

**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

**MOTION RECORD
OF THE MONITOR**

(Motion Returnable October 30, 2020 –
UDPDI DIP Amendment)

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KSV Restructuring Inc.

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

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RES. INC., BRIDGE ON KING INC. (COLLECTIVELY, THE
"APPLICANTS") AND THE AFFILIATED ENTITIES LISTED IN
SCHEDULE "A" HERETO

INDEX

Tab Document

1. Notice of Motion returnable October 30, 2020
2. Forty-First Report of the Monitor
 - A. Cumberland CCAA Entities' Corporate Chart
 - B. DHI Facility
 - C. First Report of the Monitor
 - D. DIP Amendment
3. Draft Order

Tab 1

**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

NOTICE OF MOTION
(October 30, 2020 – UDPDI DIP Amendment)

KSV Kofman Inc., now KSV Restructuring Inc. ("**KSV**"), in its capacity as the court-appointed monitor (the "**Monitor**") of the Applicants and the affiliated entities listed on Schedule "A" (collectively, the "**CCAA Entities**", and each individually a "**CCAA Entity**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") will make a motion to Chief Justice Morawetz, on October 20, 2020 at 9:00 a.m. by judicial videoconference using Zoom due to the COVID-19 pandemic.

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

1. if necessary, validating and abridging the time of service of the Notice of Motion and Motion Record and directing that any further service of the Notice of Motion and Motion Record be dispensed with such that this Motion is properly returnable on the date scheduled for the hearing of this Motion;
2. approving, and directing the Monitor for and on behalf of Urbancorp Downsview Park Development Inc. (“**UDPDI**”), as borrower, and the other CCAA Entities to enter into, Amendment No. 3 to Single Advance Credit Facility Term Sheet with Mattamy (Downsview) Limited (“**Mattamy**”), as lender (the “**DIP Amendment**”);
3. that the DHI Facility Charge as defined in the Order of this Court made on June 15, 2016 (the “**DIP Order**”) shall include all advances made pursuant to the DIP Amendment and that the \$8,000,000 reference in paragraph 11 of the DIP Order be amended to \$14,465,207.75; and
4. such further and other relief as counsel may advise and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. The DIP Order approved a single advance credit facility term sheet dated as of June 8, 2016 between UDPDI as borrower and Mattamy as lender whereby Mattamy agreed to provide UDPDI with a single advance credit facility in the maximum amount of \$8 million in order to make a required equity injection into Downsview Homes Inc. (“**DHI**”) and to fund DHI’s ongoing working capital requirements (the “**DHI Facility**”).
2. UDPDI owns 51% of the issued and outstanding shares in DHI, while Mattamy owns the remaining 49% of the issued and outstanding shares of DHI;
3. The DHI Facility was amended by Amendment No. 1 to Single Advance Credit Facility Term Sheet made as of November 13, 2018 and Amendment No. 2 to Single Advance Credit Facility Term Sheet made as of June 28, 2019 (the “**Second Amendment**”);

4. Pursuant to the Second Amendment: (i) the Maturity Date of the DHI Facility was extended to October 31, 2019; (ii) the parties agreed that as of July 20, 2018 the amount owed by UDPDI to Mattamy pursuant to the DHI Facility was \$4,603,923.91 plus costs (which amount continues to accrue interest from and including July 20, 2018); and (iii) the Urbancorp Shareholder Loan Claim (as defined therein) was fully resolved, but otherwise certain remaining issues raised were unaffected;

5. UDPDI requires additional funding in order to contribute its share of required equity to DHI in order to permit DHI to satisfy third party lending requirements arising under or pursuant to that certain credit agreement between, among others, National Bank of Canada, as Administrative Agent ("**NBC**"), the lenders party thereto from time to time, and DHI (the "**NBC Credit Agreement**"), as amended;

6. Entering into the NBC Credit Agreement is necessary in order to secure the financing required to complete the construction of the development project which is DHI's only asset;

7. Accordingly, entering into the DIP Amendment is the only means of advancing the DHI project;

8. Preserving such asset value is fair and reasonable in the circumstances;

9. Section 11 of the CCAA and this Court's equitable and statutory jurisdiction thereunder;

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

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

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

1. The Forty-First Report of the Monitor dated October 27, 2020; and

2. such further material as counsel may advise and this Court may permit.

October 27, 2020

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Lawyers for the Monitor

TO: The E-Service List found at:
<http://ksvadvisory.com/assets/Uploads/insolvency-case-documents/Urbancorp%20Group/CCAA%20Proceedings/Service%20List/Urbancorp%20CCAA%20Service%20List%20as%20at%20September%2013%2C%202016.pdf>

SCHEDULE "A"

LIST OF NON APPLICANT AFFILIATES

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.

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., ET AL.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION
(Returnable October 30, 2020 –
UDPDI DIP Amendment)

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Tab 2



**Forty-First Report to Court of
KSV Restructuring 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**

October 27, 2020

Contents		Page
1.0	Introduction.....	1
1.1	Cumberland CCAA Entities	1
1.2	Downsview	2
1.3	Purposes of this Report.....	3
1.4	Currency	3
1.5	Restrictions	3
2.0	Background	4
2.1	Urbancorp Inc.....	4
3.0	Downsview	5
3.1	Ownership.....	5
3.2	DHI Facility.....	5
3.3	Monitor’s Recommendation.....	6
4.0	Timeline.....	7
5.0	Conclusion and Recommendation	7

Schedules and Appendices

Schedules

Cumberland CCAA Entities.....	A
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Appendix

Cumberland CCAA Entities’ Corporate Chart.....	A
DHI Facility	B
First Report of the Monitor	C
DIP Amendment	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**

FORTY-FIRST REPORT OF KSV RESTRUCTURING INC.

October 27, 2020

1.0 Introduction

1.1 Cumberland CCAA Entities

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

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

3. Certain Cumberland CCAA Entities² are known direct or indirect wholly-owned subsidiaries of Urbancorp Cumberland 1 LP (“Cumberland”). 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. The remaining Cumberland CCAA Entities³, other than UTMI, are directly or indirectly wholly owned by Urbancorp Inc. (“UCI”) (collectively, the “Non-Cumberland Entities” and each a “Non-Cumberland Entity”). The corporate chart for the Cumberland CCAA Entities and the Non-Cumberland Entities is provided in Appendix “A”.

1.2 Downsview

1. Downsview Homes Inc. (“DHI”) owns land located at 2995 Keele Street in Toronto, Ontario which is being developed into condominiums and other residences (the “Project”).
2. Downsview has a 51% ownership interest in DHI and Mattamy (Downsview) Limited (“Mattamy”) has a 49% interest in DHI.
3. The Project consists of two phases:
 - a) phase one, which is complete, involves the construction of just under 500 townhouses, semi-detached homes and stacked townhouses (“Phase One”); and
 - b) phase two, which is presently planned to have approximately 470 low to mid-rise rental or condominium units and 80 semi-detached freehold homes (“Phase Two”).
4. At the commencement of the CCAA Proceedings, Downsview was required to make an equity injection in the Project to secure construction financing for the First Phase. Downsview could not fund its portion of the required equity and Mattamy agreed to loan Downsview the funds it required.
5. On June 15, 2016, the Court approved a debtor-in-possession facility (the “DHI Facility”) in the amount of \$8 million between Mattamy, as lender, and Downsview, as borrower, as well as a charge in favour of Mattamy over Downsview’s assets, properties and undertakings to secure repayment of the amounts borrowed by Downsview under the DHI Facility (the “DHI Facility Charge”). Interest on this facility accrues at an annual rate of 15%.
6. Phase One closed in July 2018 and the Phase One construction financing has been repaid in full. Phase Two is not expected to be completed for several years.

² Being St. Clair., Patricia, Mallow, Lawrence, Urbancorp (952 Queen West) Inc., King Residential Inc., Urbancorp 60 St. Clair Inc., High Res. Inc., Urbancorp Partner (King South) Inc., Urbancorp (North Side) Inc. and Bridge on King Inc.

³ Being Vestaco Homes Inc., Vestaco Investments Inc., Urbancorp Power Holdings Inc., UTMI, Downsview, 228 Queens Quay West Limited, Urbancorp Residential Inc., Urbancorp Realtyco Inc., Urbancorp Cumberland 1 GP Inc.

7. The Project has taken longer to complete than forecasted earlier in these proceedings. Most recently, delays have been caused by the COVID-19 pandemic.
8. As of July 20, 2018⁴, the amount owing under the DHI Facility was \$4,603,923.91. Interest and costs continue to accrue. The maturity date of the DHI Facility was March 31, 2020; however, Downsview and Mattamy have been treating the DHI Facility as if the term had been extended.
9. Pursuant to a term sheet dated February 5, 2020 (the “NBC Term Sheet”), National Bank of Canada (“NBC”) is prepared to provide up to \$178.6 million for construction financing for Phase Two. The NBC Term Sheet requires \$18,803,333 of equity in the Project. DHI currently has equity of \$6,126,455. Accordingly, Downsview is required to inject equity in the amount of \$6,465,207⁵. As Downsview does not have the capital to fund its commitment, Mattamy has agreed to lend Downsview the amounts required pursuant to the terms of an amendment to the DHI Facility (the “DHI Amendment”).

1.3 Purposes of this Report

1. The purposes of the report (“Report”) are to:
 - a) summarize the DHI Amendment; and
 - b) recommend that the Court issue an order approving the DHI Amendment and increasing the amount of the DHI Facility to \$14,465,207.

1.4 Currency

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

1.5 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of DHI, Mattamy and the Cumberland CCAA Entities, the books and records of the Cumberland CCAA Entities, Mattamy and DHI and discussions with representatives of the Cumberland CCAA Entities and Mattamy (the “Information”).
2. The Monitor has not audited, reviewed or otherwise verified the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

⁴ This date has been used because there is agreement among the parties as to the amount outstanding under the DHI Facility as at that date. There are certain awards related to the Arbitration (as defined below) that may further affect the amount outstanding under the DHI Facility.

⁵ $(\$18,803,333 - \$6,126,455) * 51\%$ ownership interest of Downsview = \$6,465,207.

3. The Monitor expresses no opinion or other form of assurance with respect to the Information presented in this Report or relied upon by the Monitor in preparing this Report. Any creditor or investor wishing to place reliance on the Information herein should perform its own diligence. KSV accepts no responsibility to any such party for any reliance placed on the Information
4. The COVID-19 pandemic may have a material impact on the Project, its timelines for completion and the financial success of the Project. The impact of the COVID-19 pandemic on the Project cannot be forecasted at this time.

2.0 Background

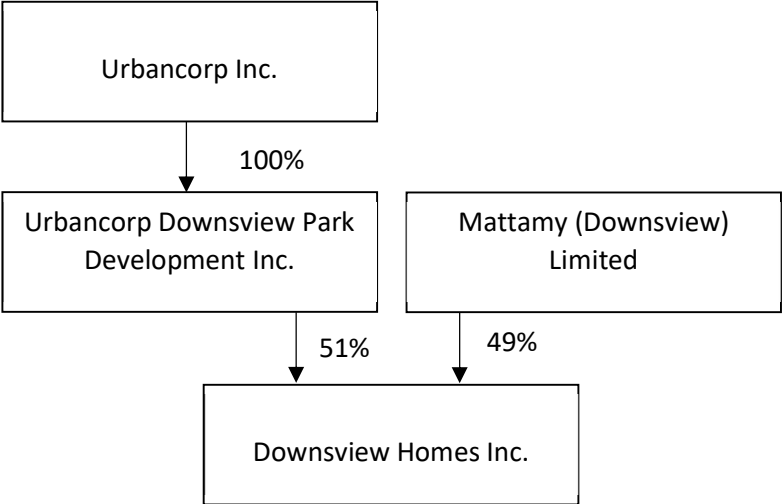
2.1 Urbancorp Inc.

1. On April 25, 2016, the District Court in Tel Aviv-Yafo, Israel issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the “Foreign Representative”) of UCI and granting him certain powers, authorities and responsibilities over UCI (the “Israeli Proceedings”).
2. On May 18, 2016, the Court issued two orders under Part IV of the CCAA which:
 - a) recognized the Israeli Proceedings as a “foreign main proceeding”;
 - b) recognized Mr. Gissin as Foreign Representative of UCI; and
 - c) appointed KSV as the Information Officer.
3. UCI was incorporated on June 19, 2015 to raise debt in the public markets in Israel. Pursuant to a Deed of Trust dated December 7, 2015, UCI made a public offering of debentures (the “IPO”) in Israel of NIS180,583,000, being approximately \$64 million based on the exchange rate at the time of the IPO (the “Debentures”).
4. From the monies raised in the IPO, UCI made unsecured loans (the “Shareholder Loans”) totalling approximately \$46 million to the NOI Entities (other than UTMI) so that these entities could repay loan obligations owing at the time. One of the Shareholder Loans was advanced by UCI to Downsview in the amount of \$10,094,562. The Downsview Shareholder Loan remains outstanding.

3.0 Downview

3.1 Ownership

1. The ownership structure of the Project is presented below.



2. The Project is situated on the site of a former Canadian Forces Base in Toronto, Ontario (the Downsview Airport lands) and the surrounding area has been designated as Canada’s first national urban park.
3. Downview’s only material asset is its 51% interest in DHI. Downview’s shares in DHI are subject to transfer restrictions and co-ownership obligations with, and a pledge in favour of, Mattamy, as general and continuing security for the payment of all monies owed by Downview to Mattamy.
4. Mattamy has provided the Monitor with several budgets and “waterfalls” during these proceedings. Mattamy’s waterfalls reflect Mattamy’s view as to how the proceeds from Downview are to be distributed to each of Mattamy and Downview. The Monitor and the Foreign Representative have expressed concerns to Mattamy throughout the course of these proceedings regarding the waterfalls, including that they do not appear to have been consistently prepared. Mattamy provides the accounting for the Project and maintains its books and records.

3.2 DHI Facility

1. A copy of the DHI Facility Term Sheet dated June 8, 2016 is attached as Appendix “B”. A summary of the terms of the DHI Facility Term Sheet is provided in the Monitor’s First Report to Court dated June 9, 2016 (the “First Report”). A copy of the First Report is attached as Appendix “C”, without appendices.

2. The DHI Amendment amends the DHI Facility Term Sheet. A copy of the DHI Amendment with a blackline to the original DHI Facility Term Sheet is attached as Appendix "D". The only material changes to the DHI Facility Term Sheet are as follows:
 - a) Amount available: increased by \$6,465,207, being the capital Downsview requires to fund its portion of the equity required under the NBC Term Sheet;
 - b) DHI Facility Charge: increased to \$14,465,207, representing the original amount approved to be advanced under the DHI Facility (\$8 million) and the new approved advance amount of approximately \$6.5 million;
 - c) Maturity date: the earliest of (i) June 20, 2022; (ii) the date upon which all conditions precedent to a plan under the CCAA have been satisfied; (iii) the date on which Downsview has sufficient funds to repay the DHI Facility in full; and (iv) such earlier date upon which repayment is required due to the occurrence of an event of default;
 - d) Further Advances: if NBC requires that the shareholders contribute additional amounts to fund construction of the Downsview Project, each of Downsview, Mattamy and the Monitor agree that Mattamy will contribute the additional amounts and the amounts will be deemed to be Expenses (as defined in the Restated Co-Ownership Agreement dated July 30, 2013 between Mattamy, Downsview, DHI and Downsview Park Management Inc.) and shall be paid to Mattamy prior to any other amounts in the waterfall.

3.3 Monitor's Recommendation

1. The Monitor believes that the DHI Amendment is required to complete or significantly advance the Project and therefore recommends its approval. In making this recommendation, the Monitor considered the applicable factors in Section 11.2 of the CCAA.
 - a) *Whether the loan would enhance the prospects of a viable compromise or arrangement.*
 - Downsview does not have the liquidity to advance the Project absent funding by NBC under the terms of the NBC Term Sheet;
 - the NBC Term Sheet requires the DHI Amendment;
 - Mattamy has advised that absent approval of the DHI Amendment, it is considering enforcing its security on the shares of DHI. The result of an enforcement process is uncertain, but would likely result in material delays in the completion of the Project;
 - the Monitor understands that Mattamy funding under the DHI Amendment is conditional upon execution of the DHI Amendment;

- the interest rate on the funds under the DHI Amendment is the same as the interest rate on the DHI Facility (15%) and was previously approved by the Court in these proceedings; and
 - no additional security is being pledged to secure Downsview's obligations.
- b) *Whether any creditor would be materially prejudiced as a result of the security or charge*
- The only material creditors of Downsview are Mattamy and the Foreign Representative. Mattamy is supportive of the DHI Amendment. Legal counsel to the Foreign Representative has provided the Monitor with comments on the DHI Amendment, which the Monitor has discussed with the Foreign Representative. The Monitor understands that the Foreign Representative may file responding materials addressing certain of its concerns with the DHI Amendment.
- c) *The nature and value of the company's property.*
- Downsview has a 51% interest in the Project. Completion of the Project will provide more certainty as to the value of the Downsview interest. Further delays to the Project will add to its cost.

4.0 Timeline

1. The Monitor has encouraged the Foreign Representative to engage in a dialogue with Mattamy to settle the issues relevant to the value of the Downsview interest in the Project. There have been several disagreements among the parties over numerous issues affecting the Project since the commencement of these proceedings. Certain of the disagreements were addressed in an arbitration before the Honourable Frank Newbould in September 2019 (the "Arbitration"). There are several remaining issues. Absent a settlement of these matters, the CCAA proceedings may be required to continue until the Project is completed, which may be several years from now.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.3(1)(b) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

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

Schedule "A"

Urbancorp Toronto Management Inc.

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.

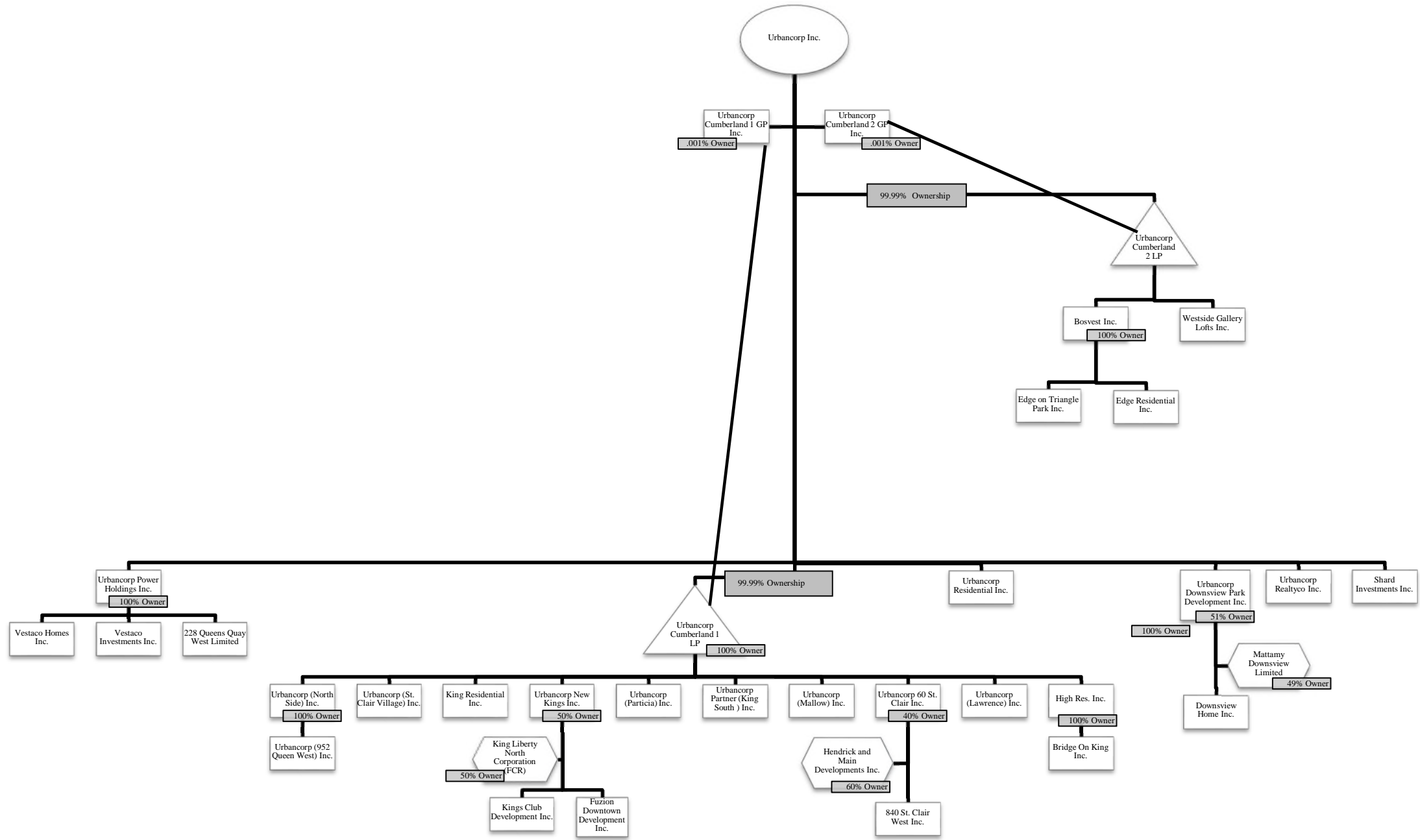
Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix “A”



Appendix “B”

SINGLE ADVANCE CREDIT FACILITY TERM SHEET

Dated as of June 8, 2016

WHEREAS the Borrower (as defined below) is subject to that certain initial order made on the 18th day of May, 2016 (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);

AND WHEREAS the Borrower is a borrower and a guarantor with joint and several obligations with various affiliates of the Borrower (collectively, the “**Other Obligants**”) under that certain interim credit facility made available by Urbancorp Partner (King South) Inc. pursuant to the terms of that certain term sheet dated as of May 13, 2016 and approved pursuant to paragraph 26 of the Initial Order (the “**Interim Credit Facility**”);

AND WHEREAS the Borrower owns 51% of the issued and outstanding shares in Downsview Homes Inc. (“**DHI**”), while the Lender (as defined below) owns the remaining 49% of the issued and outstanding shares of DHI;

AND WHEREAS the Borrower has executed and delivered a pledge of its shares in DHI to the Lender pursuant to that certain share pledge agreement dated as of June 30, 2015 (the “**Share Pledge**”) as collateral security for the indebtedness, liabilities and obligations owed to the Lender in connection with the obligations of the Borrower to the Lender under certain Owner Agreements (as defined in the Share Pledge);

AND WHEREAS the Borrower requires immediate funding in order to contribute its share of required equity to DHI in order to permit DHI to satisfy those third party lending requirements arising under or pursuant to that certain term sheet dated May 25, 2015 among bcIMC Construction Fund Corporation, as lender (“**bcIMC**”), and each of the Borrower and the Lender, as joint and several borrowers thereunder (the “**bcIMC Term Sheet**”), as amended;

AND WHEREAS pursuant to paragraph 12 of the Initial Order, neither the Borrower nor the Other Obligants may without further order of the Court (a) make any payments of principal, interest thereon or otherwise on account of amounts owing by it to any creditors, (b) grant any security interests, trusts, liens, charges or encumbrances upon or in respect of any of its property and (c) grant credit or incur liabilities except in the ordinary course of its business;

AND WHEREAS the Lender (as defined below) has agreed to provide the Borrower with a single advance credit facility in order to make an equity injection into DHI as noted above and to fund DHI’s ongoing working capital requirements (the “**DHI Facility**”), pending the Borrower obtaining court approval of debtor-in-possession financing on or before June 15, 2016 in accordance with the provisions hereof;

AND WHEREAS the DHI Facility is intended to augment the Interim Credit Facility in accordance with paragraph 29 of the Initial Order, as consented to and approved by KSV Kofman Inc. in its capacity as Monitor appointed under the Initial Order (in such capacity, the “**Monitor**”);

AND WHEREAS it is the mutual intention of the Borrower and the Lender that the Lender shall be entitled to the benefit of a charge over all present and after-acquired property, assets and undertakings of the Borrower, including, without limitation, all of the rights, entitlements and interests of the Borrower in DHI;

AND WHEREAS it is the mutual intention of the Borrower and the Lender that, in substitution for the Administration Charge (as defined in the Initial Order), an administration charge shall be requested specifically only over the Borrower's property for administrative costs specifically pertaining to the Borrower (the "**UDDI Administration Charge**") which shall have first priority over all other creditors of the Borrower, including, without limitation, the Interim Lender's Charge (as such term is defined in the Initial Order) and the DHI Facility Charge (as defined below) shall have first priority over all other creditors of the Borrower, including, without limitation, the Interim Lender's Charge (as such term is defined in the Initial Order) but shall rank subordinate to UDDI Administration Charge;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

BORROWER: Urbancorp Downsview Park Development Inc. (in that capacity, the "**Borrower**").

LENDER: Mattamy (Downsview) Limited (the "**Lender**").

PURPOSE/USE OF PROCEEDS: The proceeds of the advance to be made under the DHI Facility subject to the provisions hereof will be used solely by the Borrower (i) to make an equity injection into DHI for the primary purpose of assisting DHI to meet its obligations as and when they come due; and (ii) for other general corporate purposes of DHI, as approved in advance from time to time by the Lender.

MAXIMUM AMOUNT: The maximum amount ("**Maximum Amount**") available under the DHI Facility shall be Cdn. \$8,000,000.

MATURITY DATE: The earliest of: (i) December 31, 2018; (ii) the date upon which all conditions precedent to the implementation of a Plan (under the CCAA) have been satisfied (the "**Implementation Date**"); (iii) the date on which the Borrower is in receipt of funds sufficient in amount to repay the DHI Facility in full; and (iv) such earlier date (the "**Termination Date**") upon which repayment is required due to the occurrence of an Event of Default (as defined below) (the "**Maturity Date**").

The Maturity Date may be extended upon such additional terms and conditions as the Monitor and the Lender may agree.

The commitment in respect of the DHI Facility shall expire on the Maturity Date and all amounts outstanding under the DHI Facility shall be repaid in full no later than the Maturity Date without the Lender being required to make demand upon the Borrower or to give notice that the DHI Facility has expired and the obligations

are due and payable.

FACILITY:

The DHI Facility shall be a single advance credit facility up to the Maximum Amount, and shall be available subject to and upon the terms and conditions set out in this Term Sheet (the “**Term Sheet**”). The Lender and the Borrower acknowledge that the sum of \$8,000,000 has been placed by the Lender in the trust account of Cassels Brock & Blackwell LLP (“**CBB**”) to facilitate the making of the advance to DHI for and on behalf of the Borrower under this Term Sheet (“**DHI Facility Advance**”). The DHI Facility Advance shall be requested by the Monitor on behalf of the Borrower pursuant to a written drawdown request made by the Monitor on behalf of the Borrower and addressed to the Lender and CBB. The DHI Facility Advance shall be deposited by CBB, on behalf of the Borrower, into the existing account of DHI with The Royal Bank of Canada (the “**DHI Account**”).

DHI FACILITY CHARGE:

All obligations of the Borrower under the DHI Facility shall be secured by Court ordered charges over all present and after acquired property, assets and undertakings of Borrower and ranking ahead of all creditors of the Borrower, including, without limitation any existing secured creditors pursuant to a court ordered charge under section 11.2 of the CCAA (the “**DHI Facility Charge**”). The Borrower shall have obtained the DHI Facility Charge on or before June 15, 2016.

DHI FACILITY APPROVAL ORDER:

The Borrower shall use its best efforts, as soon as practicable and in any case by no later than June 15, 2016 to obtain an order of the Court authorizing the Borrower to enter into the Term Sheet, approving the terms of the DHI Facility, and granting the DHI Facility Charge (in form and substance acceptable to the Lender in its sole and absolute discretion and as more particularly described below in this Term Sheet) (the “**DHI Facility Approval Order**”), *provided, however*, that the Lender shall not be obligated to provide the DHI Facility Advance or further funding under the DHI Facility if any one or more of the following occurs: (a) either of the Interim Order approving the Interim Credit Facility (the “**Interim Financing Approval Order**”) or the DHI Facility Approval Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the Lender (such consent not to be unreasonably withheld where any such amendment does not pertain to the Interim Credit Facility or the DHI Facility, as the case may be), (b) a Default or Event of Default has occurred and is continuing under either of the Interim Credit Facility or the DHI Facility, as the case may be, (c) the Court has not entered the DHI Facility Approval Order on or before June 15, 2016, (d) Alan Saskin has not resigned or is not otherwise removed as an officer and director of DHI or (e) bcIMC has advised the Lender that it will not advance or continue to

advance the funds contemplated by the bcIMC Term Sheet.

The DHI Facility Approval Order shall be in form and substance satisfactory to the Lender, which order shall, without limitation, include:

- (i) provisions approving this Term Sheet and the DHI Facility created herein and the execution and delivery by the Borrower of such other credit documentation as the Lender deems necessary or appropriate, acting reasonably;
- (ii) provisions authorizing and directing the Borrower and the Monitor to execute and deliver all such loan and security documents relating to the DHI Facility, the bcIMC Term Sheet and all such security documents evidencing the DHI Facility Charge and the bcIMC Term Sheet in such form and substance as the Lender may reasonably require;
- (iii) provisions authorizing the Lender to effect registrations, filings and recordings wherever it deems appropriate in its discretion regarding the DHI Facility Charge;
- (iv) provisions providing that the DHI Facility Charge shall be valid and effective to secure all of the obligations of the Borrower to the Lender without the necessity of the making of any registrations or filings and whether or not any other documents are executed by the Borrower and the Lender pursuant hereto;
- (v) provisions declaring that the granting of the DHI Facility Charge does not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable federal or provincial legislation;
- (vi) provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrower other than as permitted herein;
- (vii) provisions ordering and declaring either the Interim Credit Facility or the DHI Facility, as the case may be, to be treated as an "Unaffected Claim" in the Plan of the Borrower and/or Other Obligants; and
- (viii) provisions prohibiting the Borrower from transferring or attempting to transfer the shares of DHI held by the Borrower to any party prior to obtaining the prior written consent of the Lender, which consent is not to be

unreasonably withheld.

**AVAILABILITY UNDER
DHI FACILITY:**

The DHI Facility is to operate as a senior secured super-priority debtor-in-possession single advance (non-revolving) credit facility and the amount of any advance under the DHI Facility (an “**Advance**”) that is repaid may not be reborrowed thereunder. The aggregate amount of all Advances outstanding under the DHI Facility shall not at any time exceed the Maximum Amount.

INTEREST RATE:

15% *per annum*. Interest on Advances, without duplication, shall accrue on a monthly basis and shall be payable on the Maturity Date. Any and all such accrued interest amounts shall constitute an Advance under the DHI Facility to the extent that there are insufficient funds on deposit to pay such interest.

Interest shall be calculated daily for the actual number of days elapsed in the period during which it accrues based on a year of 365/366 days, as applicable.

PAYMENTS:

The Borrower shall not be obligated to make any payments to the Lender on account of principal, interest or otherwise, except on the Maturity Date. For greater certainty, the Borrower may prepay any of its obligations hereunder prior to the Maturity without penalty.

FEES AND EXPENSES:

There shall be no fees payable by the Borrower to the Lender in respect of the DHI Facility. Notwithstanding the aforementioned, the Borrower shall and hereby agrees to pay all of the Lender’s due diligence and other out-of-pocket expenses (including the fees and expenses of its counsel and advisors, search and registration fees, etc.), whether or not the transaction contemplated hereby is consummated and whether incurred prior to or after the date of the DHI Facility Approval Order, as well as all expenses of the Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DHI Facility.

EVENTS OF DEFAULT

The occurrence of any one or more of the following events, without the prior written consent of the Lender, shall constitute an event of default (“**Event of Default**”) under this DHI Facility Agreement:

- (a) The issuance of an order terminating the CCAA Proceedings or lifting the stay to permit the enforcement of any security against the Borrower or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower;
- (b) The issuance of an order staying, reversing, vacating or otherwise modifying either the DHI Financing Charge or

the Interim Financing Charge, as the case may be, or, any Orders in a manner which adversely impacts the rights and interests of the Lender;

- (c) If (i) either the Interim Financing Approval Order or the DHI Financing Approval Order, as the case may be, is varied without the prior written consent of the Lender in a manner adverse to the Lender or (ii) the stay of proceedings contained in any Order is terminated or is lifted to allow an action adverse to the Lender;
- (d) Failure of the Borrower to pay any principal, interest, fees or any other amounts, in each case when due and owing hereunder;
- (e) The Borrower, any affiliate of the Borrower or any officer and/or director of the Borrower (including any affiliate thereof) has undertaken prior to the date hereof or undertakes or considers undertaking after the date hereof any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of the Lender, have a material adverse effect on the Borrower or any of the assets of the Borrower subject to the DHI Facility Charge, including, without limitation, any change or series of changes in the ownership, control, existing senior operating management arrangements or governance of the Borrower that is not acceptable to the Lender, acting reasonably;
- (f) Any material violation or breach of any Order upon receipt by the Borrower of notice from the Lender of such violation or breach; and
- (g) Failure of the Borrower to perform or comply with any other term or covenant under this Term Sheet or the bcIMC Term Sheet and such default shall continue unremedied for a period of five (5) Business Days.

REMEDIES:

Upon the occurrence of an Event of Default, whether or not there is availability under the Interim Financing Facility or the DHI Financing Facility, without any notice or demand whatsoever, the right of the Borrower to receive any Advance or other accommodation of credit shall be terminated, subject to any applicable notice provision in any Order and the cure period set out in (g) in the Events of Default (as the case may be). Without limiting the foregoing, upon further Order of the Court, the Lender shall have the right to exercise all other customary remedies, including, without limitation, the right to realize on the collateral secured by, under or pursuant to the DHI Facility Charge (in

whole or in part) and to apply to the court for the appointment of a receiver. No failure or delay by the Lender in exercising any of its rights, hereunder or at law shall be deemed a waiver of any kind, and the Lender shall be entitled to exercise such rights in accordance with the Term Sheet at any time.

**RIGHT OF FIRST
REFUSAL:**

If the Borrower receives at any time after the Interim Financing Approval Order and before the expiry of the Maturity Date a definitive, committed and *bona fide* offer from an arm's length third party that would be binding upon acceptance by the Borrower to finance or re-finance the DHI Facility in its entirety (a "**Third Party Offer**"), and each of the Borrower and the Monitor is willing to accept that Third Party Offer subject to the provisions hereof, then the Borrower, by notice in writing delivered to Lender, shall irrevocably and unconditionally offer to the Lender the right (but not the obligation) to match the Third Party Offer in place of such third party upon the same terms and conditions as are contained in the Third Party Offer (the "**ROFR Offer**"). The Lender may, within fifteen (15) business days from the date of delivery of the ROFR Offer (the "**ROFR Offer Period**"), accept the ROFR Offer to finance or re-finance the DHI Facility by notice in writing delivered to the Borrower and the Monitor, in which event it shall then become a binding financing agreement between the Lender and the Borrower upon the terms and conditions contained in the ROFR Offer. For the avoidance of doubt, if the Lender accepts the ROFR Offer during the ROFR Offer Period, such acceptance is deemed to apply, *mutatis mutandis*, to the DHI Facility, with such changes as are necessary in the sole discretion of the Lender to the DHI Facility, provided that such changes will not impact the economic terms of the ROFR Offer. If the Lender does not accept the ROFR Offer prior to the expiry of the ROFR Offer Period, then the Borrower shall be free to proceed with the financing or re-financing of the DHI Facility in its entirety (but not less than all) with the applicable third party pursuant to the Third Party Offer and, for greater certainty, all terms and conditions pertaining to the DHI Facility shall remain operative and in effect until all indebtedness, liabilities and obligations of the Borrower under or pursuant to the DHI Facility have been paid in full. If the Borrower and the third party have not entered into a binding, written agreement pertaining to all indebtedness, liabilities and obligations (but not less than all such indebtedness, liabilities and obligations) under or pursuant to the DHI Facility and the DHI has not been repaid in full as aforementioned (the "**Third Party Agreement**") within sixty (60) days of the expiry of the ROFR Offer Period, then the Borrower shall have no right or ability to proceed with the Third Party Agreement without issuing another ROFR Offer to and in favour of the Lender.

For greater certainty, the failure of the Lender to accept the ROFR Offer prior to the expiry of the ROFR Period does not in any way limit or prejudice the Lender's rights, as secured creditor of the Borrower to object to such Third Party Offer.

The Monitor and the Lender will communicate routinely, no less than bi-weekly, with respect to the Monitor's intentions for the Borrower's interest in DHI, including that the Monitor will timely advise the Lender of any bona fide interest expressed by any party who is considering replacing the DHI Facility. The Lender understands that in providing this information, the Monitor will be cognizant of its confidentiality obligations to the interested party, which may preclude the Monitor from providing the name of the interested party to Lender.

ASSIGNMENT AND PARTICIPATION:

The Lender shall be permitted to assign and sell participations in its commitment hereunder subject to, in the case of partial assignments, the minimum assignment amount shall be \$1,000,000, but at all times the Lender be and remain the agent for such participating lenders or assignees with respect to this DHI Facility.

FURTHER ASSURANCES:

The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Lender may reasonably request for the purpose of giving effect to this Term Sheet.

AMENDMENTS, WAIVERS, ETC.:

No waiver or delay on the part of the Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the Lender.

COUNTERPARTS AND FACSIMILE SIGNATURES:

This Term Sheet may be executed in any number of counterparts and by facsimile, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

GOVERNING LAW AND JURISDICTION:

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

ADDITIONAL DEFINITIONS:

Capitalized terms not otherwise defined herein shall have the following meanings:

"Business Day" means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in

Toronto, Ontario, Canada;

“Default” means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

“Liens” means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever; and

“Plan” means a plan of arrangement or compromise to creditors filed, or to be filed, by one or more Obligor, pursuant to section 5 of the CCAA.

[SIGNATURE PAGES FOLLOW]

IN WITNESS HEREOF, the parties hereby executed this Term Sheet as of the ____ day of June, 2016.

**URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., as Borrower**

By: 

Name: ROBERT HOFFMAN, AS PRESIDENT OF KSV

Title: KOFMAN INC. IN ITS CAPACITY AS CLAA
MONITOR AND NOT IN ITS PERSONAL CAPACITY

MATTAMY (DOWNSVIEW) LIMITED, as Lender

By: 

Name: DAVID GEORGE

Title: AUTHORIZED SIGNING OFFICER

KSV KOFMAN INC., as Monitor

By: 

Name: ROBERT HOFFMAN

Title: PRESIDENT

Each of the undersigned hereby acknowledges, agrees and consents to the aforementioned as of this ____ day of June, 2016.

URBANCORP TORONTO MANAGEMENT INC.,
as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (ST. CLAIR VILLAGE) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (LAWRENCE) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (PATRICIA) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (MALLOW) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (952 QUEEN WEST) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

KING RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP 60 ST. CLAIR INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

HIGH RES. INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

BRIDGE ON KING INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP POWER HOLDINGS INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP CUMBERLAND 1 GP INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP CUMBERLAND 1 LP, by its general partner **URBANCORP CUMBERLAND 1 GP INC.,** as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

VESTACO HOMES INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

VESTACO INVESTMENTS INC., as a Borrower and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

228 QUEEN'S QUAY WEST LIMITED, as a
Borrower and Guarantor under the Interim Credit
Facility.

By: 

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (NORTH SIDE) INC., as a Borrower
and Guarantor under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP PARTNER (KING SOUTH) INC., as
Lender under the Interim Credit Facility

By: 

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

Appendix “C”



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

June 9, 2016

Contents	Page
1.0 Introduction.....	1
1.1 Purposes of this Report.....	2
1.2 Currency.....	3
1.3 Restrictions.....	3
2.0 Background.....	4
2.1 Israeli Proceedings.....	4
3.0 Update on the Israeli Proceedings.....	5
4.0 Restructuring Process.....	6
4.1 Development Proposal.....	6
4.2 Broker Solicitation Process.....	6
5.0 Cash Flow.....	7
6.0 DIP Financing Process.....	7
7.0 Downsview.....	8
7.1 DHI Facility.....	8
7.2 Monitor’s Recommendation.....	10
8.0 Request for an Extension.....	11
9.0 Overview of the Monitor’s Activities.....	11
10.0 Conclusion and Recommendation.....	14

Schedules and Appendices

Schedule	Tab
Urbancorp CCAA Entities.....	A

Appendix Tab

Group Organization Chart.....	A
Request for Proposals from Brokers.....	B
Projection and Management’s Report on Cash Flow.....	C
Monitor’s Report on Cash Flow.....	D
Solicitation Letter.....	E
DHI Term Sheet.....	F

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**

JUNE 9, 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 (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities" and the NOI Entities and UTMI are referred to as the "Companies".)
2. KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
3. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) ("Court") dated May 18, 2016 ("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 monitor (the "Monitor").
4. This report (the "Report") is filed by KSV in its capacity as Monitor.

5. The Initial Order:

- a) granted a stay of proceedings for the Urbancorp CCAA Entities to June 17, 2016;
- b) approved an interim credit facility (the “Interim Credit Facility”) in the amount of \$1.9 million between Urbancorp Partner (King South) Inc. (“King South”), as lender, and the Urbancorp CCAA Entities, as borrowers, and authorized the Monitor to cause any Urbancorp CCAA Entity with available cash to loan that cash to another Urbancorp CCAA Entity, as required (an “Approved Intercompany Advance”);
- c) authorized the Monitor to solicit proposals for interim financing to replace or augment the Interim Credit Facility (the “DIP Solicitation Process”);
- d) approved a protocol (the “Protocol”) between the Monitor and Guy Gissin, functionary of Urbancorp Inc. (the “Functionary”), as appointed by the Israeli District Court in Tel Aviv-Yafo (the “Tel Aviv Court”);
- e) provided the Monitor with enhanced authority in the CCAA proceedings, including control of the cash management system, operational decision making and the direction of the restructuring process generally; and
- f) granted the Administration Charge, the Intercompany Lender’s Charge, the Interim Lender’s Charge and the Director’s Charge, all as defined in the Initial Order.

6. The principal purpose of the CCAA proceedings is to create a stabilized environment to allow the Urbancorp CCAA Entities the opportunity to consider their restructuring options, including development opportunities and/or selling some or all of their properties through a Court approved process.

1.1 Purposes of this Report

- 1. The purposes of this Report are to:
 - a) provide background information about the Urbancorp CCAA Entities and these proceedings;
 - b) provide the Court with an update on:
 - i. Urbancorp Inc.’s proceedings in Israel (the “Israeli Proceedings”), which have been recognized as a foreign main proceeding by the Court under Part IV of the CCAA (the “Part IV Proceedings”);

- ii. the Urbancorp CCAA Entities' restructuring, including the status of development opportunities and a sale process to be finalized shortly by the Monitor; and
 - iii. the DIP Solicitation Process;
- c) report on the Urbancorp CCAA Entities' cash flow projection for the period June 4, 2016 to September 2, 2016 ("Cash-Flow Statement");
- d) summarize the terms of a debtor-in-possession facility (the "DHI Facility") in the amount of \$8 million between Mattamy (Downsview) Limited ("Mattamy"), as lender, and Downsview, as borrower, as well as a charge (the "DHI Facility Charge") in favour of Mattamy over Downsview's assets, properties and undertakings to secure repayment of the amounts borrowed by Downsview under the DHI Facility;
- e) provide an overview of the Monitor's activities since the commencement of the CCAA proceedings; and
- f) recommend that the Court make an Order:
 - i. granting the Urbancorp CCAA Entities' request for an extension of its stay of proceedings from June 17, 2016 to September 2, 2016;
 - ii. approving the DHI Facility and the DHI Facility Charge; and
 - iii. approving this Report and the activities of the Monitor as set out in this Report.

1.2 Currency

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

1.3 Restrictions

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

2. An examination of the Urbancorp CCAA Entities' Cash Flow-Statement as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Urbancorp CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or form of assurance on whether the Cash-Flow Statement will be achieved.

2.0 Background

1. The Urbancorp CCAA Entities, together with several affiliates, comprise the Urbancorp Group (collectively, the "Group"). The business of the Group commenced in 1991. The Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area. The Group also owns rental properties and geothermal assets¹. A condensed organization chart for the Group is provided in Appendix "A".
2. The ultimate shareholders of the Group are Alan Saskin and members of his family.
3. At the commencement of the CCAA proceedings, the Urbancorp CCAA Entities had several projects in various stages of development and construction. The projects require significant capital in order to be completed. The Urbancorp CCAA Entities are in need of funding. They will be unable to generate positive cash flow until the projects are advanced.
4. UTMI provides back-office support for the Group, including human resources and accounting. As at June 6, 2016, UTMI employed approximately 13 individuals; it is the sole employer in the Group. UTMI provides services to the Urbancorp CCAA Entities and to other entities in the Group, including: (i) Edge Residential Inc., Edge on Triangle Park Inc. and Bosvest Inc. which are subject to the NOI proceedings in which The Fuller Landau Group Inc. ("Fuller Landau") is the Proposal Trustee; and (ii) Urbancorp (Leslieville) Developments Inc., Urbancorp (Riverdale) Developments Inc. and Urbancorp (The Beach) Developments Inc. which are subject to receivership proceedings in which Alvarez & Marsal Canada Inc. ("A&M") has been appointed receiver. UTMI's workforce is not unionized and it does not maintain a pension plan.

2.1 Israeli Proceedings

1. Urbancorp Inc. was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel.

¹ Geothermal assets use "green technology" to provide heating and cooling to residential developments.

2. Pursuant to a deed of trust dated December 7, 2015, Urbancorp Inc. made a public offering of debentures (the “IPO”) in Israel for NIS 180,583,000 (approximately C\$64 million based on the exchange rate at the time of the IPO) (the “Bonds”). The Bonds traded on the Tel Aviv Stock Exchange (the “TASE”). Urbancorp Inc. is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE.
3. The majority of the proceeds from the Bonds were used to provide loans to the NOI Entities so that the NOI Entities could in turn repay their loan obligations owing at the time. The loan agreements between Urbancorp Inc. and the NOI Entities set out that these advances are unsecured and can only be paid from surplus cash flow after all other creditors are paid in full. The maturity date of the Bonds is December 31, 2019, at which time they must be repaid.
4. Pursuant to the Recognition Order issued in the Part IV Proceedings:
 - a) Mr. Gissin was appointed as the foreign representative of Urbancorp Inc.;
 - b) the Israeli Proceedings were recognized as a “foreign main proceeding”;
 - c) a decision by the Tel Aviv Court granting the Functionary certain powers, authority and responsibilities over Urbancorp Inc. was recognized by the Court; and
 - d) KSV was appointed as the Information Officer;
5. Pursuant to the Initial Order, the Court approved the Protocol between the Monitor and the Functionary. The Protocol addresses, *inter alia*, the sharing of information between the Functionary and the Monitor, the manner in which the Functionary is to have input in the CCAA restructuring process and that KSV would be the Information Officer in the Part IV Proceedings.
6. Further background concerning the Group and the Israeli Proceedings was provided in the affidavit of Alan Saskin, the sole director and officer of each of the Companies, sworn May 13, 2016 (the “Saskin Affidavit”) and the First Report of KSV as Proposal Trustee dated May 13, 2016 (the “Proposal Trustee Report”). The Saskin Affidavit, the Proposal Trustee Report and other publically available materials filed in the insolvency proceedings are available on KSV’s website at: <http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>.

3.0 Update on the Israeli Proceedings

1. Since the commencement of the CCAA proceedings, the Monitor has been in regular contact with the Functionary and its Canadian counsel, Goodmans LLP, to provide updates and consult with the Functionary on major issues in the Urbancorp CCAA Entities’ restructuring process.

2. On May 10, 2016, the Functionary made an application to the Tel Aviv Court to, *inter alia*, authorize the Functionary to enter into the Protocol. On May 11, 2016, the Tel Aviv Court made an Order authorizing the Functionary to enter into the Protocol. On May 22, 2016, the Tel Aviv Court made an order extending the appointment of the Functionary to September 22, 2016.
3. The Functionary shortly intends to seek an Order of this Court calling for claims by Canadian creditors against Urbancorp Inc. and establishing a bar date for same. The Monitor expects that the Functionary will seek an order of this Court approving a claims process, including the form of claims' notice that is to be published. The Monitor and the Functionary have been in discussions in this regard.

4.0 Restructuring Process

4.1 Development Proposal

1. Prior to the commencement of the restructuring proceedings, the Group was engaged in discussions with a real estate developer regarding a development proposal for the properties owned by the NOI Entities, other than the property owned by Downsview (the "Properties").
2. On May 12, 2016, the Monitor received a letter of intent from the developer. The Monitor engaged in negotiations with the developer and considered making the development proposal a stalking horse offer in a realization process. A stalking horse process is often beneficial to maintain stakeholder support, such as employees, customers and vendors during a sale process, so that goodwill is preserved. As the main asset of the NOI Entities is raw land, the Monitor concluded that a stalking horse is of limited benefit, if any, at this stage of the sale process². Accordingly discussions with the developer were discontinued during the week of May 27, 2016.

4.2 Broker Solicitation Process

1. In early June, the Monitor requested proposals from realtors to act as its listing agent for the Properties. Proposals are due on June 13, 2016.
2. Upon selection of one or more successful proposals, the Monitor and the realtor(s) will develop a realization process to be approved by the Court. The Monitor expects Court approval to be sought prior to the end of June, 2016. A copy of the package sent to the realtors is provided in Appendix "B".
3. Each of the realtors has a national or significant practice and has experience selling real estate similar to the Properties.
4. In selecting a realtor, the Monitor will also consider unsolicited proposals it receives.

² The Monitor contemplates that the sale process for which it intends to seek Court approval will provide the option, but not the obligation, to have the best offer or offers to be a stalking horse in an auction.

5.0 Cash Flow

1. The Cash-Flow Statement and related assumptions for the period June 4, 2016 to September 2, 2016 (the “Period”), together with Management’s Report on the Cash-Flow Statement, are provided in Appendix “C”.
2. The Urbancorp CCAA Entities’ principal assets are undeveloped real estate, which do not presently generate positive cash flow. The most immediate cash requirement is \$8 million required to fund an equity injection by Downsview to DHI under the DHI Facility (discussed in Section 7 below). The remaining expenses in the Cash-Flow Statement include payroll, general and administrative expenses and professional fees.
3. As of the date of this Report, the Urbancorp CCAA Entities have a cash balance of approximately \$2.1 million. The Urbancorp CCAA Entities’ cash balance is projected to be fully utilized by July 15, 2016. Accordingly, a debtor-in-possession facility (a “DIP Facility”) will be required at that time.
4. The Monitor is of the view that the material assumptions in the Cash-Flow Statement are reasonable. The Monitor’s report on the Projection is provided in Appendix “D”.

6.0 DIP Financing Process

1. The Initial Order authorized the Monitor to conduct the DIP Solicitation Process.
2. The Monitor is seeking a DIP Facility in the amount of \$10 million. The DIP Facility is to be secured by unencumbered raw land owned by Lawrence and St. Clair (the “Collateral”). Estimates of value recently received by the Monitor indicate that the value of the Collateral exceeds the anticipated amount of the DIP Facility.
3. It is contemplated that the proceeds from the DIP Facility will be used to fund operating costs and professional fees incurred by the Urbancorp CCAA Entities during the restructuring process. It may also be used to repay amounts that have been loaned among the Urbancorp CCAA Entities since the commencement of the NOI proceedings under the Intercompany Lender’s Charge and the Interim Lender’s Charge.
4. Between June 6 and 8, 2016, the Monitor sent a letter to several parties detailing the DIP opportunity (the “Solicitation Letter”).³ Attached to the Solicitation Letter was: (i) a confidentiality agreement (the “CA”); and (ii) a form of term sheet to be used by interested parties to submit their bids. A copy of the Solicitation Letter is attached as Appendix “E”. Interested parties who sign CAs will be provided access to an online data room. The data room contains information concerning the Collateral, including environmental reports, zoning studies and appraisals.

³ The majority of the Solicitation Letters were sent on June 6, 2016. Additional letters were sent on June 7 and 8, 2016 to parties who expressed an interest on these dates.

5. The following criteria, among others, will be considered in respect of DIP proposals:
 - a) term;
 - b) interest rate and fees; and
 - c) conditions.
6. The terms of the selected DIP proposal will be subject to Court approval.

7.0 Downsview

1. Downsview Homes Inc. (“DHI”) owns land located at 2995 Keele Street in Toronto, which is being developed into condominiums and low-rise residences (the “Downsview Project”). Construction is in process. When completed, the Downsview Project will consist of 1,136 residential units.
2. The shares of DHI are owned as follows: Downsview (51%) and Mattamy (49%).
3. Prior to the commencement of the CCAA proceedings, Mattamy made advances to DHI on behalf of Downsview. Downsview also has obligations to Mattamy under a co-ownership agreement (“Agreement”). Downsview has pledged its shares in DHI to Mattamy as security for the advances and for Downsview’s obligations under the Agreement.
4. Pursuant to a term sheet dated May 25, 2015 (the “bcIMC Term Sheet”), bcIMC Construction Fund Corporation (“bcIMC”) provides construction financing for the Downsview Project. A condition of the bcIMC Term Sheet is that Mattamy and Downsview inject equity into DHI; approximately \$8 million is required to be advanced by Downsview.
5. Downsview does not have the cash to fund its portion of the required equity. If the equity injection is not made, bcIMC may discontinue funding the Downsview Project. Mattamy has agreed to loan Downsview the funds it requires to fund the equity contribution.
6. Downsview has no material assets other than the shares of DHI which are subject to transfer restrictions and co-ownership obligations.

7.1 DHI Facility⁴

1. The terms of the DHI Facility are set out in a term sheet (the “DHI Term Sheet”). A copy of the DHI Term Sheet is attached as Appendix “F”. The significant terms of the DHI Facility are below.
 - a) Amount: \$8 million;

⁴ Terms not defined in this section have the meaning provided to them in the DHI Term Sheet.

- b) Maturity date: the earliest of (i) December 31, 2018; (ii) the date upon which all conditions precedent to a plan under the CCAA have been satisfied; (iii) the date on which Downsview has sufficient funds to repay the DHI Facility in full; and (iv) such earlier date upon which repayment is required due to the occurrence of an Event of Default;
- c) Interest rate: 15% per annum, payable on maturity;
- d) DHI Facility Charge: all obligations of Downsview under the DHI Facility are to be secured by a first-ranking Court ordered charge over all present and after acquired property, assets and undertakings of Downsview, subject only to the UDDI Administration Charge;
- e) Right of First Refusal (“ROFR”): provides Mattamy with 15 days to match the terms of any take-out financing for the DHI Facility;
- f) Conditions:
 - i. entry of the DHI Facility Approval Order by June 15, 2016;
 - ii. Alan Saskin to resign as an officer and director of DHI;
 - iii. bcIMC continues to fund DHI; and
 - iv. the absence of an Event of Default.
- g) Events of default:
 - i. termination of the CCAA proceedings or the CCAA stay of proceedings;
 - ii. an Order modifying the DHI Financing Charge or the Interim Financing Charge, which adversely impacts the rights of Mattamy;
 - iii. an Order modifying the Interim Financing Approval Order or DHI Financing Approval Order without the consent of Mattamy, in a manner which adversely impacts the rights of Mattamy;
 - iv. failure of Downsview to pay any amounts owing to Mattamy when due;
 - v. if Downsview, or an affiliate of Downsview or any director and/or officer of Downsview, takes any actions with respect to Downsview’s business or assets which have a material adverse effect on Mattamy or any assets subject to the DHI Facility Charge;
 - vi. any material breach of a Court Order; and
 - vii. breaches of covenants in the DHI Term Sheet or the bcIMC Term Sheet, which are not remedied for a period of five days.

7.2 Monitor's Recommendation

1. The Monitor considered the following factors when considering the terms of the DHI Facility, as well those set out in Section 11.2 of the CCAA:
 - a) Downsvieview is without cash to fund the equity injection. Mattamy has advised that it may consider enforcing its security on the shares of DHI if Downsvieview does not contribute its portion of the required equity. Without the equity injection from Downsvieview and Mattamy, bcIMC may not fund its loan to the project, which could put the Downsvieview Project at risk. The Downsvieview Project appears to be a valuable asset. Making the equity injection allows the project to continue without risk to Downsvieview's interest;
 - b) At this time, Mattamy is the only party with sufficient understanding of the Downsvieview Project and DHI to be able to advance funds prior to the deadline for the equity injection, particularly since the only security to support such funding are Downsvieview's shares in DHI, which are already pledged to Mattamy.
 - c) The Monitor is able to repay the DHI Facility at any time, without penalty;
 - d) The DHI Term Sheet is the result of negotiations among the Monitor, Downsvieview and Mattamy. The Monitor understands that Mattamy is not willing to provide the interim financing other than on the terms and conditions of the DHI Term Sheet;
 - e) The interest rate on the DIP Facility is consistent with market, particularly given the complexities of the Downsvieview project. It is also consistent with the interest rates for advances made on behalf of a defaulting party under the Agreement; and
 - f) The only meaningful security for the DHI Facility are the shares of DHI which are currently pledged to Mattamy to secure obligations owing under the Agreement. The Monitor has considered the ROFR and does not consider this condition to be a practical or material impediment to receiving alternative financing offers which may prove to be more advantageous than the DHI Facility. The Monitor and Downsvieview have no current plans to seek alternative financing, in these circumstances;
2. Based on the foregoing, the Monitor believes that the terms of the DIP Term Sheet are reasonable in the circumstances.

8.0 Request for an Extension

1. The Urbancorp CCAA Entities are seeking an extension of the stay of proceedings from June 17, 2016 to September 2, 2016. The Monitor supports the Urbancorp CCAA Entities' request for an extension of the stay of proceedings for the following reasons:
 - a) the Urbancorp CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be materially prejudiced if the extension is granted;
 - c) it will allow the Urbancorp CCAA Entities the opportunity to continue the realization process for the Properties;
 - d) it will allow the Monitor to address a myriad of other issues affecting the Urbancorp CCAA Entities; and
 - e) as of the date of this Report, neither the Urbancorp CCAA Entities nor the Monitor is aware of any party opposed to an extension.

9.0 Overview of the Monitor's Activities

1. The Monitor's activities since the commencement of the proceedings have included:
 - a) carrying out the Monitor's duties and responsibilities in accordance with the Initial Order;
 - b) corresponding with Davies Ward Phillips & Vineberg LLP, counsel to the Monitor, and Borden Ladner Gervais LLP, counsel to the Urbancorp CCAA Entities, concerning all matters in the CCAA proceedings;
 - c) attending on a near daily basis at the Urbancorp CCAA Entities' head office;
 - d) corresponding regularly with purchasers of residential units regarding the status of their deposits and their projects;
 - e) preparing and arranging for an advertisement in *The Globe and Mail* as required under the CCAA;
 - f) preparing and e-filing with the Office of the Superintendent of Bankruptcy Form 1 and Form 2, as required by the CCAA;
 - g) considering a letter of intent provided by a national home builder in respect of the Properties;
 - h) reviewing the Urbancorp CCAA Entities' daily bank activity;
 - i) reviewing information regarding the Group's geothermal assets;
 - j) making a digital backup of the Group's books and records;

- k) considering UTMI's costs, as well as the allocation of those costs between the Urbancorp CCAA Entities and entities not included in the CCAA proceedings;
- l) corresponding with Fuller Landau and A&M regarding their insolvency proceedings;
- m) corresponding with Harris Schaeffer LLP, the Group's corporate lawyers, to obtain information concerning the background of the Urbancorp CCAA Entities;
- n) corresponding with MNP LLP, the Group's accountants;
- o) considering and advancing a sale process, including compiling a list of prospective purchasers and assembling an electronic data room;
- p) corresponding frequently with interested purchasers and lenders;
- q) convening meetings with UTMI's employees to apprise them of developments in the restructuring process;
- r) reviewing information provided by the Urbancorp CCAA Entities in connection with the Properties, including:
 - i. purchase and sale agreements;
 - ii. site plan details;
 - iii. environmental reports and development reports;
 - iv. schedules summarizing deposits received from home buyers;
 - v. property surveys; and
 - vi. appraisals.
- s) corresponding extensively with key stakeholders in these proceedings, including secured lenders and their respective legal counsel;
- t) preparing the DIP Solicitation Process materials;
- u) compiling information in a data room in respect of the DIP Solicitation Process;
- v) corresponding with the Urbancorp CCAA Entities' insurance broker to add the Monitor as a loss payee and named insured on the insurance policies;
- w) preparing a Request for Proposals in connection with the process to solicit proposals from realtors;
- x) paying expenses incurred in the CCAA proceedings;
- y) corresponding regularly with the Functionary and its Canadian counsel;

- z) corresponding regularly with Mattamy and its counsel;
- aa) negotiating the DHI Facility;
- bb) changing the signatories on the Urbancorp CCAA Entities' bank accounts to representatives of the Monitor, as required pursuant to the Initial Order;
- cc) mailing a notice to the Urbancorp CCAA Entities' creditors, as required pursuant to the CCAA;
- dd) reviewing the Projection and the underlying assumptions;
- ee) preparing Management's Reports on Cash Flow Statement;
- ff) preparing the Monitor's Reports on Cash Flow Statement;
- gg) preparing an e-mail to the Service List, as required pursuant to the Commercial List E-Service Protocol;
- hh) corresponding with UTMI's employee benefits provider to arrange for the continuation of benefits during the CCAA proceedings;
- ii) corresponding with Bennett Jones LLP, Mr. Saskin's counsel, regarding various matters in these proceedings;
- jj) corresponding with prospective purchasers of the Urbancorp CCAA Entities' properties;
- kk) responding to enquiries from creditors, including the various secured creditors of the Urbancorp CCAA Entities;
- ll) corresponding with representatives of Scotiabank, a lender to Kings Club Development Inc. ("Kings Club");
- mm) reviewing information concerning Urbancorp New Kings Inc.'s ("UNKI") investment in Kings Club;
- nn) corresponding with legal counsel for representatives of First Capital Realty Inc., UNKI's partner in the Kings Club development;
- oo) posting materials filed with the Court to the Monitor's website for these proceedings;
- pp) maintaining the service list; and
- qq) drafting this Report.

10.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

A handwritten signature in cursive script that reads "KSV Kofman Inc".

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

Appendix “D”

AMENDMENT NO. 3 TO SINGLE ADVANCE CREDIT FACILITY TERM SHEET

THIS AMENDMENT AGREEMENT NO. 3 (this “**Agreement**”) is made as of October 27, 2020 between, *inter alios*, Urbancorp Downsview Park Development Inc. (the “**Borrower**”), Mattamy (Downsview) Limited (the “**Lender**”) and KSV Kofman Inc. in its capacity as Monitor appointed under the Initial Order (in such capacity, the “**Monitor**”).

WHEREAS the Borrower is subject to that certain initial order made on the 18th day of May, 2016 (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

AND WHEREAS the Borrower owns 51% of the issued and outstanding shares in Downsview Homes Inc. (“**DHI**”), while the Lender owns the remaining 49% of the issued and outstanding shares of DHI;

AND WHEREAS the Borrower, the Lender and the Monitor are party, *inter alios*, to a single advance credit facility term sheet dated as of June 8, 2016 (as amended by Amendment No. 1 to Single Advance Credit Facility Term Sheet made as of November 13, 2018 and Amendment No. 2 to Single Advance Credit Facility Term Sheet made as of June 28, 2019 and as such agreement may be further amended, supplemented, restated, replaced or otherwise modified from time to time, the “**Term Sheet**”) whereby the Lender agreed to provide the Borrower with a single advance credit facility in order to make an equity injection into DHI as noted above and to fund DHI’s ongoing working capital requirements (the “**DHI Facility**”);

AND WHEREAS the DHI Facility provides that the Maturity Date (as defined therein) may be extended upon such additional terms and conditions as the Monitor and the Lender may agree;

AND WHEREAS pursuant to Amendment No. 1 to Single Advance Credit Facility Term Sheet made as of November 13, 2018, the Borrower requested, and the Monitor and the Lender agreed, to extend the Maturity Date of the DHI Facility to June 28, 2019;

AND WHEREAS pursuant to Amendment No. 2 to Single Advance Credit Facility Term Sheet made as of June 28, 2019 (i) the Maturity Date of the DHI Facility was extended to October 31, 2019; (ii) the parties agreed that as of July 20, 2018 the amount owed by the Borrower to the Lender pursuant to the DHI Facility was \$4,603,923.91 plus costs (which amount continues to accrue interest from and including July 20, 2018 in accordance with the Term Sheet); and (iii) the Urbancorp Shareholder Loan Claim (as defined therein) was fully resolved, but otherwise the remaining issues raised in the Arbitration (as defined therein) were unaffected;

AND WHEREAS certain issues are outstanding between the Borrower and the Lender (the “**Outstanding Issues**”), including but not limited to (i) an agreement in respect of the current amount owed under the DHI Facility; and (ii) an agreement in respect of additional funding required for DHI to support ongoing construction on the Downsview project (as the Borrower has advised the Lender that the Borrower does not have the required funds available);

AND WHEREAS the Borrower and the Lender have agreed to amend the Term Sheet, as provided in this Agreement while they work to resolve the Outstanding Issues;

AND WHEREAS the Borrower requires additional funding in order to contribute its share of required equity to DHI in order to permit DHI to satisfy those third party lending requirements arising under or pursuant to a credit agreement to be finalized between, among others, National Bank of Canada, as Administrative Agent (“NBC”), the lenders party thereto from time to time, and DHI (the “NBC Credit Agreement”), as amended;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **Definitions.** Unless otherwise defined herein, capitalized terms used in this Agreement, including in the recitals hereto, shall have the meanings ascribed to such terms in the Term Sheet.
2. **References.** Upon execution of this Agreement, the Term Sheet shall be deemed to have been amended as of the Amendment Effective Date (as that term is defined below). The terms "hereof", "herein", "this Term Sheet", "this DHI Facility Agreement " and similar terms used in the Term Sheet, shall mean and refer to, from and after the Amendment Effective Date, the Term Sheet as amended by this Agreement.
3. **Benefit of the Agreement.** This Agreement shall enure to the benefit of and be binding upon the Borrower, the Lender and the Monitor and their respective successors and permitted assigns.
4. **Invalidity of any Provisions.** Any provision of this Agreement which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition in such jurisdiction without invalidating the remaining terms and provisions hereof and no such invalidity shall affect the obligation of the Borrower to pay and perform all of the obligations arising under the Term Sheet.
5. **Captions and Heading.** The inclusion of headings preceding the text of the sections of this Agreement are intended for convenience of reference only and shall not affect in any way the construction or interpretation thereof.
6. **Amendments to Term Sheet.** Subject to satisfaction of the conditions precedent set forth below, the Term Sheet is hereby amended by making the additions which appear with computer generated underscoring and making the deletions which appear with computer generated strike throughs, in each case, in the composite copy of the Term Sheet attached hereto as Annex A.
7. **Non-Waiver.** The Borrower acknowledges and agrees that the foregoing amendment shall not obligate or be construed to require the Lender to grant any consents, modifications, or waivers to any provision of the Term Sheet. The Lender expressly reserves the right to exercise any and all of its rights and remedies under the Term Sheet and applicable law in respect of any Default or Event of Default.
8. **Conditions Precedent.** This Agreement shall not become effective until the Lender shall have received the following all in form and substance satisfactory to the Lender (the date on which such conditions precedent are satisfied is hereinafter referred to as the "**Amendment Effective Date**"):

- (a) this Agreement shall have been duly executed and delivered by each of the parties hereto; and
 - (b) the Lender shall have received all such other certificates, documents and information that it reasonably requests.
9. **Term Sheet in Effect.** The Term Sheet, as amended hereby, shall continue in full force and effect in accordance with the provisions thereof and the Term Sheet. After this Agreement becomes effective as provided herein, any reference to the Term Sheet in the Term Sheet shall refer to the Term Sheet, as amended hereby.
10. **Without Prejudice.** The Lender and Borrower hereby acknowledge and agree that this DIP Amendment Agreement is without prejudice to the position to be taken by either of the parties in respect of the Outstanding Issues.
11. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.
12. **Further Assurances.** The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.
13. **Counterparts.** This Agreement may be executed in any number of counterparts and by facsimile, electronic mail or other electronic communication, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

[SIGNATURE PAGES FOLLOW]

IN WITNESS HEREOF, the parties hereby executed this Term Sheet on the date first set out above.

**URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., as Borrower**

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

MATTAMY (DOWNSVIEW) LIMITED, as Lender

By: _____
Name:
Title:

KSV KOFMAN INC., as Monitor

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

Each of the undersigned hereby acknowledges, agrees and consents to the aforementioned as of the date first set out above.

URBANCORP TORONTO MANAGEMENT INC.,
as a Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (ST. CLAIR VILLAGE) INC., as a
Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (LAWRENCE) INC., as a Borrower
and Guarantor under the Interim Credit Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (PATRICIA) INC., as a Borrower and
Guarantor under the Interim Credit Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (MALLOW) INC., as a Borrower and Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP (952 QUEEN WEST) INC., as a Borrower and Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

KING RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman Inc., as CCAA Monitor and not in its personal capacity

URBANCORP 60 ST. CLAIR INC., as a Borrower
and Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

HIGH RES. INC., as a Borrower and Guarantor under
the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

BRIDGE ON KING INC., as a Borrower and
Guarantor under the Interim Credit Facility

By:

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP POWER HOLDINGS INC., as a
Borrower and Guarantor under the Interim Credit
Facility

By:

Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP CUMBERLAND 1 GP INC., as a
Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP CUMBERLAND 1 LP, by its general
partner **URBANCORP CUMBERLAND 1 GP INC.,**
as a Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

VESTACO HOMES INC., as a Borrower and
Guarantor under the Interim Credit Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

VESTACO INVESTMENTS INC., as a Borrower and
Guarantor under the Interim Credit Facility

By: _____
Name: Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

228 QUEEN'S QUAY WEST LIMITED, as a
Borrower and Guarantor under the Interim Credit
Facility

By:

Name: _____
Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP (NORTH SIDE) INC., as a Borrower
and Guarantor under the Interim Credit Facility

By:

Name: _____
Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

URBANCORP PARTNER (KING SOUTH) INC., as
Lender under the Interim Credit Facility

By:

Name: _____
Robert Kofman, President of KSV Kofman
Inc., as CCAA Monitor and not in its
personal capacity

Annex A

Term Sheet

[see attached]

SINGLE~~TWO~~ ADVANCE CREDIT FACILITY TERM SHEET

Dated as of June 8, 2016

WHEREAS the Borrower (as defined below) is subject to that certain initial order made on the 18th day of May, 2016 (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCA**”);

AND WHEREAS the Borrower is a borrower and a guarantor with joint and several obligations with various affiliates of the Borrower (collectively, the “**Other Obligants**”) under that certain interim credit facility made available by Urbancorp Partner (King South) Inc. pursuant to the terms of that certain term sheet dated as of May 13, 2016 and approved pursuant to paragraph 26 of the Initial Order (the “**Interim Credit Facility**”);

AND WHEREAS the Borrower owns 51% of the issued and outstanding shares in Downsview Homes Inc. (“**DHI**”), while the Lender (as defined below) owns the remaining 49% of the issued and outstanding shares of DHI;

AND WHEREAS the Borrower has executed and delivered a pledge of its shares in DHI to the Lender pursuant to that certain share pledge agreement dated as of June 30, 2015 (the “**Share Pledge**”) as collateral security for the indebtedness, liabilities and obligations owed to the Lender in connection with the obligations of the Borrower to the Lender under certain Owner Agreements (as defined in the Share Pledge);

AND WHEREAS the Borrower requires immediate funding in order to contribute its share of required equity to DHI in order to permit DHI to satisfy those third party lending requirements arising under or pursuant to that certain term sheet dated May 25, 2015 among bcIMC Construction Fund Corporation, as lender (“**bcIMC**”), and each of the Borrower and the Lender, as joint and several borrowers thereunder (the “**bcIMC Term Sheet**”), as amended;

AND WHEREAS the Borrower requires additional funding in order to contribute its share of required equity to DHI in order to permit DHI to satisfy those third party lending requirements arising under or pursuant to a credit agreement to be finalized between, among others, National Bank of Canada, as Administrative Agent (“NBC”), the lenders party thereto from time to time, and DHI (the “NBC Credit Agreement”), as amended;

AND WHEREAS pursuant to paragraph 12 of the Initial Order, neither the Borrower nor the Other Obligants may without further order of the Court (a) make any payments of principal, interest thereon or otherwise on account of amounts owing by it to any creditors, (b) grant any security interests, trusts, liens, charges or encumbrances upon or in respect of any of its property and (c) grant credit or incur liabilities except in the ordinary course of its business;

AND WHEREAS the Lender (as defined below) has agreed to provide the Borrower with a ~~single~~two advance credit facility in order to make ~~an~~the additional equity ~~injection~~injections into DHI as noted above and to fund DHI’s ongoing working capital requirements (the “**DHI Facility**”), pending the Borrower obtaining court approval of debtor-in-possession financing on or before ~~June 15, 2016~~October 30, 2020 in accordance with the provisions hereof;

AND WHEREAS the DHI Facility is intended to augment the Interim Credit Facility in accordance with paragraph 29 of the Initial Order, as consented to and approved by KSV Kofman Inc. in its capacity as Monitor appointed under the Initial Order (in such capacity, the “**Monitor**”);

AND WHEREAS it is the mutual intention of the Borrower and the Lender that the Lender shall be entitled to the benefit of a charge over all present and after-acquired property, assets and undertakings of the Borrower, including, without limitation, all of the rights, entitlements and interests of the Borrower in DHI;

AND WHEREAS it is the mutual intention of the Borrower and the Lender that, in substitution for the Administration Charge (as defined in the Initial Order), an administration charge shall be requested specifically only over the Borrower's property for administrative costs specifically pertaining to the Borrower (the "**UDDI Administration Charge**") which shall have first priority over all other creditors of the Borrower, including, without limitation, the Interim Lender's Charge (as such term is defined in the Initial Order) and the DHI Facility Charge (as defined below) shall have first priority over all other creditors of the Borrower, including, without limitation, the Interim Lender's Charge (as such term is defined in the Initial Order) but shall rank subordinate to UDDI Administration Charge;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

BORROWER: Urbancorp Downsview Park Development Inc. (in that capacity, the "**Borrower**").

LENDER: Mattamy (Downsview) Limited (the "**Lender**").

PURPOSE/USE OF PROCEEDS: The proceeds of the advance to be made under the DHI Facility subject to the provisions hereof will be used solely by the Borrower (i) to make an equity injection into DHI for the primary purpose of assisting DHI to meet its obligations as and when they come due; and (ii) for other general corporate purposes of DHI, as approved in advance from time to time by the Lender.

MAXIMUM AMOUNT: The maximum amount ("**Maximum Amount**") available under the DHI Facility shall be Cdn. \$~~8,000,000~~14,465,207.75.

MATURITY DATE: The earliest of: (i) ~~October 31, 2019~~June 30, 2022; (ii) the date upon which all conditions precedent to the implementation of a Plan (under the CCAA) have been satisfied (the "**Implementation Date**"); (iii) the date on which the Borrower is in receipt of funds sufficient in amount to repay the DHI Facility in full; and (iv) such earlier date (the "**Termination Date**") upon which repayment is required due to the occurrence of an Event of Default (as defined below) (the "**Maturity Date**").

The Maturity Date may be extended upon such additional terms and conditions as the Monitor and the Lender may agree.

The commitment in respect of the DHI Facility shall expire on the Maturity Date and all amounts outstanding under the DHI Facility shall be repaid in full no later than the Maturity Date without the

Lender being required to make demand upon the Borrower or to give notice that the DHI Facility has expired and the obligations are due and payable.

FACILITY:

The DHI Facility shall be a ~~single~~two advance credit facility up to the Maximum Amount, and shall be available subject to and upon the terms and conditions set out in this Term Sheet (the “**Term Sheet**”). The Lender and the Borrower acknowledge that the sum of \$8,000,000 ~~has been placed~~was advanced by the Lender ~~in the trust account of Cassels Brock & Blackwell LLP (“CBB”) to the Borrower on or about June 8, 2016~~ to facilitate the making of the advance to DHI for and on behalf of the Borrower under this Term Sheet (“**Initial DHI Facility Advance**”). ~~The Lender and the Borrower acknowledge that the sum of \$6,465,207.75 will be placed by the Lender in the trust account of Cassels Brock & Blackwell LLP (“CBB”) to facilitate the making of the additional advance to DHI for and on behalf of the Borrower under this Term Sheet (“Second DHI Facility Advance” and collectively with the Initial DHI Facility Advance, the “DHI Facility Advances”).~~ Each DHI Facility Advance shall be requested by the Monitor on behalf of the Borrower pursuant to a written drawdown request made by the Monitor on behalf of the Borrower and addressed to the Lender and CBB. ~~The~~Each DHI Facility Advance shall be deposited by CBB, on behalf of the Borrower, into the existing account of DHI with ~~The~~ Royal Bank of Canada (the “**DHI Account**”).

DHI FACILITY CHARGE:

All obligations of the Borrower under the DHI Facility shall be secured by Court ordered charges over all present and after acquired property, assets and undertakings of the Borrower and ranking ahead of all creditors of the Borrower, including, without limitation any existing secured creditors pursuant to a court ordered charge under section 11.2 of the CCAA (the “**DHI Facility Charge**”). The Borrower shall have obtained an amendment to the DHI Facility Charge increasing the amount of the DHI Facility Charge to a minimum of \$14,465,207.75 on or before ~~June 15, 2016~~October 30, 2020.

AMENDED DHI FACILITY APPROVAL ORDER:

The Borrower shall use its best efforts, as soon as practicable and in any case by no later than ~~June 15, 2016~~October 30, 2020 to obtain an order of the Court authorizing the Borrower to enter into an amendment to the Term Sheet, approving the terms of the DHI Facility, and granting the increased DHI Facility Charge (in form and substance acceptable to the Lender in its sole and absolute discretion and as more particularly described below in this Term Sheet) (the “**Amended DHI Facility Approval Order**”), *provided, however*, that the Lender shall not be obligated to provide the Second DHI Facility Advance or further funding under the DHI Facility if any one or more of the following occurs: (a)

either of the Interim Order approving the Interim Credit Facility (the “**Interim Financing Approval Order**”)~~–or the, the order of the Court authorizing the Borrower to enter into the original Term Sheet, approving the terms of the DHI Facility, and granting the DHI Facility Charge (the “DHI Facility Approval Order”)~~ or the Amended DHI Facility Approval Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the Lender (such consent not to be unreasonably withheld where any such amendment does not pertain to the Interim Credit Facility or the DHI Facility, as the case may be), (b) a Default or Event of Default has occurred and is continuing under either of the Interim Credit Facility or the DHI Facility, as the case may be, (c) the Court has not entered the Amended DHI Facility Approval Order on or before ~~June 15, 2016; October 30, 2020~~, (d) Alan Saskin has not resigned or is not otherwise removed as an officer and director of DHI or (e) ~~beIMC~~NBC has advised the Lender or DHI that it will not advance or continue to advance the funds contemplated by the ~~beIMC Term Sheet~~NBC Credit Agreement.

The Amended DHI Facility Approval Order shall be in form and substance satisfactory to the Lender, which order shall, without limitation, include:

- (i) provisions approving this Term Sheet (as amended) and the increased DHI Facility created herein and the execution and delivery by the Borrower of such other credit documentation as the Lender deems necessary or appropriate, acting reasonably;
- (ii) provisions authorizing and directing the Borrower and the Monitor to execute and deliver all such loan and security documents relating to the DHI Facility, the ~~beIMC Term Sheet~~NBC Credit Agreement and all such security documents evidencing the DHI Facility Charge and the ~~beIMC Term Sheet~~NBC Credit Agreement in such form and substance as the Lender may reasonably require;
- (iii) provisions authorizing the Lender to effect registrations, filings and recordings wherever it deems appropriate in its discretion regarding the DHI Facility Charge;
- (iv) provisions providing that the DHI Facility Charge shall be valid and effective to secure all of the obligations of the Borrower to the Lender without the necessity of the making of any registrations or filings and whether or not any other documents are executed by the Borrower and the Lender

pursuant hereto;

- (v) provisions declaring that the granting of the DHI Facility Charge does not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable federal or provincial legislation;
- (vi) provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrower other than as permitted herein;
- (vii) provisions ordering and declaring either the Interim Credit Facility or the DHI Facility, as the case may be, to be treated as an “Unaffected Claim” in the Plan of the Borrower and/or Other Obligants; and
- (viii) provisions prohibiting the Borrower from transferring or attempting to transfer the shares of DHI held by the Borrower to any party prior to obtaining the prior written consent of the Lender, which consent is not to be unreasonably withheld.

**AVAILABILITY UNDER
DHI FACILITY:**

The DHI Facility is to operate as a senior secured super-priority debtor-in-possession ~~single~~two advance (non-revolving) credit facility and the amount of any advance under the DHI Facility (an “**Advance**”) that is repaid may not be reborrowed thereunder. The aggregate amount of all Advances outstanding under the DHI Facility shall not at any time exceed the Maximum Amount.

INTEREST RATE:

15% *per annum*. Interest on Advances, without duplication, shall accrue on a monthly basis and shall be payable on the Maturity Date. Any and all such accrued interest amounts shall constitute an Advance under the DHI Facility to the extent that there are insufficient funds on deposit to pay such interest.

Interest shall be calculated daily for the actual number of days elapsed in the period during which it accrues based on a year of 365/366 days, as applicable.

PAYMENTS:

The Borrower shall not be obligated to make any payments to the Lender on account of principal, interest or otherwise, except on the Maturity Date. For greater certainty, the Borrower may prepay any of its obligations hereunder prior to the Maturity without penalty.

FEES AND EXPENSES:

There shall be no fees payable by the Borrower to the Lender in respect of the DHI Facility. Notwithstanding the aforementioned, the Borrower shall and hereby agrees to pay all of the Lender’s due

diligence and other out-of-pocket expenses (including the fees and expenses of its counsel and advisors, search and registration fees, etc.), whether or not the transaction contemplated hereby is consummated and whether incurred prior to or after the date of the Amended DHI Facility Approval Order, as well as all expenses of the Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DHI Facility.

EVENTS OF DEFAULT

The occurrence of any one or more of the following events, without the prior written consent of the Lender, shall constitute an event of default (“**Event of Default**”) under this DHI Facility Agreement:

- (a) The issuance of an order terminating the CCAA Proceedings or lifting the stay to permit the enforcement of any security against the Borrower or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower;
- (b) The issuance of an order staying, reversing, vacating or otherwise modifying either the DHI ~~Financing~~ Facility Charge or the Interim Financing Charge, as the case may be, or, any Orders in a manner which adversely impacts the rights and interests of the Lender;
- (c) If (i) either the Interim Financing Approval Order, the DHI Facility Approval Order or the Amended DHI ~~Financing~~ Facility Approval Order, as the case may be, is varied without the prior written consent of the Lender in a manner adverse to the Lender or (ii) the stay of proceedings contained in any Order is terminated or is lifted to allow an action adverse to the Lender;
- (d) Failure of the Borrower to pay any principal, interest, fees or any other amounts, in each case when due and owing hereunder;
- (e) The Borrower, any affiliate of the Borrower, or any officer and/or director of the Borrower (including any affiliate thereof) has undertaken prior to the date hereof or undertakes or considers undertaking after the date hereof any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of the Lender, have a material adverse effect on the Borrower or any of the assets of the Borrower subject to the DHI Facility Charge, including, without

limitation, any change or series of changes in the ownership, control, existing senior operating management arrangements or governance of the Borrower that is not acceptable to the Lender, acting reasonably;

- (f) Any material violation or breach of any Order upon receipt by the Borrower of notice from the Lender of such violation or breach; and
- (g) Failure of the Borrower to perform or comply with any other term or covenant under this Term Sheet or the ~~beIMC Term Sheet~~ [NBC Credit Agreement](#) and such default shall continue unremedied for a period of five (5) Business Days.

REMEDIES:

Upon the occurrence of an Event of Default, whether or not there is availability under the Interim Financing Facility or the ~~DHI-Financing~~ Facility, without any notice or demand whatsoever, the right of the Borrower to receive any Advance or other accommodation of credit shall be terminated, subject to any applicable notice provision in any Order and the cure period set out in (g) in the Events of Default (as the case may be). Without limiting the foregoing, upon further Order of the Court, the Lender shall have the right to exercise all other customary remedies, including, without limitation, the right to realize on the collateral secured by, under or pursuant to the DHI Facility Charge (in whole or in part) and to apply to the court for the appointment of a receiver. No failure or delay by the Lender in exercising any of its rights, hereunder or at law shall be deemed a waiver of any kind, and the Lender shall be entitled to exercise such rights in accordance with the Term Sheet at any time.

RIGHT OF FIRST REFUSAL:

If the Borrower receives at any time after the Interim Financing Approval Order and before the expiry of the Maturity Date a definitive, committed and *bona fide* offer from an arm's length third party that would be binding upon acceptance by the Borrower to finance or re-finance the DHI Facility in its entirety (a "**Third Party Offer**"), and each of the Borrower and the Monitor is willing to accept that Third Party Offer subject to the provisions hereof, then the Borrower, by notice in writing delivered to Lender, shall irrevocably and unconditionally offer to the Lender the right (but not the obligation) to match the Third Party Offer in place of such third party upon the same terms and conditions as are contained in the Third Party Offer (the "**ROFR Offer**"). The Lender may, within fifteen (15) business days from the date of delivery of the ROFR Offer (the "**ROFR Offer Period**"), accept the ROFR Offer to finance or re-finance the DHI Facility by notice in writing delivered to the Borrower and the Monitor, in which event it shall then become a binding financing agreement between

the Lender and the Borrower upon the terms and conditions contained in the ROFR Offer. For the avoidance of doubt, if the Lender accepts the ROFR Offer during the ROFR Offer Period, such acceptance is deemed to apply, *mutatis mutandis*, to the DHI Facility, with such changes as are necessary in the sole discretion of the Lender to the DHI Facility, provided that such changes will not impact the economic terms of the ROFR Offer. If the Lender does not accept the ROFR Offer prior to the expiry of the ROFR Offer Period, then the Borrower shall be free to proceed with the financing or re-financing of the DHI Facility in its entirety (but not less than all) with the applicable third party pursuant to the Third Party Offer and, for greater certainty, all terms and conditions pertaining to the DHI Facility shall remain operative and in effect until all indebtedness, liabilities and obligations of the Borrower under or pursuant to the DHI Facility have been paid in full. If the Borrower and the third party have not entered into a binding, written agreement pertaining to all indebtedness, liabilities and obligations (but not less than all such indebtedness, liabilities and obligations) under or pursuant to the DHI Facility and the DHI has not been repaid in full as aforementioned (the “**Third Party Agreement**”) within sixty (60) days of the expiry of the ROFR Offer Period, then the Borrower shall have no right or ability to proceed with the Third Party Agreement without issuing another ROFR Offer to and in favour of the Lender.

For greater certainty, the failure of the Lender to accept the ROFR Offer prior to the expiry of the ROFR Period does not in any way limit or prejudice the Lender’s rights, as secured creditor of the Borrower to object to such Third Party Offer.

The Monitor and the Lender will communicate routinely, no less than bi-weekly, with respect to the Monitor’s intentions for the Borrower’s interest in DHI, including that the Monitor will timely advise the Lender of any bona fide interest expressed by any party who is considering replacing the DHI Facility. The Lender understands that in providing this information, the Monitor will be cognizant of its confidentiality obligations to the interested party, which may preclude the Monitor from providing the name of the interested party to Lender.

ASSIGNMENT AND PARTICIPATION:

The Lender shall be permitted to assign and sell participations in its commitment hereunder subject to, in the case of partial assignments, the minimum assignment amount shall be \$1,000,000, but at all times the Lender be and remain the agent for such participating lenders or assignees with respect to this DHI Facility.

FURTHER ASSURANCES: The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Lender may reasonably request for the purpose of giving effect to this Term Sheet.

AMENDMENTS, WAIVERS, ETC.: No waiver or delay on the part of the Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the Lender.

COUNTERPARTS AND FACSIMILE/ELECTRONIC SIGNATURES: This Term Sheet may be executed in any number of counterparts and by facsimile, [pdf email or other electronic transmission](#), each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Term Sheet by signing any counterpart of it.

GOVERNING LAW AND JURISDICTION: This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

ADDITIONAL DEFINITIONS: Capitalized terms not otherwise defined herein shall have the following meanings:

“**Business Day**” means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario, Canada;

“**Default**” means an event which, with the giving of notice and/or lapse of time would constitute an Event of Default (as defined herein);

“**Liens**” means all mortgages, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever; and

“**Plan**” means a plan of arrangement or compromise to creditors filed, or to be filed, by ~~one or more Obligor~~ [the Borrower and/or Other Obligants](#), pursuant to section 5 of the CCAA.

ADDITIONAL CONTRIBUTIONS

[In the event that NBC requires that the shareholders of DHI contribute additional amounts into DHI \(collectively, the “Additional Amounts”\) to fund the construction of the Project \(as defined in the NBC Credit Agreement\), each of the Borrower, the Monitor and the Lender agrees that \(i\) the Lender shall contribute such Additional Amounts and \(ii\) such Additional Amounts shall be deemed to be Expenses \(as defined in the Amended and Restated Co-Ownership Agreement dated July 30, 2013 between](#)

the Lender, the Borrower, Downsview Homes Inc. and Downsview Park Management Inc. (as amended from time to time, the “Co-Ownership Agreement”)) and shall be paid to the Lender prior to any other amounts being distributed pursuant to Section 8.4 and if applicable Section 8.5 of the Co-Ownership Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS HEREOF, the parties hereby executed this Term Sheet as of the ____ day of June, 2016.

**URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., as Borrower**

By: _____
Name:
Title:

MATTAMY (DOWNSVIEW) LIMITED, as Lender

By: _____
Name:
Title:

KSV KOFMAN INC., as Monitor

By: _____
Name:
Title:

Each of the undersigned hereby acknowledges, agrees and consents to the aforementioned as of this ____ day of June, 2016.

URBANCORP TORONTO MANAGEMENT INC.,
as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP (ST. CLAIR VILLAGE) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP (LAWRENCE) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP (PATRICIA) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP (MALLOW) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP (952 QUEEN WEST) INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

KING RESIDENTIAL INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP NEW KINGS INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP 60 ST. CLAIR INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

HIGH RES. INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP THE BRIDGE INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP POWER HOLDINGS INC., as a Borrower and Guarantor under the Interim Credit Facility

By: _____
Name: _____
Title: _____

URBANCORP CUMBERLAND 1 GP INC., as a
Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name:
Title:

URBANCORP CUMBERLAND 1 LP, by its general
partner **URBANCORP CUMBERLAND 1 GP INC.,**
as a Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name:
Title:

VESTACO HOMES INC., as a Borrower and
Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

VESTACO INVESTMENTS INC., as a Borrower and
Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

228 QUEEN'S QUAY WEST LIMITED, as a
Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name:
Title:

WESTSIDE GALLERY LOFTS INC., as a Borrower
and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP CUMBERLAND 2 GP INC., as a
Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name:
Title:

URBANCORP CUMBERLAND 2 LP, by its general
partner **URBANCORP CUMBERLAND 2 GP INC.**,
as a Borrower and Guarantor under the Interim Credit
Facility

By: _____
Name:
Title:

URBANCORP (NORTH SIDE) INC., as a Borrower
and Guarantor under the Interim Credit Facility

By: _____
Name:
Title:

URBANCORP PARTNER (KING SOUTH) INC., as
Lender under the Interim Credit Facility

By: _____
Name:
Title:

Document comparison by Workshare 9.5 on Tuesday, October 27, 2020 1:06:29 PM

Input:	
Document 1 ID	interwovenSite://CASSELS-DMS/LEGAL/51262744/1
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Document 2 ID	interwovenSite://CASSELS-DMS/LEGAL/51254417/7
Description	#51254417v7<LEGAL> - Downsvie DIP Term Sheet with Amendment 3 changes - October 27 Draft
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Insertions	58
Deletions	33
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	93

Tab 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 30TH
)
CHIEF JUSTICE MORAWETZ) DAY OF OCTOBER, 2020
)
)

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

**ORDER
(UDPDI DIP Amendment)**

THIS MOTION, made by KSV Restructuring Inc. (formerly KSV Kofman Inc.), in its capacity as Court-appointed Monitor (the "**Monitor**") of the Applicants and the affiliated entities listed on Schedule "A" (collectively, the "**CCAA Entities**", and each individually a "**CCAA Entity**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "**CCAA**") for an order, among other things, approving, and directing the Monitor for and on behalf of Urbancorp Downsview Park Development Inc. ("**UDPDI**"), as borrower, and the other CCAA Entities to enter into, Amendment No. 3 to

Single Advance Credit Facility Term Sheet with Mattamy (Downsview) Limited (“**Mattamy**”), as attached as an appendix to the Monitor's Forty-First Report to Court dated October 27, 2020 (the "**Report**") , was heard this day by judicial videoconference using Zoom due to the COVID-19 pandemic.

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

SERVICE

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

APPROVAL

2. **THIS COURT ORDERS** that Amendment No. 3 to Single Advance Credit Facility Term Sheet with Mattamy, as attached as Appendix “D” to the Report (the “**DIP Amendment**”) be and is hereby approved.

3. **THIS COURT ORDERS** that the Monitor, for and on behalf of UDPDI and the other CCAA Entities, be and is hereby directed to enter into the DIP Amendment.

4. **THIS COURT ORDERS** that (i) the terms “DHI Facility” and “DHI Facility Charge” as defined in the Order of this Court made on June 15, 2016 (the “**DIP Order**”) shall include all advances made pursuant to the DIP Amendment; (ii) the term “DHI Term Sheet” as defined in the DIP Order shall include the DIP Amendment; and (iii) that the \$8,000,000 referenced in paragraphs 3 and 11 of the DIP Order be and are hereby amended to \$14,465,207.75.

SCHEDULE "A"
LIST OF NON APPLICANT AFFILIATES

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.

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

Court File No. CV-16-11389-00CL

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 DEVELOPMENTS INC., URBANCORP (952 QUEEN WEST) INC., KING RESIDENTIAL INC., URBANCORP NEW KINGS INC., URBANCORP 60 ST. CLAIR INC., HIGH RES.INC., BRIDGE ON KING INC. (THE "APPLICANTS") AND THE AFFILIATED ENTITIES LISTED IN SCHEDULE "A" HERETO

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

Proceeding commenced at Toronto

**ORDER
(UDPDI DIP Amendment)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP 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

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

(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD
(Returnable October 30, 2020 –
UDPDI DIP Amendment)

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