00	0.00	269,237.88	272,631.92	-1
<b>G Investments</b>	<b>269,237.88</b>	<b>0.00</b>	<b>0.00</b>	<b>269,237.88</b>	<b>272,631.92</b>	<b>-1</b>
1105.34 Investment in 944 & 952 Queen Street	1,293,679.79	-370,675.61	0.00	923,004.18	1,218,270.00	-24
<b>I Other Assets</b>	<b>1,293,679.79</b>	<b>-370,675.61</b>	<b>0.00</b>	<b>923,004.18</b>	<b>1,218,270.00</b>	<b>-24</b>
1105.31 Investment in Fuzion/Kings Club	0.00	0.00	0.00	0.00	9,884,020.69	-100
1105.35 Investment in Downsview	0.00	0.00	0.00	0.00	1,293,110.13	-100
1105.36 Investment in Urb Prt (King South) Inc.	1,566,758.93	0.00	0.00	1,566,758.93	1,274,251.71	23
1105.37 Investment in Urb 60 St. Clair Inc.	2,393,936.74	0.00	0.00	2,393,936.74	2,278,282.78	5
1105.41 Investment in St. Clair Village Inc.	1,684,388.01	0.00	0.00	1,684,388.01	1,684,388.01	0
1105.42 Investment in Lawrence	2,071,932.41	0.00	0.00	2,071,932.41	1,202,276.92	72
1105.46 Investment in King Residential Inc.	697.11	-166,368.05	0.00	-165,670.94	-13,624.53	1116
1105.48 Investment in Downsview - Mattamy	3,346,077.00	0.00	0.00	3,346,077.00	3,346,077.00	0
1105.51 Investment in Mallow	674,050.29	0.00	0.00	674,050.29	0.00	0
1105.52 Investment in Patricia	2,749,753.90	0.00	0.00	2,749,753.90	0.00	0
1105.31A Investment in Fuzion	2,131,989.91	0.00	0.00	2,131,989.91	0.00	0
1105.31B Investment in Fuzion - Cost Capitalizati	165,632.76	0.00	0.00	165,632.76	0.00	0
1105.31C Investment in Kings Club	5,100,888.00	0.00	0.00	5,100,888.00	0.00	0
1105.31D Investment in Kings Club - Cost Capitali	986,013.61	0.00	0.00	986,013.61	0.00	0
<b>X Intangible Assets</b>	<b>22,872,118.67</b>	<b>-166,368.05</b>	<b>0.00</b>	<b>22,705,750.62</b>	<b>20,948,782.71</b>	<b>8</b>
2100 Accounts Payable	-58.50	0.00	0.00	-58.50	0.00	0
2120 Account Payable - Control	-2,184,679.76	2,034,000.00	0.00	-150,679.76	-1,817,030.00	-92
2130 Accrued Liabilities	0.00	-8,000,000.00	0.00	-8,000,000.00	0.00	0
<b>BB Accounts Payable</b>	<b>-2,184,738.26</b>	<b>-5,966,000.00</b>	<b>0.00</b>	<b>-8,150,738.26</b>	<b>-1,817,030.00</b>	<b>349</b>
MNP7 Contra Due to related parties	0.00	0.00	-6,394,299.00	-6,394,299.00	0.00	0
MNP8 Contra Due from related parties	0.00	0.00	6,394,299.00	6,394,299.00	0.00	0
2401.29 Loan Payable - A. Saskin	-516,780.97	0.00	0.00	-516,780.97	-516,780.97	0
2500.33 I/C - TCC/Urbancorp (Bay/Stadium) LP	2,792,057.18	645,861.48	0.00	3,437,918.66	-7,942.82	-43383
2500.40 I/C - Urbancorp Toronto Mgt 2	-3,132,834.17	6,669,969.36	0.00	3,537,135.19	-1,403,927.98	-352
2500.75 I/C - 55 Howie Urbancorp (Riverdale)	110,000.00	0.00	0.00	110,000.00	0.00	0
2500.80 I/C - Downsview Park Homes Inc.	10,000.00	0.00	0.00	10,000.00	0.00	0
2500.86 I/C - Urbancorp (952 Queen West) Inc.	4,121.11	0.00	0.00	4,121.11	0.00	0
2500.94 I/C - Urbancorp (St. Clair Village)	-136,211.64	0.00	0.00	-136,211.64	0.00	0
2500.96 I/C - King Residential Inc.	-56.50	0.00	0.00	-56.50	0.00	0
2500.97 I/C - Urbancorp (Woodbine) Inc.	-14,435.06	0.00	0.00	-14,435.06	0.00	0
2500.98 I/C - Urbancorp (Bridlepath) Inc.	-38,755.13	0.00	0.00	-38,755.13	0.00	0
2500.47A I/C - Westside Curve	1,363.12	0.00	0.00	1,363.12	0.00	0
<b>EE Related Party Balances &amp; Transactions</b>	<b>-921,532.06</b>	<b>7,315,830.84</b>	<b>0.00</b>	<b>6,394,298.78</b>	<b>-1,928,651.77</b>	<b>-432</b>
1105.35 Investment in Downsview	1,115,678.85	-4,457,985.00	0.00	-3,342,306.15	0.00	0

Prepared by	Detail review	Supervisory	Peer review
DT 13/02/2015	MC 04/03/2015		

20/03/2015  
9:02 AM

**TCC/Urbancorp (Bay) Limited Partnership**

Year End: December 31, 2014

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 12/13	%Chg
2401.30 Loan Payable - First Capital Realty Inc.	-2,651,204.00	0.00	0.00	-2,651,204.00		-2,651,204.00	0
<b>FF Deferred Income &amp; Other Liabilities</b>	<b>-1,535,525.15</b>	<b>-4,457,985.00</b>	<b>0.00</b>	<b>-5,993,510.15</b>		<b>-2,651,204.00</b>	<b>126</b>
1105.43 Investment in Woodbine	880,648.99	-1,304,845.84	0.00	-424,196.85		0.00	0
1105.44 Investment in Bridlepath	1,990,995.64	-3,587,000.00	0.00	-1,596,004.36		0.00	0
<b>NN Debt</b>	<b>2,871,644.63</b>	<b>-4,891,845.84</b>	<b>0.00</b>	<b>-2,020,201.21</b>		<b>0.00</b>	<b>0</b>
3600 Retained Earnings	-22,023,841.34	-7,618.82	22,031,460.16	0.00		0.00	0
3701.12 Capital A/C-Alan Saskin	-4,398,073.52	0.00	-14,302,169.16	-18,700,242.68		-4,192,147.39	346
3701.13 Capital A/C-Vestaco Investments Inc.	-100,000.00	0.00	-7,727,477.26	-7,827,477.26		-100,000.00	7727
3701.14 Capital A/C-Deaja Partner (Bay) Inc.	1.00	0.00	-1,813.74	-1,812.74		1.00	*****
<b>TT Share Capital, Retained Earnings &amp; Equity</b>	<b>-26,521,913.86</b>	<b>-7,618.82</b>	<b>0.00</b>	<b>-26,529,532.68</b>		<b>-4,292,146.39</b>	<b>518</b>
4061 Height Restriction Incentive	889,080.00	0.00	0.00	889,080.00		0.00	0
4325 Investment Income/Loss	-2,451,492.49	368,175.61	3,188,749.47	1,105,432.59		316,336.00	249
4330 Interest Income	-1.01	0.00	0.00	-1.01		0.00	0
4340 Interest Income - Bank	-3.62	0.00	0.00	-3.62		0.00	0
MNP1 Investment income/loss - Downsview Park	0.00	0.00	115,286.46	115,286.46		1,307,769.37	-91
MNP2 Investment income/loss - Mallow	0.00	0.00	467,137.54	467,137.54		0.00	0
MNP3 Investment income/loss - 60 St. Clair Inc.	0.00	0.00	-55,515.41	-55,515.41		0.00	0
MNP4 Investment income/loss - King Residential	0.00	166,368.05	-14,321.64	152,046.41		13,824.53	1000
4325.1 Investment Income/Loss - Hoggs Hollow	0.00	0.00	1,297.15	1,297.15		439,715.47	-100
4325.2 Investment Income/Loss - King Towns	0.00	0.00	533.46	533.46		2,390.53	-78
4325.3 Investment income/loss - New Towns	0.00	0.00	242,261.73	242,261.73		15,549.59	1458
4325.4 Investment Income/Loss - High Res.	0.00	264,071.00	-3,081,121.26	-2,817,050.26		-3,285,095.29	-14
4325.5 Investment Income/Loss - Fuzion/Kings Club	0.00	0.00	-864,307.50	-864,307.50		-1,958,187.00	-56
4316.02 Gain on sale of 50% of Downsview	0.00	0.00	0.00	0.00		-21,000,000.00	-100
<b>20 Revenue</b>	<b>-1,562,417.12</b>	<b>798,614.66</b>	<b>0.00</b>	<b>-763,802.46</b>		<b>-24,147,696.80</b>	<b>-97</b>
5605 Accounting/Audit Fee	4,987.50	0.00	0.00	4,987.50		4,987.50	0
5615 Bank Charges	363.11	0.00	0.00	363.11		45.00	707
5645 Legal Fee	144,024.68	0.00	0.00	144,024.68		105,311.87	37
5670 Miscellaneous	0.00	10,118.82	0.00	10,118.82		0.00	0
5671 Courier Expense	110.37	0.00	0.00	110.37		0.00	0
5712 Interest and penalties	-271.76	0.00	0.00	-271.76		-33.86	703
5850 Management fees	0.00	8,000,000.00	0.00	8,000,000.00		1,800,000.00	344
5230.01 Interest Expense	297,000.00	0.00	0.00	297,000.00		0.00	0
<b>40 Expenses</b>	<b>446,213.90</b>	<b>8,010,118.82</b>	<b>0.00</b>	<b>8,456,332.72</b>		<b>1,910,310.51</b>	<b>343</b>
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0</u>
<b>Net Income (Loss)</b>	<b>1,116,203.22</b>			<b>-7,692,530.26</b>		<b>22,237,386.29</b>	<b>-135</b>

Approved by Alan Saskin

20/03/2015  
9:02 AM

Prepared by	Detail review	Supervisory	Peer review
DT 13/02/2015	MC 04/03/2015		



## Appendix “N”

THIS AGREEMENT made this 1st day of June, 2015.

B E T W E E N:

URBANCORP TORONTO MANAGEMENT INC.

(hereinafter referred to as "UTMI")

OF THE FIRST PART,

- and -

URBANCORP DOWNSVIEW PARK DEVELOPMENT INC.

(hereinafter referred to as "Urbancorp Downsview")

OF THE SECOND PART.

- and -

TCC/URBANCORP (BAY) LIMITED PARTNERSHIP

(hereinafter referred to as "TCC")

**WHEREAS** UTMI, Urbancorp Downsview and TCC entered into an Agreement dated the 10th day of June, 2013 (the "June 2013 Agreement"), whereby TCC and/or Urbancorp Downsview agreed to pay a Fee (as defined in the June 2013 Agreement) to UTMI upon the closing of the purchase of lots and blocks in the Stanley Greene Community from Parc Downsview Park Inc.

**AND WHEREAS** the closing is about to take place but neither TCC nor Urbancorp Downsview have sufficient funds to complete the transaction and have requested an indulgence from UTMI with respect to both the payment of the Fee and the amount of the Fee;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of other good and valuable consideration and the sum of TWO (\$2.00) DOLLARS now paid by each of the parties to the other (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. The Fee due to UTMI with respect to the June 2013 Agreement shall be reduced by the sum of \$3,000,000.

- 2. The total Fee due to UTMI after the date hereof pursuant to the June 2013 Agreement shall be the sum of \$6,800,000, plus applicable HST.
- 3. The Fee shall be due and payable from the first advance of funds with respect to the Downsview project from the bcIMC Construction Fund Corporation mortgage(s).
- 4. All other terms of the June 2013 Agreement, save as amended hereby, shall remain the same and time shall remain of the essence.
- 6. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
- 7. The parties hereto agree that this Agreement may be transmitted by facsimile, email or such similar device and that the reproduction of signatures by facsimile, email or such similar device will be treated as binding as if an original.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

SIGNED, SEALED AND DELIVERED  
In the presence of:

) URBANCORP TORONTO MANAGEMENT INC.  
 )  
 ) Per: \_\_\_\_\_  
 ) Alan Saskin  
 ) President  
 ) I have the authority to bind the Corporation  
 )  
 ) URBANCORP DOWNSVIEW PARK  
 ) DEVELOPMENT INC.  
 )  
 ) Per: \_\_\_\_\_  
 ) Alan Saskin  
 ) President  
 ) I have the authority to bind the Corporation  
 )  
 ) TCC/URBANCORP (BAY) LIMITED  
 ) PARTNERSHIP by its General Partner  
 ) DEAJA PARTNER (BAY) INC.  
 )  
 ) Per: \_\_\_\_\_  
 ) Alan Saskin  
 ) President  
 ) I have the authority to bind the Corporation

## Appendix “O”

PROMISSORY NOTE

CANADIAN \$6,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 11<sup>th</sup>, 2015

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Six Million (\$6,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), together with interest thereon at the rate of One (1%) per annum, which interest shall be calculated daily and compounded monthly as hereinafter set forth, as well after as before demand or maturity and both before and after default and judgment as follows:

Interest calculated daily not in advance at the aforesaid rate on the amount outstanding from time to time shall become due and be payable monthly on the 1st day of January in each and every year commencing on the 1st day of January, 2017. The first payment of interest is to be computed from the 11th day of December, 2015 on the amount outstanding from time to time, to become due and payable on the 1st day of January, 2017.

Provided this Promissory Note may be repaid in whole without bonus or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

This Promissory Note is in substitution for a portion of a Promissory Note in the amount of \$8,000,000 between the Borrower and Holder dated the 11<sup>th</sup> day of December, 2015.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alvin Baskin  
President

I have the authority to bind the Corporation

## Appendix “P”

PROMISSORY NOTE

CANADIAN \$2,000,000  
Toronto, Ontario

DUE: On Demand  
Date: December 11<sup>th</sup>, 2015

**FOR VALUE RECEIVED**, the undersigned **TCC/URBANCORP (BAY) LIMITED PARTNERSHIP** (the "**Borrower**"), hereby promises to pay to the order **URBANCORP TORONTO MANAGEMENT INC.** (the "**Holder**"), which term shall include its successors and assigns at 120 Lynn Williams Street, Suite 2A Toronto, Ontario, M6K 3P6 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of Two Million (\$2,000,000) Dollars or so much thereof as may be outstanding from time to time (hereinafter referred to as the "**Principal Balance**"), together with interest thereon at the rate of One (1%) per annum, which interest shall be calculated daily and compounded monthly as hereinafter set forth, as well after as before demand or maturity and both before and after default and judgment as follows:

Interest calculated daily not in advance at the aforesaid rate on the amount outstanding from time to time shall become due and be payable monthly on the 1st day of January in each and every year commencing on the 1st day of January, 2017. The first payment of interest is to be computed from the 11th day of December, 2015 on the amount outstanding from time to time, to become due and payable on the 1st day of January, 2017.

Provided this Promissory Note may be repaid in whole without bonus or penalty upon ten days prior written notice.

If this Promissory Note is placed in the hands of a solicitor for collection or if collected through any legal proceeding, the Borrower promises to pay all costs of collection including the Holder's solicitors' fees and Court costs as between a solicitor and his own client.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever except to the extent required by applicable law and, if any such set-off, withholding or deduction is so required and is made, the Borrower will, as a separate and independent obligation to the Holder, be obligated to pay to the Holder all such additional amounts as may be required to fully indemnify and save harmless the Holder from such set-off, withholding or deduction and as will result in the effective receipt by the Holder of all the amounts otherwise payable in accordance with the terms of this Promissory Note.

The undersigned and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that, at any time and from time to time without notice, the terms of payment herein may be modified, without affecting the liability of any party to this instrument or any person liable or to become liable with respect to any indebtedness evidenced hereby.

Time is of the essence hereof.

This Promissory Note shall be governed by the laws of the Province of Ontario and shall not be changed, modified, discharged or cancelled orally or in any manner other than by agreement in writing signed by the parties hereto or their respective successors and assigns and the provisions hereof shall bind and enure to the benefit of their respective heirs, executors, administrations, successors and assigns forever.

This Promissory Note is in substitution for a portion of a Promissory Note in the amount of \$8,000,000 between the Borrower and Holder dated the 11<sup>th</sup> day of December, 2015.

TCC/URBANCORP (BAY) LIMITED  
PARTNERSHIP by its General Partner DEAJA  
PARTNER (BAY) INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

## Appendix “Q”




ASSIGNMENT

TO: URBANCORP INC.

WE HEREBY ASSIGN TO URBANCORP INC. all of our right, title and interest in a \$6,000,000 Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP TORONTO MANAGEMENT INC.

Per:   
Alan Saskin  
President

I have the authority to bind the Corporation

*M:\15\150105\assignment of promissory note from utmi to urbancorp inc.docx*

## Appendix “R”

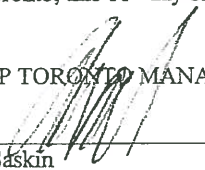
ASSIGNMENT

TO: URBANCORP MANAGEMENT INC.

WE HEREBY ASSIGN TO URBANCORP MANAGEMENT INC. all of our right, title and interest in a Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, in the principal amount of \$2,000,000 outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP TORONTO MANAGEMENT INC.

Per:   
\_\_\_\_\_  
Alan Saskin  
President

I have the authority to bind the Corporation

## Appendix “S”

ASSIGNMENT

TO: URBANCORP REALTYCO INC.

WE HEREBY ASSIGN TO URBANCORP REALTYCO INC. all of our right, title and interest in a Promissory Note dated the 11<sup>th</sup> day of December, 2015, a copy of which is attached hereto, in the principal amount of \$2,000,000 outstanding to us from TFCC/Urbancorp (Bay) Limited Partnership.

DATED at Toronto, this 11<sup>th</sup> day of December, 2015.

URBANCORP MANAGEMENT INC.

Per:  \_\_\_\_\_

Alan Saskin  
President

I have the authority to bind the Corporation

*M:\15\150105\assignment of promissory note from urbancorp management to urbancorp realty.docx*

## Appendix “T”

**General Ledger System**

Trial Balance: Accrual

Company: 0110 Urbancorp Realtyco Inc.

Period Ending: 09/30/2016

Scope: YTD

Comp Currency: CAN

Division(s): \*

Sub-Ledger(s): \*

**Balance Sheet Accounts**

* Account Code	Account Name	Cur	Opening Balance	Debit	Credit	Closing Balance
1055	Bank Account - General		8.53	0.00	-14.78	-6.25
2100	Accounts Payable		0.00	0.00	-5.25	-5.25
2330.01	HST - ITC		0.00	124.01	0.00	124.01
2500.47A	I/C - Westside Curve		0.00	0.00	-1,377.92	-1,377.92
3600	Retained Earnings		1.47	0.00	0.00	1.47
	LOSS (CURRENT YEAR)					1,273.94
3701.02	Capital a/c-Urbancorp		-10.00	0.00	0.00	-10.00
	Total Balance Sheet Accounts		0.00	124.01	-1,397.95	0.00

**Profit & Loss Accounts**

* Account Code	Account Name	Cur	Opening Balance	Debit	Credit	Closing Balance
5615	Bank Charges		0.00	20.03	0.00	20.03
5645	Legal Fee		0.00	1,253.91	0.00	1,253.91
	Total Profit & Loss Accounts		0.00	1,273.94	0.00	1,273.94
	Total Report		0.00	1,397.95	-1,397.95	0.00