

COURT OF APPEAL FOR ONTARIO

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

**SUPPLEMENTARY APPEAL BOOK AND COMPENDIUM
OF THE APPELLANT KSV KOFMAN INC.,
IN ITS CAPACITY AS MONITOR**

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(Updated June 15, 2018)**

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I N D E X

COURT OF APPEAL FOR ONTARIO

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

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**Second Supplement to the
Twenty-Second 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., KRI Residential Inc.,
Urbancorp 60 St. Clair Inc., High Res. Inc.,
Bridge On King Inc. and the Affiliated Entities
Listed in Schedule "A" Hereto**

February 21, 2019

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW)
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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

SECOND SUPPLEMENT TO THE
TWENTY-SECOND REPORT OF KSV KOFMAN INC.

FEBRUARY 21, 2019

1. This report (the "Supplemental Report") is the second supplement to the Twenty-Second Report of the Monitor dated February 2, 2018 (the "Twenty-Second Report") filed in the CCAA proceedings of the Cumberland CCAA Entities. A copy of the Twenty-Second Report is attached hereto as Appendix "A", without appendices.
2. Defined terms in this Supplemental Report have the meanings provided to them in the Twenty-Second Report.
3. In the course of the Foreign Representative's action against Barry Rotenberg and Harris Shaeffer LLP, Mr. Rotenberg served a Statement of Defence which pleaded that Speedy had provided a waiver to KRI dated November 25, 2015 (the "Waiver"). A copy of the Statement of Defence is attached hereto as Appendix "B". Counsel to the Foreign Representative subsequently obtained a copy of the Waiver from counsel to Mr. Rotenberg and provided counsel to the Monitor with a copy of the Waiver on January 15, 2019.
4. The Waiver, which was signed by Mr. Passero, the principal of Speedy, confirms and acknowledges that the Mortgage does not secure the Guarantee in respect of Saskin's personal debt. A copy of the Waiver is attached hereto as Appendix "C".

5. The Debt Extension Agreement which forms the basis of Speedy's Proof of Claim specifically provides that "The guarantee of [KRI] shall be strictly limited to the collateral mortgage as well as the cost of collection on the said mortgage."
6. Speedy did not disclose the Waiver to the Monitor as part of its Proof of Claim, which was filed entirely as a secured claim. A copy of the Proof of Claim is attached hereto as Appendix "D". It was this secured claim that was the subject of the Monitor's Disallowance and corresponding motion to uphold same. Mr. Passero also did not disclose the Waiver in his affidavits sworn March 12, 2018 and April 7, 2018 in opposition to the Disallowance motion. A copy of these affidavits is attached hereto as Appendix "E", without exhibits.
7. On February 12, 2019, the Monitor provided a copy of the Waiver to Mr. Saskin and asked him why he had not brought this document to the Monitor's attention given that he was aware of the Proof of Claim and the litigation concerning its disallowance. Mr. Saskin informed the Monitor that he assumed that the Monitor was already aware of it and that he did not pay close (or any) attention to the materials filed in the ensuing litigation. Mr. Saskin also advised the Monitor that it is his recollection that the Waiver released both the mortgage and debt against KRI.
8. The Monitor notes that it met with Mr. Saskin and an employee of Urbancorp, James Greff, on January 22, 2018 for the purpose of discussing the Twenty Second Report before it was finalized.
9. Counsel to the Monitor and Foreign Representative have been in without prejudice discussions since January 15, 2019 with counsel to Speedy regarding the Waiver, its impact on the appeal and the form of a consent order to vary the order of Mr. Justice Myers on the motion. A copy of this consent order is attached as Appendix "F". The Monitor brought this motion to adduce fresh evidence promptly following the conclusion of these without prejudice discussions.

* * *

All of which is respectfully submitted,



**KSV KOFMAN 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"



**Twenty-Second 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.,
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Inc., Urbancorp (952 Queen West) Inc.,
KRI Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
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February 2, 2018

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

ONTARIO
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TWENTY-SECOND REPORT OF KSV KOFMAN INC.

February 2, 2018

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, Lawrence and UTMI are referred to as the "Companies".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
2. Pursuant to an order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Companies, together with the entities listed on Schedule "A" attached (collectively, the "Cumberland CCAA Entities" and each a "Cumberland CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor") (the "Cumberland CCAA Proceedings").

3. On September 15, 2016, the Court issued an order establishing a procedure to identify and quantify claims against the Cumberland CCAA Entities and against the current and former directors and officers of the Cumberland CCAA Entities and providing procedures for the resolution of any disputes arising therefrom (the "Claims Procedure Order").
4. On October 19, 2016, Speedy Electrical Contractors Ltd. ("Speedy") filed a proof of claim (the "Proof of Claim") against King Residential Inc. ("KRI") in the amount of \$2,323,638.54 (the "Claim") in respect of a limited guarantee provided on November 15, 2015 (the "Guarantee Date") by KRI to Speedy for debts owing by Alan Saskin ("Saskin") and by Edge on Triangle Park Inc. ("Edge") (the "Guarantee"); KRI is a Cumberland CCAA Entity and Edge is not.
5. As security for the Guarantee, KRI provided a collateral mortgage (the "Mortgage") to Speedy on thirteen specific condominiums and thirteen specific parking spots¹ (collectively, the "Residential Units"). A copy of the Proof of Claim is attached as Appendix "A".
6. The Monitor was (and remains) unable to determine that anything more than nominal consideration was received by KRI for the Guarantee and/or Mortgage (the "Secured Guarantee"). Accordingly, on November 11, 2016, the Monitor issued a Notice of Revision or Disallowance to Speedy disallowing its Claim in full (the "Disallowance"). The Claim was disallowed on the basis that the granting of the Secured Guarantee could be voidable as a transfer at undervalue and as a fraudulent conveyance or preference. A copy of the Disallowance is attached as Appendix "B".
7. The Monitor also notes that the granting of the Secured Guarantee could be considered to have been oppressive or unfairly prejudicial to or to have unfairly disregarded the interest of KRI's other creditors at the time it was granted.
8. On November 25, 2016, Speedy filed a Notice of Dispute of Revision or Disallowance with the Monitor (the "Notice of Dispute"). A copy of the Notice of Dispute is attached as Appendix "C". The Claim remains unresolved and therefore the parties have agreed to have it determined by the Court.
9. Additional information relating to these CCAA proceedings, including all reports previously filed by the Monitor, is available at the Monitor's website at <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.

1.1 Purpose of this Report

1. The purposes of this report (the "Report") are to:
 - a) provide background information concerning the Cumberland CCAA Entities and these proceedings;
 - b) set out the Monitor's review of the Claim, including the solvency of Cumberland CCAA Entities at the Guarantee Date, and the basis for the Disallowance; and

¹ KRI owns 48 parking spots. The Speedy parking spots are a subset of those parking spots.

- c) recommend the Court make an order:
 - (i) confirming the Disallowance;
 - (ii) setting aside the Secured Guarantee as void as against KRI and the Monitor; and
 - (iii) declaring the Mortgage as unenforceable or, if the Court determines that the Claim is valid, limiting the Secured Guarantee to the net realizations from the sale of the Residential Units.

1.2 Restrictions

1. In preparing this Report, the Monitor has reviewed the following information:
 - a) unaudited financial and other information of the Urbancorp Group;²
 - b) accounting records for the Bay Entities;³ and
 - c) the Proof of Claim and Notice of Dispute.
2. In preparing this Report, the Monitor also relied on discussions with the Urbancorp Group's management, including Saskin and James Greff, an employee of UTMI.
3. The Monitor has not performed an audit or other independent verification of the information discussed herein. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report. The Monitor has reviewed but not confirmed information and documentation concerning the Reorganization, as defined in Section 2.0 below.

2.0 Background

1. The Urbancorp Group appears to have been founded in 1991 by Saskin. The Urbancorp Group is principally involved in the development of residential real estate projects in the Greater Toronto Area.
2. The Urbancorp Group set up single purpose, project-specific corporations that in most instances acted as bare trustee corporations or nominees for their beneficial owners.
3. Prior to a corporate reorganization completed on or around December 15, 2015 (the "Reorganization"), the beneficial owners of the various development projects were limited partnerships each owned by Saskin and/or members of his family. The limited partnerships that were the beneficial owners of the various projects prior to the Reorganization were:
 - TCC/Urbancorp (Bay) LP ("Bay LP");
 - Urbancorp (Bay/Stadium) LP ("Bay/Stadium LP"); and

² The Cumberland CCAA Entities together with several affiliates comprise the "Urbancorp Group".

³ The direct and indirect subsidiaries of TCC/Urbancorp (Bay) LP comprise the Bay Entities.

- Urbancorp (Stadium Road) LP (“Stadium Road”).
4. The ownership of Bay LP at the Guarantee Date is believed to have been:
 - Deaja Partner (Bay) Inc. – General Partner - .01%
 - Saskin – Limited Partner – 79.99%
 - Vestaco Investments Inc., as nominee for Doreen Saskin – Limited Partner – 20.00%
 5. A copy of the corporate chart reflecting the ultimate owners of Bay/Stadium LP and Stadium Road at the Guarantee Date is attached as Appendix “D”.
 6. The Secured Guarantee was provided prior to the Reorganization. At the time the Secured Guarantee was provided, KRI was a wholly-owned subsidiary and nominee of Bay LP and Edge was a wholly-owned subsidiary and nominee of Bay/Stadium LP.

2.1 Bay LP

1. The Monitor understands that Bay LP was formed in 1999. Bay LP owned and developed various real estate projects through nominee corporations.
2. A copy of Bay LP’s corporate chart prior to the Reorganization is provided in Appendix “E”.
3. Bay LP owned, directly or indirectly, each of the following entities prior to the Reorganization:⁴
 - KRI
 - St. Clair
 - Patricia
 - Mallow
 - Lawrence
 - Urbancorp (North Side) Inc. (“North Side”)
 - Urbancorp (952 Queen West) Inc. (“Queen”)
 - Urbancorp New Kings Inc. (“UNKI”)
 - Urbancorp Partner (King South) Inc. (“King South”)
 - Urbancorp 60 St. Clair Inc. (“60 St. Clair”)
 - Urbancorp (Woodbine) Inc. (“Woodbine”)
 - Urbancorp (Bridlepath) Inc. (“Bridlepath”)
 - High Res Inc. (“High Res”)
 - Urbancorp the Bridge Inc. (the “Bridge”)⁵
 - The Townhouses of Hogg’s Hollow Inc. (“Hoggs Hollow”)
 - King Towns Inc. (“King Towns”)
 - Newtowns at Kingtowns Inc. (“Newtowns”)

⁴ Downsview was also a subsidiary of Bay LP. It was transferred to Urbancorp Inc. prior to the Reorganization.

⁵ The name of this entity was subsequently changed to The Bridge on King Inc.

Collectively, the direct and indirect subsidiaries of Bay LP prior to the Reorganization are referred to as the "Bay Entities" and each individually is a "Bay Entity". The Monitor understands that prior to the Reorganization, each Bay Entity was a nominee for Bay LP and, as such, their assets and liabilities were assets and liabilities of Bay LP.

4. Set out in Appendix "F" is a brief description of the purpose of each Bay Entity, each of which is believed to be a single purpose entity.

2.2 Reorganization

1. Urbancorp Inc. ("UCI") was incorporated in June, 2015 in connection with the Reorganization for the purpose of raising capital through a bond issuance in the public markets in Israel (the "Israel Bond Issue"). As part of the Reorganization, the following entities were formed and became wholly-owned subsidiaries of UCI:
 - Urbancorp Realtyco Inc.;
 - Urbancorp Residential Inc.;
 - Urbancorp Cumberland 1 LP ("Cumberland 1"); and
 - Urbancorp Cumberland 2 LP ("Cumberland 2").
2. In connection with the Israel Bond Issue:
 - a) all Bay Entities were transferred to Cumberland 1 (collectively, the "Cumberland Entities"⁶), except for Woodbine, Bridlepath, Hoggs Hollow, King Towns and Newtowns, all of which remained subsidiaries of Bay LP (the "Remaining Bay Entities"); and
 - b) Bay/Stadium LP transferred certain of its subsidiaries to Cumberland 2, including Edge.
3. In exchange for these transfers:
 - a) Bay LP received Class D Shares of Urbancorp Holdco Inc. ("UHI"), the parent company of UCI; and
 - b) Bay/Stadium LP received Class "E" shares of UHI.
4. The UCI group's corporate organizational chart after the Reorganization is attached as Appendix "G".
5. The Remaining Bay Entities are subject to separate CCAA proceedings pursuant to which KSV is also the monitor (the "Bay Monitor"). The Reorganization is discussed in greater detail in the Bay Monitor's Tenth Report to Court, dated July 24, 2017, which can be found on the Monitor's website at: <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.

⁶ St. Clair, Patricia, Mallow, Lawrence, KRI, North Side, Queen, UNKI, King South, 60 St. Clair, High Res and Bridge.

2.3 The Israel Bond Issue

1. The Israel Bond Issue closed in December, 2015. UCI raised approximately \$64.2 million before costs and reserves for future interest and expenses totaling approximately \$7.4 million. The net proceeds received by UCI from the Israel Bond Issue was approximately \$56.8 million (the "Proceeds"). Of this amount, \$51.9 million was used to repay secured debt owed by various indirect subsidiaries of UCI and the remainder was used for general working capital purposes.

2.4 Insolvency of the Urbancorp Group

1. Within five months of the Israel Bond Issue, substantially all of the entities in the Urbancorp Group were subject to insolvency proceedings, including all direct and indirect subsidiaries of UCI.⁷ In addition to the Cumberland CCAA Proceedings, the following insolvency proceedings were commenced:
 - a) on April 25, 2016, the District Court in Tel Aviv-Yafo issued a decision appointing Guy Gissin as the functionary officer and foreign representative (the "Foreign Representative") of UCI and granting him certain powers, authorities and responsibilities over UCI (the "Israeli Proceedings"). The Israeli Proceedings have been recognized in Canada under Part IV of the CCAA. KSV was appointed as the Information Officer in the Israeli Proceedings;
 - b) on April 25, 2016, Woodbine and Bridlepath each filed a Notice of Intention to file a Proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act* ("BIA"). KSV was appointed as the Proposal Trustee in these proceedings. Pursuant to an order made by the Court dated October 18, 2016, the Remaining Bay Entities, Bay LP and Deaja Partner (Bay) Inc., the general partner of Bay LP (collectively, the "Bay CCAA Entities"), were granted CCAA protection and KSV was appointed as the Bay Monitor;
 - c) on April 29, 2016, Edge, Bosvest Inc. and Edge Residential Inc. (collectively, the "Edge Entities") each filed a NOI pursuant to the BIA. On October 16, 2016, the Edge Entities, Cumberland 2 and Urbancorp Cumberland 2 GP Inc. (collectively, the "Cumberland 2 Entities") filed for and were granted protection under the CCAA (the "Cumberland 2 CCAA Proceedings"). The Fuller Landau Group Inc. ("Fuller Landau") is the Monitor in the Cumberland 2 CCAA Proceedings;
 - d) on April 29, 2016, Saskin filed a NOI pursuant to the BIA. Fuller Landau is the Proposal Trustee in Saskin's proposal proceedings; and

⁷ Other than UNKI. Pursuant to the Initial Order, Robert Kofman, the President of KSV and the person with primary oversight of these proceedings on behalf of the Monitor, or such representative of KSV as Mr. Kofman may designate in writing from time-to-time, was appointed to the management committee of the Kingsclub project owned by UNKI in place of Saskin, the sole officer and director of UNKI.

- e) on May 31, 2016, the Court issued an order appointing Alvarez & Marsal Canada Inc. as receiver and manager of Urbancorp (Leslieville) Developments Inc. ("Leslieville"), Urbancorp (Riverdale) Developments Inc. and Urbancorp (The Beach) Developments Inc. (the "Leslieville Entities"). The Leslieville Entities are subsidiaries of Bay/Stadium LP.

3.0 Overview of Speedy's Claim

1. There are two components to Speedy's claim:
 - a \$1 million unsecured loan to Saskin, plus interest and costs which continue to accrue (the "Saskin Loan"); and
 - \$1,038,911.44 the ("Edge Amount") in respect of electrical services provided by Speedy to Edge in respect of a project located at 38 Lisgar Street, Toronto (the "Edge Project").
2. The following is a chronology of the events relevant to Speedy's Claim:
 - The Saskin Loan was made pursuant to a promissory note dated September 22, 2014. It bears interest at 12.5% per annum and originally matured on September 23, 2015. This loan was not connected to the business and operations of KRI; and
 - From 2012 to 2015, Speedy provided electrical contracting services on the Edge Project. At the time, Edge was a wholly-owned subsidiary and nominee of Bay/Stadium LP – it is now a subsidiary and nominee of Cumberland 2. On September 30, 2015, Speedy registered a construction lien against title to the Edge Project for the amounts owed to it related to the Edge Project (the "Lien").

3.1 Debt Extension Agreement (November 14, 2015)

1. On November 14, 2015, Speedy, Saskin, Edge and KRI executed a Debt Extension Agreement (the "Debt Extension Agreement") pursuant to which:
 - Speedy paid \$2 to KRI;
 - the maturity date of the Saskin Loan was extended to January 30, 2016;⁸
 - the Lien was discharged; and
 - KRI provided the Secured Guarantee for obligations owed to Speedy in respect of the Saskin Loan and the outstanding Edge Amount. The Secured Guarantee is limited to the value of the assets charged by the Mortgage, plus up to \$5,000 for legal costs. A copy of the Mortgage is attached as Appendix "H".

⁸ Saskin does not recall extending the Saskin Loan after the January 30, 2016 maturity date.

2. Saskin has advised the Monitor that KRI entered into the Debt Extension Agreement in order to facilitate the Israel Bond Issue. According to Saskin, the Israel Bond Issue could not be completed with the Lien registered on the Edge Project.
3. From a review of the Urbancorp Group's books and records, it appears that as early as October 1, 2015, Speedy was pressing certain claims against Edge and Saskin, including looking to petition Saskin into bankruptcy. Attached as Appendix "I" are copies of e-mails dated October 1, 2015 from Speedy's counsel and a UTMI employee reflecting that Speedy was considering petitioning Saskin into bankruptcy. It also appears that settlement discussions ensued quickly thereafter and that Speedy was concerned with determining the creditors of Edge at that time. Attached as Appendix "J" is an e-mail from Saskin to a UTMI employee regarding Speedy attempting to determine the creditors of Edge.
4. The settlement ultimately reached appears to be reflected in the terms of the Debt Extension Agreement which appears to have been signed by Saskin on November 1, 2015 and implemented on November 16, 2015, the date on which the Mortgage was registered on title and the Lien discharged. A copy of the Parcel Register (the "Parcel Register") from the Land Registry Office reflecting the discharge of the Lien is attached as Appendix "K".
5. The Secured Guarantee was provided to Speedy by KRI in November 2015, approximately six months before the Cumberland CCAA Entities filed for and obtained protection under the CCAA (May 18, 2016).
6. A copy of the Debt Extension Agreement included with the Proof of Claim was not executed by Speedy. The Monitor's counsel, Davies Ward Phillips & Vineberg LLP, has requested a fully executed copy of this agreement from Speedy's counsel, but as of the date of this Report it has not been provided.
7. Together with applicable interest and legal fees payable under the Saskin Loan, Speedy's Proof of Claim asserts a secured claim against all Cumberland CCAA Entities in the total amount of \$2,323,638.54, comprised of \$1,274,727.10 owing under the Saskin Loan (with interest), legal fees of \$10,000 and the outstanding Edge Amount of \$1,038,911.44.

3.2 The Secured Guarantee

3.2.1 Current Value

1. The Secured Guarantee is limited to the value of the Residential Units and the legal costs to a maximum of \$5,000 in connection with the enforcement of the Mortgage. The Mortgage was registered on title subsequent to mortgages on the Residential Units held by TD Bank and Canadian Imperial Bank of Commerce ("CIBC").
2. Pursuant to Court orders issued in the Cumberland CCAA Proceedings, the Monitor is carrying out a sale process for 28 condominiums, 51 parking spots and seven lockers owned by the Cumberland CCAA Entities, including the Residential Units. Of the thirteen condominiums and thirteen parking spots subject to the Secured Guarantee, nine condominiums and one parking spot have been sold. The remaining condominiums are expected to be sold over the next few months. It is unclear if all of the parking spots are saleable.

3. The estimated value of the Secured Guarantee is set out in the below table.

(\$000s; unaudited)	
Description	Amount
Net realizations to date (9 condominiums and one parking spot)	1,427
Expected future gross realizations (4 condominiums)	1,141
Costs	
TD Bank/CIBC Secured Debt	(705)
Expected future realtor commissions (4.6% of list prices)	(52)
Projected professional fees ⁹	(40)
	<u>(797)</u>
Estimated Value of Secured Guarantee, before realizing on the parking spots	<u>1,771</u>

4. Based on the table above, the estimated value of the Secured Guarantee is approximately \$1.771 million, prior to the sale of the remaining twelve parking spots. The projected proceeds from the parking spots have been excluded from this estimate because of the uncertainty related to their saleability. The ultimate value of the Secured Guarantee cannot be fully determined until each of the Residential Units has been sold.

3.2.2 Guarantee Date Value

1. The Monitor has also estimated the value of the Secured Guarantee as of the Guarantee Date.

(\$000s; unaudited)	
Description	Amount
Fair value of condominiums ¹⁰	3,141
CIBC/TD mortgages	(2,487)
Estimated Value of Secured Guarantee, before realizing on the parking spots	<u>654</u>

2. Based on the table above, the estimated value of the Secured Guarantee at the Guarantee Date was approximately \$654,000, prior to the realization of the thirteen parking spots. Accordingly, KRI provided a secured guarantee valued at \$654,000 in return for \$2.

3.3 Impact of the Speedy Claim on UCI

1. UCI raised approximately \$64.2 million through the Israel Bond Issue. Substantially all of the proceeds from the Israel Bond Issue were advanced to the Urbancorp Group.

⁹ Assumes professional fees on the sale of each unit are \$10,000. Includes professional fees of the Monitor and its legal counsel. Also includes an allocation of the fees relating to the condominium sale process motion across each unit.

¹⁰ The fair value analysis for the condominiums is provided in Note 7 to Appendix "N".

2. A summary of UCI's admitted claims and distributions to UCI in the Cumberland CCAA Proceedings to date is provided below.

(\$000s; unaudited)					
Entities	Claims Filed	Admitted Claims	Distributions	Unpaid Admitted Claims	Total Disputed Claims ^a
Cumberland Entities	46,275	37,174	30,352	6,822	-
Non-Cumberland Entities ¹¹	11,457	10,155	-	10,155	1,302
	57,732	47,329	30,352	16,977	1,302

a) The Monitor disallowed \$9.1 million of the UCI claims filed against the Cumberland Entities, which were objected to by UCI. Subsequently, UCI agreed to withdraw its objection.

3. The table reflects that approximately \$17 million of UCI's admitted claim against the Cumberland CCAA Entities remains unpaid. There are approximately \$12 million of claims against the Cumberland CCAA Entities subject to dispute; all other claims have been paid in full.
4. The Cumberland CCAA Entities have realized on all of their assets, other than eight condominiums, 47 parking spots, three lockers,¹² geothermal assets and their interests in Downsview and the Kingsclub development owned by UNKI.
5. In addition to the Cumberland CCAA Entities, UCI may also generate recoveries from:
- distributions to UCI from the Cumberland 2 Entities;
 - distributions to UCI from the Bay CCAA Entities; and
 - realizations from litigation commenced by UCI against Saskin and individuals and entities related to Saskin and other parties.
6. It is uncertain whether UCI will generate recoveries sufficient to fully repay the amounts owing from the Israel Bond Issue. Monies paid to satisfy the Speedy Claim will reduce the amounts ultimately recoverable by UCI.

¹¹ Downsview, UTMI, Vestaco Homes Inc., Vestaco Investments Inc. and 228 Queen Quay West Limited.

¹² Four of these condominiums and 12 of these parking spots are subject to the Secured Guarantee.

3.4 Edge and Bay Creditor Groups

1. The Bay Entities and Edge¹³ had different creditor groups as of the Guarantee Date. Accounts payable ledgers for the Bay Entities and Edge as of the Guarantee Date are attached as Appendix "L" and "M", respectively. A summary of each of the accounts payable ledgers is provided in the table below.¹⁴

(\$000s; unaudited)	Edge	Bay Entities
Amount owing	21,163	6,970
Largest creditor	Canada Revenue Agency (14,533)	City of Toronto (978)

4.0 Solvency of Bay LP

1. In performing its assessment of Speedy's claim, and as required under the BIA, *Fraudulent Conveyances Act (Ontario)* ("FCA") and *Assignment and Preferences Act (Ontario)* ("APA"), the Monitor has considered the debtor's solvency at the time of and in connection with the Secured Guarantee transaction.
2. At the time of the Debt Extension Agreement and the Guarantee Date, KRI was a nominee of Bay LP. Accordingly, the Monitor has prepared a solvency analysis of Bay LP, as discussed below.

4.1 Definition of an Insolvent Person

1. An "insolvent person" is defined in section 2 of the BIA as:
 - a person who is not bankrupt and who resides, carries on a business or has property in Canada, whose liabilities to creditors payable as claims under this Act amount to one thousand dollars and:
 - (a) who is, for any reason, unable to meet his obligations as they generally become due, or
 - (b) who has ceased paying his current obligations in the ordinary course of business generally as they become due, or
 - (c) the aggregate of whose property is not, at fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

Items (a) and (b) are known as the "cash flow" test and item (c) is known as the "balance sheet" test.

¹³ At the Guarantee Date, Edge was a nominee of Bay/Stadium LP. The table in Section 3.4 provides a summary of the creditors of Edge at the Guarantee Date to illustrate that the composition of its creditors was different than the Bay Entities' creditor composition. Bay/Stadium LP had creditors at the Guarantee Date, in addition to those in Edge.

¹⁴ According to the Urbancorp Group's books and records as at the Guarantee Date.

4.2 Balance Sheet Test

- The Monitor has reviewed the books and records of the Bay Entities as at the Guarantee Date. The Bay LP balance sheet has been adjusted to estimate the fair valuation of Bay LP's assets. Set out below is the Bay LP estimated balance sheet as at the Guarantee Date (November 15, 2015), both at book value and at estimated fair valuation:¹⁵

(\$000's; unaudited)	Book Value	Fair Value Adjustments	Fair Valuation
Assets			
Current Assets			
Bank	(224)	224	-
Restricted Cash	1,542	(1,542)	-
Short term investments	531	(531)	-
Intercompany receivables	11,392	(11,392)	-
Sundry Assets	4,494	(2,473)	2,021
	<u>17,735</u>	<u>(15,714)</u>	<u>2,021</u>
Property held for Development	98,541	4,254	102,795
	<u>116,276</u>	<u>(11,460)</u>	<u>104,816</u>
Liabilities			
Current liabilities			
Accounts payable	6,969	224	7,194
Mortgages (Laurentian Bank of Canada) ¹⁶	12,680	-	12,680
Total current liabilities.	<u>19,649</u>	<u>224</u>	<u>19,873</u>
Long term debt			
Purchaser Deposits	16,198	(1,542)	14,656
Mortgages and other loans	55,676	-	55,676
Intercompany payable	7,400	-	7,400
Guarantee (contingent obligation) ¹⁷	-	2,400	2,400
Other	357	-	357
Total long term debt	<u>79,631</u>	<u>858</u>	<u>80,489</u>
Total liabilities	<u>99,280</u>	<u>1,082</u>	<u>100,362</u>
Partners' Equity	16,996	(12,542)	4,453
Total Liabilities and Equity	<u>116,276</u>	<u>(11,460)</u>	<u>104,816</u>

¹⁵ The Bay Entities do not maintain general ledgers for UNKI and North Side. The value of the assets of UNKI at the time of the Guarantee Date is uncertain. Realizations from UNKI are uncertain and may not be significant – it may not generate any recoveries. The Monitor understands that North Side's only asset is its ownership interest in Bridge and the assets and liabilities of the Bridge are included in the estimated fair valuation. UNKI and North Side have been excluded from the estimated fair valuation.

¹⁶ The Laurentian Bank of Canada ("LBC") mortgage has been classified as a current liability as LBC had advised the Bay Entities that it would not be renewing its loans.

¹⁷ For presentation purposes, the Secured Guarantee has been reflected at its face value of \$2.4 million. The Bay Entities also guaranteed a bond from Travelers Guarantee Company of Canada ("Travelers") in the amount of approximately \$9.3 million in respect of the Leslieville project. Travelers filed a contingent claim in the CCAA proceedings for approximately \$4.4 million. As at the date of the Report, the value of the guarantee is undetermined; however, the guarantee has not been reflected as a fair value adjustment as it appears that there will be no exposure to the Cumberland CCAA Entities under the Guarantee.

2. Based on the above, it appears that Bay LP had book equity of approximately \$4.453 million as at the Guarantee Date, after giving effect to the Secured Guarantee.
3. A schedule detailing each of the fair value adjustments is provided in Appendix "N".

4.3 Cash Flow Test

1. As at the Guarantee Date, the Bay Entities were facing a liquidity crisis. The Bay Entities were not regularly paying vendors and were facing pressure from their lenders. The following sections provide an overview of the Bay Entities' liquidity at the time. In order to perform this review, the Monitor has considered the Bay Entities' obligations at the Guarantee Date to determine if they were being serviced in the ordinary course.
2. It should also be noted that within five months of providing the Secured Guarantee, certain of the Cumberland CCAA Entities had filed NOIs pursuant to the BIA and shortly thereafter substantially all of the Urbancorp Group was subject to some form of insolvency process.

4.4 Accounts payable

1. A summary of the aging of the accounts payable for the Bay Entities at the Guarantee Date is provided in the following table.¹⁸

(\$000's unaudited)				
0-60 days	60-90 days	+90 days	Total	% over 90 days
199	197	6,572	6,969	94%

2. The table above reflects that 94% of the Bay Entities' accounts payable were aged more than 90 days at the Guarantee Date.¹⁹ The majority of the over 90-day payables are in respect of vendors that were required to develop the projects, including architects, consultants and legal counsel in respect of predevelopment activities.²⁰ A creditors' list for the Bay Entities as of the Guarantee Date is attached as Appendix "L".
3. The Monitor understands from Saskin that, as at the Guarantee Date, the Bay Entities had no access to additional liquidity to pay these liabilities or to bring them current. The Urbancorp Group undertook the Israeli Bond Issue and the Reorganization to address these and other liquidity issues.

¹⁸ Excludes the fair value adjustment of \$225,000.

¹⁹ According to the Bay Entities' aged payable sub-ledgers as of November 15, 2015.

²⁰ The accounts payable balance includes \$278,112 owing to UTMI. Of the balance owed to UTMI, \$35,348 is aged under 60 days, \$17,488 is aged 60-90 days and \$225,276 is aged greater than 90 days.

4.5 Mortgages

- Each of the Bay Entities' properties was subject to a mortgage at the Guarantee Date. A summary of the mortgages is provided in the table below.

(\$000s; unaudited)		Amount Outstanding	Percentage of Total Mortgage Debt
Mortgagee	Security		
Terra Firma Capital Corporation	St. Clair, Lawrence, Patricia, Mallow, 60 St. Clair, Bridlepath, King South	42,644	62.4%
Laurentian Bank	Patricia, Woodbine	12,680	18.6%
Other lenders	Patricia, 60 St. Clair, King South, Lawrence	13,032	19.0%
Total		68,356	100%

4.6 Terra Firma Capital Corporation

- Terra Firma Capital Corporation ("TFCC") provided secured advances to numerous Bay Entities²¹. The Bay Entities collectively owed TFCC approximately \$42.644 million as at the Guarantee Date.
- During the latter part of 2014 and throughout 2015, the Urbancorp Group required liquidity and was having difficulty servicing its various loans, including the loans from TFCC. In order to keep the TFCC loans from going into arrears, TFCC extended or renewed loans at higher amounts, the effect of which was to capitalize unpaid interest and costs.
- Examples of TFCC extending or renewing loans at higher loan levels include:
 - Loan renewal for Lawrence dated October 5, 2015. The loan was increased to \$7,953,495 to include accrued interest of \$483,496 from the initial advance date. The loan renewal for Lawrence is attached as Appendix "O".
 - Loan renewal for St. Clair Village dated November 24, 2015. The loan was increased to \$7,380,000 to include accrued interest of \$450,000 from the initial advance date. The loan renewal for St. Clair Village is attached as Appendix "P".
- The above two loans were renewed after the loans had matured and therefore at the time of the renewal the loans were already due and payable.

²¹ Includes loans administered by Terra Firma Capital Corporation.

4.7 Laurentian Bank of Canada (“LBC”)

1. At the Guarantee Date, LBC had two loans outstanding to the Bay Entities: one for approximately \$7.7 million owing from Patricia and one for approximately \$5 million owing from Woodbine. In September, 2015, LBC placed these loans in their special loans group.
2. LBC was also part of the banking syndicate (led by CIBC) that provided a loan to Leslieville, which is not a Bay Entity. By mid-2015, Leslieville was in default on the loan. As a result, LBC advised Saskin that it would not be renewing or extending any loans to any Urbancorp Group entity upon maturity.
3. The LBC loan to Woodbine matured on February 1, 2016, approximately four months after the Guarantee Date. On March 4, 2016, LBC demanded repayment and issued a Notice of Intention to Enforce Security under Section 244 of the BIA. As of March 4, 2016, Woodbine owed LBC interest arrears of approximately \$44,000. The LBC Loan was repaid in October 2016 from the proceeds of sale of the property owned by Woodbine in the sale process conducted by KSV as the Bay Monitor.
4. A portion of the Proceeds from the Israel Bond Issue was used to repay LBC’s loan to Patricia.

4.8 Other Indicators of Distress

1. In addition to the cash flow issues reflected above, other indicators of financial distress in October, 2015 include:
 - a) the Urbancorp Group retained A. Farber & Partners (“Farber”) to provide distressed consulting services. Farber’s engagement letter with the Urbancorp Group is dated October 19, 2015;
 - b) virtually all of the Urbancorp Group’s projects were delayed. In that respect, Tarion Warranty Corporation, the Ontario regulator for home builders, was investigating delays on construction of the Urbancorp Group’s Leslieville project. An email dated October 16, 2015 from Tarion to Saskin regarding the delays on Leslieville is attached as Appendix “Q”; and
 - c) liens had been placed on several projects, including the Edge Project, and vendors were applying pressure to be repaid. Based on the Parcel Register for the Edge Project, liens had been registered on the Edge Project by, among others, Speedy, Lido Construction Inc. and EXP services Inc. As evidenced by the e-mails provided in Appendix “I”, Speedy was applying payment pressure. Speedy and its counsel appear to have been well aware of the financial distress being encountered by Saskin and the Urbancorp Group.

5.0 Conclusion

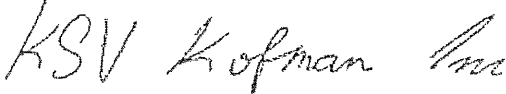
1. Based on the Monitor's review of the Claim in context, the following overall conclusions can be made:
 - i. Based on the cash flow test, Bay LP was insolvent at the Guarantee Date;
 - ii. Saskin entered into the Debt Extension Agreement at the time he controlled both Edge and KRI;
 - iii. Bay LP, through its KRI subsidiary, does not appear to have received any benefit, other than the nominal consideration of \$2.00, in return for granting the Secured Guarantee with a value of approximately \$654,000 at the time;
 - iv. releasing the Lien pursuant to the Debt Extension Agreement benefited the creditors of Bay/Stadium LP, Edge's beneficial owner, without providing any benefit to KRI;
 - v. in respect of the Saskin Loan, providing the Secured Guarantee pursuant to the Debt Extension Agreement benefited Saskin personally and Speedy in providing valuable security for the recovery of what was an unsecured personal obligation at the time without providing any benefit to KRI;
 - vi. Speedy and Saskin were aware of the Urbancorp Group's financial distress at the time and Speedy was granted and took security over assets held by KRI to address this risk;
 - vii. the effect of the Secured Guarantee will defeat or hinder recoveries to the creditors of the Cumberland CCAA Entities, namely UCI's creditors, primarily the Israeli bondholders;
 - viii. given the foregoing, the Monitor considers that having Edge and KRI enter into the Debt Extension Agreement was oppressive, unfairly prejudicial to or unfairly disregarded the interests of Bay LP's creditors while providing a benefit to Speedy and personally to Saskin;
 - ix. given the foregoing, it is also the Monitor's position that the Secured Guarantee is voidable as a "transfer at undervalue" under the BIA, fraudulent conveyance under the FCA, or fraudulent preference under the APA; and
 - x. even if the Claim is valid, the value of the Secured Guarantee should be limited to the net realizations from the Residential Units.

6.0 Recommendation

- 1. Based on the foregoing, the Monitor recommends the Court make an order as set out in Section 1.1 1(c).

* * *

All of which is respectfully submitted,



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

Schedule "A"

Urbancorp (952 Queen West) Inc.

King Residential Inc.

Urbancorp 60 St. Clair Inc.

High Res. Inc.

Bridge on King Inc.

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix “B”

PAPE CHAUDHURY LLP

150 York Street, Suite 1701, Toronto, ON M5H 3S5
T 416.364.8755 F 416.364.8855 www.papechaudhury.com

Fax

TO: Mr. Neil Rabinovitch FAX: 416.863.4592
 Dentons Canada LLP

FROM: Paul Pape PAGES: 32
 Pape Chaudhury LLP

FILE 53559 DATE: January 8, 2019
 NO:
 Harris Sheaffer and Urbancorp

RE:

Urgent For Review Please Comment Please Reply Please Recycle

Dear Counsel,

Please find attached the statement of defence to the amended statement of claim which is served on you in accordance with the Rules.

Please also find attached the draft of the third party claim. The Commercial List has advised they have not yet assigned a new court file number. We're attempting to overcome that to issue the claim and will serve upon receipt.

Lisa

CONFIDENTIALITY NOTE

The information contained in this fax is legally privileged and confidential and is intended only for the use of the individual or entity named above. Any other use, dissemination, distribution, disclosure or copy of this fax is strictly prohibited. If you have received this fax in error, please immediately notify us by telephone (collect if necessary) so that we may arrange the return of the original transmission. Thank you.

Please report any problems with the receipt of this fax to Wing at 416.364.8755.

Court File No. CV-18-596633

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**GUY GISSIN SOLELY IN HIS CAPACITY AS ISRAELI COURT
APPOINTED FUNCTIONARY OFFICER AND FOREIGN
REPRESENTATIVE OF URBANCORP INC. and GUY GISSIN SOLELY IN
HIS CAPACITY AS FOREIGN REPRESENTATIVE AND AS TRUSTEE OF
THE CLAIMS OF THE HOLDERS OF BONDS ISSUED BY URBANCORP
INC. AND NOT IN HIS PERSONAL CAPACITY**

Plaintiffs

- and -

HARRIS SHEAFFER LLP and BARRY ROTENBERG

Defendants

**STATEMENT OF DEFENCE
TO THE AMENDED STATEMENT OF CLAIM**

BACKGROUND

1. The defendants admit paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of the Amended Statement of Claim ("Claim").
2. With respect to the claims relating to Edge and King Residential Inc., the defendants admit paragraphs 24 of the Claim.
3. With respect to the Edge Transfers, the defendants admit the particulars of the Transfers referred to in paragraphs 39 and 46 of the Claim.
4. With respect to Edge/HST issues, the defendants admit the allegations contained in paragraphs 56, the first sentence of paragraph 58, and 59 of the Claim.
5. Save as is admitted, the defendants deny each and every other allegation contained in the Claim.

THE RETAINER

6. In the spring of 2015 Apex Issuances Ltd. ("Apex"), an underwriter of securities on the Tel Aviv - Jaffa Stock Exchange in the State of Israel, together with representatives of Shimonov & Co. and Nir Cohen Sasson (collectively "Shimonov"), Israeli solicitors, visited Toronto to meet with Alan Saskin ("Saskin") and representatives of the Urbancorp Group of Companies ("Urbancorp") to discuss their possible retainer by Urbancorp to market bonds for Urbancorp in Israel. Urbancorp, an Ontario corporation, would raise a significant amount of money through its issuing of debt in Israel. Urbancorp, while asset rich and possessed of significant equity in its assets, was in need of cash to help it meet its daily financial obligations.

7. Sometime in 2015, Saskin, David Mandel and Phillip Gales, who represented Urbancorp, agreed with Apex and Shimonov that Urbancorp would proceed with what became called the "Bond Raise" and is more particularly described in the Claim.

8. The Bond Raise is particularized in paragraph 6 of the Claim:

6. On or about December 11, 2015, UCI raised NIS 180,583,000 by issuing bonds (the "Bonds") (approximately CAD \$64 million at the then-current rate of exchange) on the Tel Aviv stock exchange (the "Bond Raise"), pursuant to a prospectus dated November 30, 2015, as amended on December 7, 2015 (the "Prospectus"). The Bondholders are the holders of the Bonds.

9. The defendants had intermittently acted for various corporations within Urbancorp. They provided legal services to some of the corporations on an "as needed" basis. In early March 2015, the defendants were retained to act for the corporation which was to be the vehicle for the Bond

Raise: Urbancorp Inc. ("UCP"). There was no written retainer with respect to the services they were to provide and did provide in the period they acted for UCI. The defendants were the Canadian solicitors for UCI and performed, broadly, two services: i) reorganizing the Urbancorp corporations and transferring their assets within UCI as required for the Bond Raise, and ii) assisting Shimonov (Israeli counsel) in their preparation of certain specific limited portions of a Prospectus to be issued to the public in Israel for the purpose of marketing the bonds. Shimonov would and did work directly with the underwriter, Apex. The defendants did not work with Apex.

10. The restructuring was done in Toronto and the Prospectus (written in Hebrew) would be prepared in Israel where the Bond Raise was to be held. The defendants would neither prepare nor work on the Prospectus. They provided information and documentation to Shimonov and Apex. Shimonov and Apex drafted the Prospectus and jointly determined its contents. The Prospectus was issued November 30, 2015, as amended December 7, 2015.

11. The defendants took intermittent Urbancorp instructions with respect to the restructuring from David Mandel, Alan Saskin and MNP (UCI's Canadian auditors). No complaint is made by the plaintiffs with respect to this restructuring. The complaint is with respect to the contents of the Prospectus and certain related matters described below.

12. The preparation and filing of the Prospectus were done in Israel by Shimonov and Apex. The defendants were orally instructed by UCI to assist Shimonov as UCI fulfilled its undertaking. Essentially the defendants were instructed to do as the Israeli lawyers reasonably asked with respect to the Prospectus.

13. The Prospectus was drafted and filed by Apex. The defendants had very minimal contact with Apex or its lawyers. The Apex lawyers dealt directly with Shimonov. Shimonov, as required,

communicated with the defendants. Shimonov would request information or opinions from the defendants who would do their best to respond accurately and promptly. UCI's specific instructions to the defendants were that they should do all that was reasonable and proper to ensure the Prospectus was issued in a timely manner so the Bond Raise would proceed. The defendants had a very limited role to play in the preparation of the Prospectus.

DUTIES/ TO the Bondholders/the client, UCI

UCI

14. With respect to paragraph 18 of the Claim, these defendants say they owed UCI all those duties and obligations recognized at law flowing from a solicitor client relationship. They say they fulfilled them all. Those duties, however, must be read in the light of UCI's instructions to help Shimonov to ensure that the Prospectus was issued in a timely manner so that the Bond Raise would proceed. If it can be said the defendants were "to ensure that UCI's interests would be protected", as pleaded, it was in that context. They were to work to that end. Conversely, they were to do nothing that might delay, undermine or abort the Bond Raise. Thus the interests of the Bondholders differed significantly from those of UCI.

15. The defendants specifically deny the allegation in paragraph 19 of the Claim that UCI retained them "to ensure that the Prospectus fully and accurately disclosed all material aspects of the business and affairs of UCI." Their retainer was globally to assist the Israeli solicitors on a very limited basis as those solicitors and Apex drafted, registered and published the Prospectus in Israel such that the Bond Raise would proceed. They were not asked to determine whether the Prospectus fully and accurately disclosed all or any material aspects of the business and affairs of UCI. And they did not do so.

16. The defendants deny, that insofar as UCI was concerned, "it was critical that the Prospectus was true and accurate in all material respects." In any event that concern was neither included in their retainer nor implied therein at law.

17. The defendants agree, as alleged in paragraph 21 of the Claim, they were required to provide certain opinions to UCI, Shimonov and Apex and its Israeli counsel with respect to the preparation of the Prospectus in Israel by Shimonov and Apex. They also agree that they had "a duty to ensure that the opinions and the disclosures therein were true, accurate and not in any way misleading" as alleged in paragraph 21 of the Claim. However, this duty was owed to UCI and not the "Bondholders".

18. The opinions and clarifying memoranda provided by the defendants and more particularly identified in paragraph 29 of the Claim were true, accurate and not in any way misleading. They are restricted to their terms. The defendants' obligations are also restricted to the terms of the letters and go no further.

THE BONDHOLDERS

19. The defendants owed no duty of care to the Bondholders. Nor did the Bondholders rely upon the defendants' opinions for anything either directly or indirectly as alleged in paragraph 22 of the Claim. The published Prospectus, upon which the plaintiff sues, contained only one opinion letter written by the defendants. It is not referred to in the Claim. It is dated November 27th, 2015 and is addressed to UCI, Shimonov, Apex, Apex's lawyers and Deloitte Israel, (the accountants for UCI). It was translated into Hebrew. The letter states in part:

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Dear Sirs:

Re: Urbancorp Inc. Securities Issue in Israel

We have acted as corporate counsel to Urbancorp Inc. ("Urbancorp") in connection with its proposed initial public offering in Israel (the "Offering") of non-convertible debentures (Series A) of Urbancorp (the "Offered Securities").

This letter is being delivered to you in connection with the prospectus of Urbancorp which will be published on or about November 29th 2015 (the "Prospectus") and to be filed by Urbancorp with the Tel Aviv Stock Exchange (the "TASE") and the Israel Securities Authority ("ISA").

This opinion is solely for the benefit of the addressee and is rendered solely in connection with the filing of the Prospectus. Except as specifically provided below, this opinion may not be relied upon by you for any other purpose, or furnished to, quoted to, or relied upon by any other person for any purpose without our prior written consent, and may not be made public without our prior written consent. Urbancorp may incorporate this opinion in the Prospectus but this opinion may not be relied upon by any investor in purchasing or making a decision as to whether or not to purchase the Offered Securities. We consent to the use of the name of our firm in the Prospectus.

We have not participated in the preparation or filing of the Prospectus, nor have we participated in the preparation of any other documentation relating to the Prospectus or the Offering. We reserve our rights to make such changes and amendments to this opinion as we, in our sole discretion, deem necessary.

We have relied upon the Documents (as defined below) without independent investigation of the matters provided for therein for the purpose of providing our opinions expressed below.

...

20. Thus, in the face of the November 27th 2015 letter it cannot be said that it was reasonably foreseeable that any Bondholder would rely upon any information the defendants provided to Shimonov which was passed to Apex.

21. In response to the allegations in paragraph 22 of the Claim, the defendants say that at no time were they retained or asked to opine on "the accuracy of the Prospectus" or that they "would be conducting (due diligence) in order to ensure that the Prospectus was true and accurate in all

materials respects” or that they owed the Bondholders “a duty of care to ensure that the Prospectus was true and accurate and not in any way misleading” or, “to ensure that the Prospectus accurately described the assets and liabilities of UCI and the Cumberland entities”.

22. These defendants cannot say the Prospectus was accurate in its entirety because they never read it for that purpose, or were they obliged to determine that. However, they can say that they had no reason to believe that the Prospectus was inaccurate.

23. The defendants deny they breached any duty they owed to UCI and if in the alternative they owed a duty to the Bondholders, to the Bondholders. The defendants say that actual reliance is a component of the Bondholders’ claims and put the plaintiffs to strict proof that each of the Bondholders actually read and relied on the Prospectus or any part thereof or any document the defendants prepared.

Edge and King Residential

Paragraphs 24 – 49 of the Claim

The Speedy Electrical Contractors Ltd. Lien and Mortgage

24. In the summer and fall of 2015, the Urbancorp Group of Companies was experiencing significant cash flow difficulties and was unable to pay its contracting trades in a timely manner. By September 30, 2015, Speedy Electrical Contractors Ltd. (“Speedy”), which had completed work for Edge on the Triangle Park Inc. (“Edge”) claimed to be owed \$1,038,911.44. Accordingly, Speedy registered a construction lien against the Edge property for that sum of money.

25. In addition, the Edge condominium corporation was owed common expenses in the amount of \$10,049 and on August 26, 2015, it registered a common expense lien in its favour against some of the units owned by Edge and Edge Residential Inc.

26. By October 7, 2015, Lido Construction Inc. was owed \$825,833 by Edge and registered a construction lien against the Edge property in that amount.

27. On November 3, 2015, EXP Services Inc. registered a construction lien against the Edge property in the amount of \$50,478.

28. By November 6, 2015, Edge or the beneficial owner of the Edge property (TCC/Urbancorp) Bay/Stadium (Limited Partnership) owed approximately \$14 Million to the Federal Government of Canada for HST.

29. On November 26, 2015 the defendants delivered a confirmation letter to UCI, Shimonov, Apex and its lawyers in connection with Shimonov's preparation with UCI of a proposed public offering in Israel of non-convertible debentures (series A) of UCI. This letter was a title opinion (as of November 6th, 2015) in respect of defined property being the Edge on The Triangle Park Inc. condominium development in Toronto. This is the first letter upon which the plaintiff sues, is referred to in paragraph 29 of the Claim and has been produced by the plaintiff.

30. The letter is a title opinion on express terms:

TITLE OPINION IN RESPECT OF THE PROPERTY

We have examined title to the Property in the LRO. We have not made any off title enquiries as to unregistered easements, utilities arrears, outstanding realty taxes, outstanding common expenses, condominium status certificate matters or other matters affecting the Property nor have we taken any steps to verify if the encumbrances registered on the title to the Property are in good standing. In addition, we have not obtained a statement in respect of any Charge registered on title confirming whether such Charge is in good standing and the amount currently outstanding thereunder. We therefore offer no opinion on the aforesaid matters.

31. This letter lists the encumbrances on title including those items listed above in paragraphs 24 – 28. By November 6, 2015 the HST debt amounted to about \$14 Million.

32. This letter put the recipients to their enquiry as to the financial condition of UCI and Urbancorp. They made no such enquiries or if they did they ignored it in order to complete the Bond Offering. If they had done so the financial distress and inability of UCI and Urbancorp to pay its debts in a timely manner (of which they now say they were unaware) would have been patent to all and the Bond Raise would not have proceeded as planned or at all. To be clear not only did the defendants not have an obligation to advise the recipients of this, they were not retained therefore. It would have been contrary to the interests of their client UCI to do so. However, the November 26, 2015 letter (*supra*) nonetheless made this clear.

33. The failure to make such enquiries or ignoring UCI's financial condition was a breach of the duties the recipients owed to the Bondholders.

34. Alternatively, the recipients knew of the financial distress and insolvency of UCI and proceeded with the Bond Raise in the face of this knowledge. Likewise a breach of the duties they owed to the Bondholders.

35. Rotenberg and Harris Sheaffer had no opinion whether the "registration of the (Speedy) Lien would have resulted in the Bond Raise aborting" as pleaded in paragraph 26 of the Claim

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because he had disclosed it as aforesaid. He admits that as originally prepared the Speedy Mortgage included, at Saskin's direction, \$1 Million for Saskin's personal liability.

36. The defendants admit that King Residential Inc. ("KRI") gave the mortgage as alleged in paragraph 28 of the Claim and that mortgage was registered November 16, 2015. Thus the registration was after the effective date (November 6, 2015) of the November 26th 2015 title letter aforesaid. Thus, it was properly not referred to in the title letter.

37. The defendants admit they sent the letters and memoranda referred to in paragraph 29 of the Claim but deny these letters were in any way misleading or inaccurate. The letters and particularly the December 8th, 2015 letter disclosed the true state of the title to the described lands, including the Speedy mortgage. The defendants had no obligation to disclose that the mortgage secured Saskin's personal liability to Speedy, because by December 8, 2015 it did not. As above the defendants had no obligation to disclose Saskin's personal financial difficulties to anyone. To do so would not have been in UCI's interest and contrary to their instructions.

38. By December 6, 2015, Apex and Shimonov recognized that the defendants' then most recent title opinion was as of November 6th, 2015. They therefore advised the defendants that the underwriter's lawyers were asking the defendants to issue a letter stating that there had been no change to the assets of the company in anticipation of the closing on December 11th, 2015. Rotenberg immediately and accurately advised that UCI had disposed of and mortgaged (condominium) units "since our letter".

39. On December 6, 2015 at 3:55 p.m., Rotenberg wrote to Nir:

I keep telling you Condo units have been transferred and a Mortgages were placed on other units. I cannot give you a "no change" letter.

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40. Following this, Rotenberg spoke with Nir and Apex by telephone and explained the "Edge transfers" referred to in paragraphs 42 and 43 below were made in satisfaction of trade payables as was the Speedy mortgage above. Nir instructed:

You cannot pay/satisfy debt from outside Bondco with Bondco assets. They must be reversed.

41. Nir then requested acknowledgments from trades be prepared confirming that unites transferred to them satisfied only indebtedness of Bondco companies

42. The defendants do not know whether Nir advised Apex or its lawyers of this information. However in the context of any obligations to the Bondholders, he ought to have. This information was a further red flag as were the contents of the initial letter of November 26, 2015 (*supra* paragraphs 29 and 30) warning them of the precarious state of the UCI/Saskin financial problems.

43. Accordingly, the defendants arranged to have the mortgage granted by KRI (*supra* paragraph 35) amended such that it only secured the amount due to Speedy from Edge and not any amount owing to Speedy from Alan Saskin personally. By letter dated November 25, 2015, Speedy agreed that the mortgage only secured the amount due from Edge on Triangle Park Inc. The defendants properly relied on this document:

November 25th, 2015

Urbanstep Inc.
120 Lynn Williams Street
Suite 2A
Toronto, Ontario
M6K 3N6

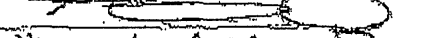
King Residential Inc.
120 Lynn Williams Street
Suite 2A
Toronto, Ontario
M6K 3N6

Harris, Sheaffer LLP
Barristers and Solicitors
Yonge Corporate Centre
4100 Yonge Street, Suite 610
Toronto, Ontario
M2P 2E5
Attention: Bury Rosenberg

Re. King Residential project pledge in regard with loans given by Speedy Electrical Contractors Inc. ("Speedy") to Alan Saskin ("Saskin")

1. We, the undersigned, have engaged on September 23rd, 2014, in a certain loan agreement with, Saskin in the amount of \$1,000,000, which is attached as Appendix A to this letter (the "Loan").
2. We the undersigned hereby confirm that the mortgage of the assets of King Residential Inc., registered as Instrument No. A14067287, as collateral for the Loan (the "Mortgage") is hereby waived and acknowledge that the mortgage only secures the amount due to us from Edge on Triangle Park Inc.
3. The parties hereto agree that this letter may be transmitted by facsimile, email or such similar device and that the reproduction of signatures by facsimile, email or such similar device will be treated as binding as if an original.

SPEEDY ELECTRICAL CONTRACTORS INC.

Per: 
 Name: ALBERT PASSERO
 ASO

44. The substitution of the Speedy Mortgage as amended for the Speedy lien (*supra*) was of neutral effect on the assets of UCI and the plaintiff has no complaint therefore. The liability was recorded on the books of Edge.

EDGE TRANSFERS**Paragraphs 37 - 49 of the Claim**

45. The defendants admit that insofar as the transfers alleged in paragraphs 37 – 49 of the Claim were made to satisfy obligations of Saskin and/or Non bondco entities, they were improper given the terms of the Prospectus. However insofar as they were made for the purpose of paying trades for work done on Bondco /UCI properties, they were proper. These transactions were negotiated by Saskin/Mandel/Gales, not by the defendants. Clearly UCI did not have sufficient cash to pay its trades. The transfers simpliciter demonstrated that.

46. The defendants then advised UCI and Saskin to regularize these transfers to ensure these were proper and in accordance with the direction of Shimonov and the Prospectus requirements.

47. By December 8, 2015 when the defendants gave their final pre-closing opinion letter, UCI and Saskin had ensured the transactions were proper, conformed to the Prospectus and the transfers had no negative effect on the assets of UCI. Particularly the transfers were only to compensate the trades for the work they had done for UCI properties and not non Bondco properties or Saskin as alleged. The defendants were provided with documentation evidencing that and they properly relied upon that documentation. They had no reason not to rely on that documentation. Thus, the opinion the defendants gave on December 8th, 2015 was accurate and not misleading. The defendants made clear they were not warranting the truth, accuracy, correctness or the completeness of the information contained in any of the documents received from the trades and so stated. Their letter in its entirety is as follows:

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December 8, 2015

Direct Line: (416) 250-3699
 E-mail: brotcuberg@harris-sheaffer.com
 Assistant Cheryl Moore
 Direct Line: (416) 250-3699
 E-mail: cmoores@harris-sheaffer.com
 File No.: 150105

Shimonov & Co.- Advocates
 Ragozin Tidbar Tower, 23rd floor
 11 Menachem Begin Road
 Ramat Gan 52506, Israel
 Attn: Israel Shimonov, Adv. Nir
 Cohen Sasson, Adv. Ran Felder,
 Adv. Byal Natanian, Adv. Maayan
 Blumensfeld

Apex Issuances
 Champion Tower
 10 Sheshet Hayamim Street
 Bnei Brak, Israel 5112303
 Attn: Eliav Bar-David

Doron, Tikotzky, Kantor, Gutman, Cederbaum & Co.
 Law Office
 12 Abba Hillel Silver Street
 Ramat Gan, 5250606 Israel
 Attn: Giora Gutman, Adv

Urbancorp Inc.
 120 Lynn Williams Street
 Suite 2A
 Toronto, Ontario,
 M6K 3N6

Dear Sirs:

RE: Urbancorp Inc.

As you are aware we have acted as counsel to Urbancorp Inc. (the "Company"), et al. in connection with a bond offering made by the Company on the Tel Aviv Stock Exchange in or about December 7, 2015 (the "Bond Offering"). This letter is furnished to you at your request to confirm that status of the assets (the "Assets") as further described in the opinion letters of Harris, Sheaffer LLP dated November 26, 2015 as clarified in our letter of November 28th, 2015 to Ran Felder (the "Asset Opinion Letters").

December 8, 2015

Page 2 of 2

Based upon and relying upon the following we confirm that the Asset Opinion Letters continue to accurately describe all of the Assets, save and except as follows:

1. Since November 6th, 2015, various condominium units at the projects commonly referred to "Edge on Triangle Park", "Wasside Gallery Lofts" and "King Residential" have been either:
 - (a) sold and transferred to arm's length purchasers;
 - (b) transferred to trades who provided services to the Assets (the "Trades"), in exchange for a reduction of an agreed upon value in accounts payable;
 - (c) been given as collateral security for obligations of Edge on Triangle Park Inc.;

The subject matter of this letter is based upon documentation received by us from either the Company and/or the Trades and a statutory declaration of Alan Saskin dated December 8th, 2015 (the "Statutory Declaration").

In providing this letter we have not undertaken any independent investigation to determine the truth, accuracy, correctness or completeness of the information contained in any of the letters or documents received by us from the Trades. We have assume the legal competency of all signatures to each of the letters or documents from the Trades, the genuineness of all signatures, the completeness and authenticity of all the letters or documents from the Trades submitted to us, the completeness and authenticity of all letter or documents submitted to us from the Trades and the truthfulness of the Statutory Declaration.

In addition, to the best of our knowledge, there has been no change in the corporate status of Urbancorp Inc. since November 26th, 2015, including changes in Directors, amendments to By-Laws, share capital or Articles of Incorporation.

Yours very truly,

HARRIS, SHEAFFER LLP


Barry Rotenberg
BR:cm

48. The authors of the Prospectus relied on the letter of December 8, 2015 and accepted the propriety of the use of condominium units to pay trades for work done on units within Bondco properties. Footnote 40 of section 7.7.6.1 of the Prospectus, in describing and enumerating these units stated: "The remaining units were used to pay Third Party contracts." Thus, Apex and Shimonov knew of the transactions, and like the defendants, did not determine whether these acknowledgements were true, accurate and complete but believed they were. They closed the

Bond Raise without performing additional due diligence. That was their informed choice for which the defendants are not responsible.

49. In addition, any Bondholder who actually did read the prospectus, must be taken to have read footnote 40, pages g10-g12 and was satisfied to purchase bonds with knowledge of the financial distress of UCI. These are further indicia in the Prospectus of such distress. The defendants therefore say the Bondholders purchased the bonds with knowledge of the true state of the financial condition of UCI and Saskin. They cannot complain that the Bond Raise failed.

DOWNSVIEW PARK

Paragraphs 50 - 55 of the Claim

50. The Downsview project was included in the Prospectus and is described as a very central and material asset of UCI. The Downsview project is a partnership with UCI and Mattamy (Downsview) Limited. The plaintiff's complaint appears to be that the Prospectus does not disclose the numerous significant "amendments to the agreements" which govern the Downsview project. These "amendments to the agreements", it is said, "materially impacted both the ownership controls and profitability of Downsview Park."

51. The plaintiff says that the defendants, "knew or ought to have known that the disclosure in the Prospectus regarding the profitability, profit distribution and ownership control of Downsview Park was materially inconsistent with the actual state of affairs and the provisions of the agreements prepared and negotiated by them." The plaintiff alleges that the defendants failed to ensure the Prospectus accurately disclosed the facts regarding the project, particularly the "amending agreements".

52. The defendants did not opine on these agreements/amendments nor were they asked to do so. Indeed, the plaintiff does not say they were.

53. Neither did the defendants opine on the accuracy of the Prospectus as alleged or at all, nor were they asked to. They reiterate; this was not a term of their retainer with UCI. Their retainer required them to assist Apex and Shimonov as requested. This they did with respect to the Downsview Project. They had no knowledge that there were omissions of relevant information concerning this project in the Prospectus.

54. The plaintiff's complaint appears to be that neither Shimonov nor Apex nor its lawyers asked whether these agreements had been amended, a failure of their due diligence for which the defendants are not responsible. Alternatively, these defendants, they say, deliberately did not provide Shimonov and Apex with the "amending agreements" and they ought to have.

55. However, UCI and/or the defendants did provide the "amending agreements" to Shimonov, and, the underwriter did have all the "amending agreements" as it was preparing the Prospectus. This the plaintiff knows; to wit.

56. The plaintiff has brought an action in the Tel Aviv – Jaffa District Court Commercial Department (the Israeli action) as trustee for the creditors arrangement of UCI (the Bondholders). This action also arises from the Bond Raise and the insolvency of UCI. It is brought against several defendants including Apex. But it is not brought against the defendants. In paragraphs 32 - 43 of the claim in the Israeli action the plaintiff raises the same complaint concerning the Downsview project: the failure of the Prospectus to disclose the "amending agreements".

57. However, in the Israeli action, at paragraph 41, the plaintiff pleads:

41. Investigations pursued by the Functionary [Guy Gissin] indicate that such amendments to the Partnership Agreements, which did not earn any disclosure in the Prospectus, were transferred to at least some of the Defendants in the framework of due diligence material that was received for the purpose of the Offering and/or the preparation of the financial statements.

58. In other words, in Israel, the plaintiff says the defendants fulfilled their retainer of helping Apex by providing the relevant "amending agreements" which it now says, in Ontario, the defendants did not fulfill.

59. The defendants breached no obligation to UCI or the Bondholders with respect to the Downsview project. It believed that all necessary and relevant documents concerning the Downsview Project were deposited in the Drop Box in time for proper Israeli due diligence to be done.

Edge /HST Issues

Paragraphs 56 - 62 of the Claim

60. The Bond Raise was completed on December 11, 2015. In March 2016, Urbancorp Holdco Inc., the parent of UCI and not a party to this action, borrowed \$10 Million from Terra Firma Capital Corporation ("Terra Firma"). This money was used by the parent and UCI to pay a portion of Edge/UCI's HST obligation to the CRA which then amounted to some \$14 Million.

61. It is alleged that even though the money was disbursed to the CRA reducing Edge's obligation to CRA and UCI's liability to CRA, this was for the benefit of Saskin, as he was personally liable for such amount to CRA. Thus, the defendants could not accept instructions from him but needed UCI board and its committees' approval. Since UCI was insolvent at the time, only Saskin benefited from the transaction.

62. Assuming this is correct, there can be no damage/loss to UCI. Rather, there was a benefit to UCI/the Bondholder.

63. The loan was not made by UCI. Rather it was made, as the plaintiff pleads, by Urbancorp Holdco Inc. (UCI's parent company) so Saskin could inject equity into UCI as required by the Prospectus. Thus the money borrowed reduced the UCI obligation to CRA by \$10 Million at no cost to UCI.

64. However, Saskin was not liable to the CRA when the loan was made, rather he had a potential personal liability. He was not in a position of conflict for that reason. Saskin was obliged to inject \$12 Million in equity in UCI as a term of the Prospectus. It was for this reason that Urbancorp Holdco Inc. entered the March 2016 loan agreement. The defendants were aware of the loan agreement but did not prepare it. Insofar as the proceeds were to be used to reduce the Edge CRA HST obligation, the defendants reasonably believed this was a requirement of Terra Firma inserted in their loan commitment for their benefit. At the time Terra Firma held a mortgage on the Edge property. This payment of HST would have eliminated any claim that the existing Terra Firma mortgage and/or prepayment of principal on the old Terra Firma mortgage had lost its priority to the extent that HST was not paid. The defendants further believed that the payment of this obligation would permit UCI to complete the refinancing on the remaining Edge units. In other words this was for the benefit of UCI.

65. In addition, the defendants believed that it was in the best interests of UCI to enter the loan agreement so Saskin could comply with his Prospectus obligation. Thus they had no reason not to take instructions from Saskin to implement it. In addition they had no knowledge there were outside directors who had been appointed. Indeed they were supplied with an Officer's certificate from UCI

certifying to the defendants and the Terra Firma solicitors that the loan had been duly authorized in accordance with the terms of the commitment from Terra Firma and that the company approved Saskin's signing any documentation to complete the loan. Thus, the defendants reasonably believed that the loan transaction had been properly approved. They had no reason to believe that the transaction required audit committee approval and that such approval, if in fact required, was not obtained, and put the plaintiff to strict proof that such was the case.

BAY LP PROMISSORY NOTES

Paragraphs 63 - 70 of the Claim

66. Saskin was to assign to UCI, it is alleged, \$8 Million in loans owing to him. They would be assets of UCI post Bond Raise. It is alleged that by December 2015, the notes had been reduced to \$5 Million and then to zero value and the defendants knew or ought to have know this. Thus, they knew that "the representation in the Prospectus that an \$8 Million asset would be assigned to UCI and form part of UCI's material assets was inaccurate and misleading."

67. The defendants have nor had any knowledge of the assets underlying these loan receivables. They merely drafted notes as requested. They have no knowledge whether the Prospectus was misleading in this regard and put the plaintiff to strict proof in this regard. Nor do they have or had knowledge of whether the debts had been reduced to zero as alleged or at all.

68. The defendants were not asked to opine nor did they opine on the existence of assets underlying these notes. In addition, they were not retained to determine whether the Prospectus was accurate in whole or in part and did not do so particularly with respect to the value(s) of assets described therein.

952 Queen West Sale Proceeds**Paragraphs 71 - 75 of the Claim**

69. It is alleged that the Prospectus provided that the proceeds from the sale of 952 Queen Street West in October 2015 would “flow back to UCI in order to fund its ongoing business expenses”. It is pleaded that the defendants knew this yet facilitated the unauthorized transfers of the proceeds to benefit Saskin and not UCI. The payments were not related to UCI’s business activities. Thus, UCI was damaged.

70. The defendants at no time had any knowledge, instruction or direction that these proceeds were to be paid to UCI. No one advised them that the Prospectus said otherwise and they put the plaintiff to strict proof thereof. On October 19, 2015, at the time of the sale of 952 Queen Street West, Saskin was the sole officer and director of Urbancorp (952 Queen Street West) Inc. which was the registered owner of that property. The defendants were entitled to take instructions for the disbursement of the sale proceeds from Saskin and did so through proper directions. The proceeds were disbursed for the benefit of UCI and the defendants put the plaintiff to strict proof that they were not.

71. In addition, in October 2015, Rotenberg advised Shimonov that this property had been sold and it ought not to be included in the Prospectus. On November 20, 2015, Shimonov acknowledged Rotenberg’s position but insisted it be included. By this time almost all of the proceeds had been disbursed as Shimonov well knew. Certainly the defendants were not advised prior to the disbursement of the funds, that there was a restriction on their disbursement as alleged.

72. In November 2015 and before the closing of the Bond Raise, at the request of Christine Honrade, the CFO of Urbancorp, the defendants provided her with an accounting of where the proceeds were disbursed. The defendants believe she updated the accounting records of UCI and Urbancorp (952 Queen Street West) Inc. Shimonov and Apex knew or reasonably ought to have known this. No complaint was made with respect thereto.

73. Thus the defendants breached no duties owed to UCI, nor preferred the interests of anyone over the interests of UCI.

74. The opinions given were accurate and disclosed exactly what they were meant to disclose.

75. The Bondholders did not rely on any act or document prepared by the defendants. Nor did the Bondholders suffer any damage that was caused directly or indirectly by the defendants.

76. The Bondholders bought the bonds with knowledge of the financial plight of UCI and Saskin. If not, they reasonably ought to have known and in any event they were put to their enquiry.

77. The defendants plead and rely on the *Negligence Act*, R.S.O. 1990, C-N.1.

78. If any damages were suffered by the plaintiff, they were caused in whole or in part by UCI, the Bondholders, Shimonov and Apex.

THE FAILURE OF THE BOND RAISE

79. The Bondholders did not read the Prospectus. Rather they relied upon Apex and Shimonov who drafted and created the Prospectus and were responsible for its contents. Shimonov and Apex knew the true state of the UCI finances; it was insolvent. They also knew UCI needed the Bond Raise proceeds to carry on its business. Thus the Bondholders and UCI closed with this knowledge.

80. Approximately 2 weeks prior to the scheduled completion of the underwriting, Shimonov and Apex requested that the transaction be changed. Particularly:

- i. The Urbancorp projects: Patricia, Lawrence, Caledonia, Mallow and Downsview would be designated as "Backup Projects".
- ii. The proceeds of the underwriting would be utilized to repay all existing charges owing by Urbancorp entities on the Backup Projects and a restriction would be placed on Urbancorp remortgaging or borrowing against those properties. It could remortgage when it was in a position to commence construction of the 4 Backup Projects other than Downsview.
- iii. All of these Backup Projects, except Downsview were at least 2 years away from being developed. Since the Bond Raise proceeds were being utilized to repay the existing mortgages and Urbancorp could not re-mortgage them, these restrictions effectively cut off all cash flow to Urbancorp, ensuring Urbancorp's insolvency as it was unable to meet its debts as they came due on projects including the 5 Backup Projects.

81. Apex and Shimonov knew that all Urbancorp projects had been a single basket of assets and liabilities with no internal restrictions on cross-collateralizing in order to raise money to keep the operations going. This was changed. These changes ensured the bonds would go into default.

82. Accordingly, Apex and Shimonov knowingly caused Urbancorp to be insolvent immediately upon the Bond issue being completed. Thus the defendants are not responsible for any loss the plaintiff may have suffered.

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83. This action should be dismissed with costs.

January 7, 2019

PAPE CHAUDHURY LLP
150 York Street
Suite 1701
Toronto, ON M5H 3S5

Paul J. Pape, LSOC 12548P
paul@papechaudhury.com
416.364.8755
416.364.8855 fax

Lawyers for the defendants

TO:

DENTONS CANADA LLP
400 TD Centre North Tower
Toronto, ON M5K 0A1

Neil Rabinovitch
Michael Beeforth
Neil.rabinovitch@dentons.com
Michael.beeforth@dentons.com
Tel: 416-863-4388/367-6779
Fax: 416-863-4592

Lawyers for the plaintiffs

**GUY GISSIN SOLELY IN HIS CAPACITY AS ISRAELI COURT APPOINTED FUNCTIONARY
OFFICER AND FOREIGN REPRESENTATIVE OF URBANCORP INC. et al**
Plaintiffs

and

HARRIS SHEAFFER LLP et al
Defendants

Court File No. CV-18-596633

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**STATEMENT OF DEFENCE TO
AMENDED STATEMENT OF CLAIM**

PAPE CHAUDHURY LLP
Suite 1701
150 York Street
Toronto, Ontario
M5H 3S5

Paul J. Pape, LSO #12548P
paul@papechaudhury.com
Tel: 416.364.8755
Fax: 416.364.8855

Lawyers for the defendants

Court File No. CV-18-596633

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**GUY GISSIN SOLELY IN HIS CAPACITY AS ISRAELI COURT
APPOINTED FUNCTIONARY OFFICER AND FOREIGN
REPRESENTATIVE OF URBANCORP INC. and GUY GISSIN SOLELY IN
HIS CAPACITY AS FOREIGN REPRESENTATIVE AND AS TRUSTEE OF
THE CLAIMS OF THE HOLDERS OF BONDS ISSUED BY URBANCORP
INC. AND NOT IN HIS PERSONAL CAPACITY**

Plaintiffs

- and -

HARRIS SHEAFFER LLP and BARRY ROTENBERG

Defendants

- and -

SHIMONOV & CO., APEX ISSUANCES LTD. and NIR COHEN SASSON

Third Parties

DRAFT

THIRD PARTY CLAIM

TO THE THIRD PARTY

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by way of a third party claim in an action in this court.

The action was commenced by the plaintiff against the defendant for the relief claimed in the statement of claim served with this third party claim. The defendant has defended the action on the grounds set out in the statement of defence served with this third party claim. The defendant's claim against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS THIRD PARTY CLAIM, you or an Ontario lawyer acting for you must prepare a third party defence in Form 29B prescribed by the Rules of Civil Procedure, serve it on the lawyers for the other parties or, where a party does not have a lawyer, serve it on the party, and file it, with proof of service, WITHIN TWENTY DAYS after this third party claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your third party defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a third party defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your third party defence.

YOU MAY ALSO DEFEND the action by the plaintiff against the defendant by serving and filing a statement of defence within the time for serving and filing your third party defence.

IF YOU FAIL TO DEFEND THIS THIRD PARTY CLAIM, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

(Where the third party claim is for money only, include the following:)

IF YOU PAY THE AMOUNT OF THIRD PARTY CLAIM AGAINST YOU, and \$10,000 for costs, within the time for serving and filing your third party defence, you may move to have the third party claim dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the amount of the third party claim and \$400 for costs and have the costs assessed by the court.

Date

Issued by

Local registrar

393 University Avenue
Toronto, ON M5G 1E6

TO

Shimonov & Co.

23rd Floor - Rogovin Tidhar Tower
11 Menachem Begin Road
Ramat Gan 52506
Israel

AND TO:

Apex Issuances Ltd.

23 Yehuda Halevi (Discount House) Street
Tel Aviv
Israel

AND TO:

Nir Cohen Sasson

23rd Floor - Rogovin Tidhar Tower
11 Menachem Begin Road
Ramat Gan 52506
Israel

CLAIM

1. The Defendants claim against the Third Parties:
 - a. contribution and indemnity for any and all amounts which the Defendants may be called upon to pay to the Plaintiffs;
 - b. contribution and indemnity for their costs of defending the main action;
 - c. their costs of the third party claim;
 - d. pre-judgment and post-judgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, C-43 as amended;
 - e. such further and other relief as this Honourable Court deems just.

2. The Defendants repeat each allegation contained in their statement of defence filed in this proceeding. They rely upon these allegations. They also rely on the *Negligence Act of Ontario*, RSO 1990, c N.1.

3. The Third Party, Apex Issuances Ltd. ("Apex") is a company incorporated in Israel which carries on the business there as an underwriter of securities. Apex acted as the pricing underwriter to the Prospectus (as defined in section 1 of the Securities Law), was involved in structuring the Offering and signed on the drafts and the Prospectus that were published to the public investors.

4. Shimonov & Co. is a partnership of lawyers practising securities law in Israel. At all material times, it was acting for UCI in Israel with respect to the Bond Raise described in the claim and defence filed in this proceeding.

5. Nir Sassoon Cohen is a lawyer practising securities law in Israel and is a partner of Shimonov & Co. He was the lawyer principally involved in the preparation and drafting of the Prospectus.

6. The Plaintiffs bring this action in Ontario claiming damages for alleged deficiencies in the Prospectus (as defined). The Defendants deny there are any such deficiencies. However, in the event there are any deficiencies, they say they were caused by the Third Parties jointly and or severally. Not by the Defendants. Or alternatively with the defendants.

7. The Plaintiffs also claim that the Defendants preferred the interests of UCI to those of the Bondholders. Any such preference, which is denied, was given by the Third Parties jointly and or severally. Not by the Defendants. Or alternatively with the Defendants.

8. Ultimately, the losses of any of the Bondholders, if proven, were ultimately caused by the Third Parties who should indemnify the Defendants for any sum the Defendants are found liable by this Honourable Court.

9. In the event the Defendants are found liable, they ask that liability be apportioned between them and the Third Parties pursuant the *Negligence Act, supra*.

10. Therefore, in the event that this Honourable Court should find that Defendants are liable to the Plaintiffs for damages, which is not admitted but specifically denied, then judgment should issue against the Third Parties.

11. The Defendants propose that the trial of this third party claim be heard together with or immediately after the trial of the main action.

12. The defendants rely on Rule 17(q) of the Rules of Practice and say it is appropriate to bring this Third Party Claim and thus it is appropriate to serve same outside of Ontario. They also rely on Rule 17(g) of the Rules of Practice as the contract to underwrite the Bond Raise and draw and issue the Prospectus were made in Ontario.

13. They also rely on Rule 17.02 (f)(i) and (d).

(Date of Issue)

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416.364.8855 fax

Lawyers for the defendants

**GUY GISSIN SOELY IN HIS CAPACITY AS ISRAELI COURT APPOINTED FUNCTIONARY
OFFICER AND FOREIGN REPRESENTATIVE OF URBANCORP INC. et al**
Plaintiffs
and
SHIMONOV & CO., APEX ISSUANCES LTD. and NIR COHEN SASSON
Third Parties

HARRIS SHEAFFER LLP et al
Defendants

Court File No. CV-18-596633

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

THIRD PARTY CLAIM

PAPE CHAUDHURY LLP
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Tel: 416.364.8755
Fax: 416.364.8855

Lawyers for the defendants

JAN/08/2019/TUE 11:35 AM

FAX No.

P. 032

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Appendix "C"

November 25th, 2015.

Urbancorp Inc.
120 Lynn Williams Street
Suite 2A
Toronto, Ontario
M6K 3N6

King Residential Inc.
120 Lynn Williams Street
Suite 2A
Toronto, Ontario
M6K 3N6

Harris, Sheaffer LLP
Barristers and Solicitors
Yonge Corporate Centre
4100 Yonge Street, Suite 610
Toronto, Ontario.
M2P 2B5
Attention: Barry Rotenberg

Re: King Residential project pledge in regard with loans given by Speedy Electrical Contractors Inc. ("Speedy") to Alan Saskin ("Saskin")

1. We, the undersigned, have engaged on September 23rd, 2014, in a certain loan agreement with, Saskin in the amount of \$1,000,000, which is attached as Appendix A to this letter (the "Loan").
2. We the undersigned hereby confirm that the mortgage of the assets of King Residential Inc., registered as Instrument No. AT4067287, as collateral for the Loan (the "Mortgage") is hereby waived and acknowledge that the mortgage only secures the amount due to us from Edge on Triangle Park Inc.
3. The parties hereto agree that this letter may be transmitted by facsimile, email or such similar device and that the reproduction of signatures by facsimile, email or such similar device will be treated as binding as if an original.

SPEEDY ELECTRICAL CONTRACTORS INC.

Per: 

Name:
ASO

ALBERT PASSERO

Appendix “D”

*LARRY J. LEVINE, Q.C.

KEVIN D. SHERKIN

CARMINE SCALZI

RYAN WOZNAK

JASON GOTTLIEB

JEREMY K. SACKS

MITCHELL WINE

LIZZIE BARRASS

A Professional Corporation

Jeremy Sacks – Ext. 119
jeremy@lsblaw.com

October 21, 2016

LETTER SENT VIA EMAIL & COURIER

KSV KOFMAN INC.
150 King Street West
Suite 2308
Toronto, ON M5H 1J9
Attention: Noah Goldstein

Dear Mr. Goldstein:

RE: CCAA Proceedings
Court File No. CV-16-11389-00CL
Our File No.: 5204-001

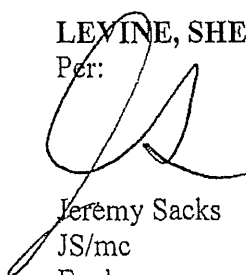
Please be advised that we are counsel for Speedy Electrical Contractors Ltd. and we are submitting our client's Proof of Claims against the CCAA Entities and their Officers and Directors, which are enclosed herein. A hardcopy of same will follow by courier.

If you have any questions, please feel free to contact me.

Yours very truly,

LEVINE, SHERKIN, BOUSSIDAN

Per:


Jeremy Sacks

JS/mc

Enclosure

c. client

Robin B. Schwill of Davies Ward Phillips & Vineberg LLP – counsel for the Monitor

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.,
UNBANCORP (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

**PROOF OF CLAIM OF SPEEDY ELECTRICAL CONTRACTORS LTD.
AGAINST THE CCAA ENTITIES**

October 19, 2016

LEVINE SHERKIN BOUSSIDAN
Barristers
23 Lesmill Road., Suite 300
Toronto ON M3B 3P6

KEVIN D. SHERKIN – LSUC#27099B
Email: kevin@lsblaw.com
JEREMY SACKS – LSUC#62361R
Email: Jeremy@lsblaw.com

Tel: 416-224-2400
Fax: 416-224-2408

Lawyers for Speedy Electrical Contractors Ltd.

TO: KSV KOFMAN INC.
150 King Street West
Suite 2308
Toronto, ON M5H 1J9

NOAH GOLDSTEIN
Email: ngoldstein@ksvadvisory.com
Fax: 416-932-62266

Index

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.,
UNBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URNBANCORP 60 ST. CLAIR INC.,
HIGH RES. INC., BRIDGE ON KING INC. (Collectively the
"Applicants") AND THE AFFILIATED ENTITIES LISTED IN
SCHEDULE "A" HERETO

INDEX

Tab Document

- 1. Proof of Claim Form
- A. Speedy cheque in the amount of \$1,000,000.00 payable to Alan Saskin
- B. Promissory note dated September 23, 2014
- C. Debt Extension Agreement dated November 15, 2015

Tab 1

SCHEDULE "I"

PROOF OF CLAIM FORM FOR CLAIMS AGAINST THE CCAA ENTITIES¹

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

Debtor: King Residential Inc.

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

Legal Name of Claimant Speedy Electrical Contractors Ltd.

Name of Contact Jeremy Sacks

Address c/o Levine Shetkin Bausnick

Title Lawyer

23 Lesmill Rd., Suite 300

Phone # 416 224 2400

Fax # 416 224 2408

City Toronto Prov /State ON

email jeremy@lsblaw.com

Postal/Zip Code M3B 3P6

2(b) Assignee, if claim has been assigned

Legal Name of Assignee _____

Name of Contact _____

Address _____

Phone # _____

Fax # _____

City _____ Prov /State _____

email: _____

Postal/Zip Code _____

¹ 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., 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. (collectively, the "CCAA Entities").

- 2 -

3. Amount of Claim

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

Currency	Amount of Claim	Unsecured Claim	Secured Claim
Canadian	\$2,323,638.54	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

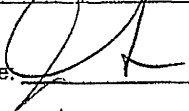
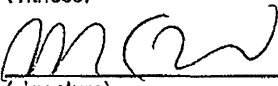
4. Documentation See attached Schedule "A"

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

5. Certification

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor as set out above.
4. Complete documentation in support of this claim is attached.

Signature: 	Witness: 
Name: <u>Jeremy Sacks</u>	(signature)
Title: <u>Lawyer</u>	<u>Michelle Cruz</u>
	(print)
Dated at <u>Toronto</u> this <u>17th</u> day of <u>October</u> , 2016	

6. Filing of Claim

This Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on October 21, 2016 (or within thirty (30) days after the date on which the Monitor had sent you a Claims Package with respect to a Restructuring Period Claim) by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

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

- 3 -

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

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

Schedule A

SCHEDULE "A"

OVERVIEW

1. Speedy Electrical Contractors Limited (hereinafter referred to as "Speedy"), is a company incorporated pursuant to the laws of the Province of Ontario, and supplies and installs, *inter alia*, electrical contracting work.
2. King Residential Inc. has guaranteed certain debts owing to Speedy, as follows:
 - a. A loan to Alan Saskin in the principal amount of \$1,000,000, and bearing interest at the rate of 12.5% since September 23, 2014.
 - b. An outstanding account owing to Speedy for electrical services supplied to the Urbancorp project at 38 Lisgar Street in Toronto, known as the Edge Project.

King Residential Inc. provides a Guarantee and Mortgage

3. On September 22, 2014, Speedy loaned Alan Saskin the sum of \$1,000,000 pursuant to a promissory note (the "Promissory Note"). The Promissory Note included interest at the rate of 12.5% per annum, compounded annually, and had a maturity date of September 23, 2015. The Promissory Note also provided for payment of costs on a solicitor client scale for any collection proceedings. Attached hereto at **Tab "A"** is a copy of the cheque payable to Alan Saskin. Attached hereto at **Tab "B"** is a copy of the Promissory Note.
4. Speedy also has an outstanding account in the amount of \$1,038,911.44 for electrical services it supplied to Edge on Triangle Park Inc. with respect to the Edge Project, as

stated above. on September 30, 2015, Speedy registered a construction lien on the Edge Project for the outstanding account (registered as Instrument AT4024509 at the Toronto Land Registry Office).

5. On or around November 14, 2015, Speedy, Alan Saskin, Edge on Triangle Park Inc. and King Residential Inc. entered into a “Debt Extension Agreement”, which included the following (the Agreement is attached hereto at **Tab “C”**):
 - a. Speedy extended the term the Promissory Note to January 30, 2016;
 - b. Speedy agreed to discharge the construction lien registered against the Edge Project;
 - c. King Residential Inc. agreed to guarantee the amounts outstanding to Speedy as principal debtor, which included the loan to Mr. Saskin, and accumulated interest, and the amount outstanding with respect to the Edge Project;
 - d. King Residential Inc. provided Speedy with a collateral mortgage, securing the amount of \$2,400,000, a copy of which is attached as Schedule “B” to the “Debt Extension Agreement”.

Amount Outstanding on the Promissory Note

6. The amount outstanding on the Promissory Note is calculated as follows:

Principal:	\$1,000,000
Interest from September 23, 2014 to September 22, 2015 (12.5%)	<u>\$125,000</u>
Balance as of September 22, 2015	\$1,125,000

Interest from September 23, 2015 to September 22, 2016 (12.5%)	<u>\$140,625</u>
Balance as of September 22, 2016	\$1,265,625
Interest as of September 23, 2016 to October 14, 2016 (12.5%)	<u>\$9,102.10</u>
Balance as of October 14, 2016	\$1,274,727.10

7. The per diem interest on the Promissory Note is \$433.43. Legal fees on account of collection are \$10,000.

SUMMARY

8. Based on the guarantees provided by King Residential Inc., the total amount owing by King Residential Inc. as of October 14, 2016, is the following:

Promissory Note	\$1,274,727.10
Solicitor-client costs	\$10,000
Edge Project	<u>\$1,038,911.44</u>
TOTAL	\$2,323,638.54 (plus per diem interest of \$433.43)

Tab A



Canadian Imperial Bank of Commerce
 2340 Finch Avenue West
 North York, Ontario M9M 2G7

CHEQUE NUMBER

78452

ELECTRICAL CONTRACTORS LIMITED
 114A Caster Ave., Woodbridge, Ontario L4L 5Y9
 Tel. 905-264-2344 Fax 905-264-1198

DATE 09 22 2014
 M M D D Y Y Y Y

PAY ONE MILLION DOLLARS /DOLLARS \$1,000,000.00

TO THE ORDER OF ALAN SASKIN
 TORONTO ON
 Canada

SPEEDY ELECTRICAL CONTRACTORS LIMITED

PER _____ AUTHORIZED SIGNATURE

LOAN

⑈078452⑈ ⑆04322⑈0101⑆ ⑆6⑈05815⑈

SPEEDY ELECTRICAL CONTRACTORS LIMITED

* DETAILS *

22-Sep-14	Vendor No. ALAN SASKIN	CHEQUE #	00078452
22-Sep-14	0000281049 Invoice	0000078452	\$1,000,000.00

Cheque Total: \$1,000,000.00

Tab B

PROMISSORY NOTE

CANADIAN \$1,000,000
Toronto, Ontario

DUE:
Date:

September 23, 2015
September 23, 2014

FOR VALUE RECEIVED, the undersigned ALAN SASKIN ("Borrower"), hereby promises to pay to the order of SPEEDY ELECTRICAL CONTRACTORS INC. (the "Holder"), which term shall include its successors and assigns, at 114A Caster Avenue, Woodbridge, ON L4L 5Y9 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of One Million (\$1,000,000) (the "Principal Amount") together with interest as hereinafter set forth:

The Principal Amount shall bear interest at a rate per annum, calculated and compounded annually, not in advance, both before and after demand, default, maturity and judgment, equal to twelve and one-half per cent (12.5%), with interest on overdue interest at the same rate, and payable biannually on the outstanding Principal Amount. The first interest payment shall be due on March 17, 2015 and on September 17, 2015 and on the same dates each year until this Promissory Note is paid in full.

The Borrower may prepay the Principal and Interest Balance in whole or in part at any time or from time to time without notice or bonus. All payments received shall be applied first in satisfaction of any accrued but unpaid interest and then against the outstanding portion of the Principal Amount.

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

The whole of the Principal Amount remaining unpaid, any accrued but unpaid interest, and all other moneys evidenced by this promissory note shall, at the option of the Holder, become immediately due and payable in each of the following events (each event being herein called an "Event of Default"):

- (a) if the Borrower defaults in payment of the Principal and Interest due pursuant to this Promissory Note when the same becomes due and payable;
- (b) if a notice of intention to make a proposal is filed or a proposal is made by the Borrower to his creditors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or an application is filed by or against the Borrower or an authorized assignment is made by the Borrower under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or any successor or similar legislation;
- (c) if an encumbrancer or encumbrancers, whether permitted or otherwise, takes possession of any part of the property of the Borrower or any execution, distress or other process of any court becomes enforceable against any part of the property of the Borrower, or a distress or like process is levied upon any of such property and the aggregate value of all property subject to any such action exceeds \$25,000;
- (d) if there shall be expropriated or taken by power of eminent domain the whole or any substantial portion of the assets of the Borrower and the Holder is of the reasonable opinion that such expropriation has the materially adverse effect on the financial prospects of the Borrower; or

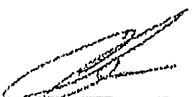
- (e) if the Borrower defaults in payment of any obligation or obligations in the aggregate exceeding \$25,000 (including any indebtedness payable on demand where such demand has been made) and such obligation or obligations is or are declared by the creditor thereunder to be due and payable prior to the stated maturity thereof.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds, not subject to any counter-claim and without set-off, withholding or deduction of any kind whatsoever. This Promissory Note shall enure to the benefit of the Holder and its successors and assigns, and shall be binding upon the Borrower and his heirs, executors, administrators and personal legal representatives.

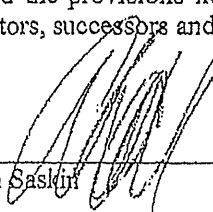
The Holder and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that,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

Time is of the essence hereof.

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



 Witness:



 Alan Saskin

Tab C

SPEEDY ELECTRICAL CONTRACTORS INC. ("SPEEDY")

- and -

EDGE OF TRIANGLE PARK INC. ("EDGE"), ALAN SASKIN ("ALAN") and KING
RESIDENTIAL INC. ("KING")

DEBT EXTENSION AGREEMENT

WHEREAS Edge owes Speedy certain amounts from its construction on the Edge Condominium project to Speedy.

AND WHEREAS Saskin owes Speedy certain funds under a Promissory Note ("Note") dated September 23, 2014 that is now due.

AND WHEREAS King is agreeing to provide a limited guarantee and security in consideration for the extension of the amounts presently due to Speedy by Edge and Saskin.

AND WHEREAS Saskin is the principal and sole officer and director of King.

AND WHEREAS as at September 23, 2015, Saskin owed Speedy \$1,125,000.00 with interest running at 12.5 % annually and Edge owes Speedy \$1,038,911.44.

THE PARTIES agree as follows:

1. Speedy and Saskin agree to extend the term of the Note until January 30, 2016 at the same rate as set out therein attached as Schedule "A" hereto.

Page 2 of 4

2. The other terms of the existing promissory Note dated September 23, 2014 continue.

3. Edge confirms it owes Speedy \$1,038,911.44 and Speedy has registered a lien registered as AT4024509 in the Toronto Registry office on September 30, 2015 and at the time of signature of this agreement and registration of the mortgage contemplated herein Speedy will discharge its lien.

4. In consideration to the extension of the Note in paragraph 1 and the discharge of the lien, and the payment of the sum of \$2.00, King hereby agrees to guarantee the amounts outstanding to Speedy by Edge and Saskin set out herein as principal debtor and not as surety, and agrees to provide a collateral mortgage attached as Schedule "B" hereto to provide security for such guarantee. The guarantee of King shall be strictly limited to the collateral mortgage as well as the cost of collection on the said mortgage. Should the funds in paragraphs 1 and 3 not be repaid by January 30, 2016, Speedy will be at liberty to collect on the guarantee and enforce the mortgage in addition to its rights against the other parties herein. In the event of default, all costs of collections shall be on a solicitor and own client basis and borne by Edge, Saskin and King. Following a default, the blended amounts outstanding with interest as set out in paragraphs 1 and 3, shall bear interest at 6% as set out in the mortgage.

5. Nothing in this agreement hereby modifies or changes the existing indebtedness of the parties to one another and the removal of the lien is in no way an acknowledgment that the funds are

not owed by Edge or Saskin.

- 6. King agrees to provide evidence showing that there are no common element arrears of the units listed on Schedule B or pay such arrears on closing and confirms the taxes on the units are up to date.
- 7. King agrees it will obtain a discharge or postponement prior to the registration of the mortgage contemplated herein of the Travelers Guarantee Company of Canada mortgage registered as Instrument No. AT1587699 on the units being provided under the mortgage.
- 8. Edge, Saskin and King, agree to pay 50% of Speedy's Reasonable legal costs in regard to the within Debt Extension Agreement, mortgage contemplated herein and lien, such fee not to exceed \$5,000.00, plus disbursements and HST;

Dated this ____ day of _____, 2015

Witness

SPEEDY ELECTRICAL CONTRACTORS INC.

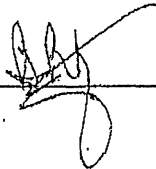
Dated this 14 day of NOVEMBER, 2015


Witness



EDGE OF TRIANGLE PARK INC.

Dated this 1st day of NOVEMBER, 2015

Witness 


ALAN SASKA

Dated this 1st day of NOVEMBER, 2015

Witness _____


KING RESIDENTIAL INC.

Schedule "A"

PROMISSORY NOTE

CANADIAN \$1,000,000
Toronto, Ontario

DUE: September 23, 2015
Date: September 23, 2014

FOR VALUE RECEIVED, the undersigned ALAN SASKIN ("Borrower"), hereby promises to pay to the order of SPEEDY ELECTRICAL CONTRACTORS INC. (the "Holder"), which term shall include its successors and assigns, at 114A Caster Avenue, Woodbridge, ON L4L 5Y9 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of One Million (\$1,000,000) (the "Principal Amount") together with interest as hereinafter set forth.

The Principal Amount shall bear interest at a rate per annum, calculated and compounded annually, not in advance, both before and after demand, default, maturity and judgment, equal to twelve and one-half per cent (12.5%), with interest on overdue interest at the same rate, and payable biannually on the outstanding Principal Amount. The first interest payment shall be due on March 17, 2015 and on September 17, 2015 and on the same dates each year until this Promissory Note is paid in full.

The Borrower may prepay the Principal and Interest Balance in whole or in part at any time or from time to time without notice or bonus. All payments received shall be applied first in satisfaction of any accrued but unpaid interest and then against the outstanding portion of the Principal Amount.

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

The whole of the Principal Amount remaining unpaid, any accrued but unpaid interest, and all other moneys evidenced by this promissory note shall, at the option of the Holder, become immediately due and payable in each of the following events (each event being herein called an "Event of Default"):

- (a) if the Borrower defaults in payment of the Principal and Interest due pursuant to this Promissory Note when the same becomes due and payable;
- (b) if a notice of intention to make a proposal is filed or a proposal is made by the Borrower to his creditors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or an application is filed by or against the Borrower or an authorized assignment is made by the Borrower under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or any successor or similar legislation;
- (c) if an encumbrancer or encumbrancers, whether permitted or otherwise, takes possession of any part of the property of the Borrower or any execution, distress or other process of any court becomes enforceable against any part of the property of the Borrower, or a distress or like process is levied upon any of such property and the aggregate value of all property subject to any such action exceeds \$25,000;
- (d) if there shall be expropriated or taken by power of eminent domain the whole or any substantial portion of the assets of the Borrower and the Holder is of the reasonable opinion that such expropriation has the materially adverse effect on the financial prospects of the Borrower; or

- (e) if the Borrower defaults in payment of any obligation or obligations in the aggregate exceeding \$25,000 (including any indebtedness payable on demand where such demand has been made) and such obligation or obligations is or are declared by the creditor thereunder to be due and payable prior to the stated maturity thereof.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds, not subject to any counter-claim and without set-off, withholding or deduction of any kind whatsoever. This Promissory Note shall enure to the benefit of the Holder and its successors and assigns, and shall be binding upon the Borrower and his heirs, executors, administrators and personal legal representatives.


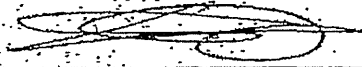
The Holder and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that,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

Time is of the essence hereof.

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

Witness:

Alan Sashji

 ELECTRICAL CONTRACTORS LIMITED 114A Capital Ave., Woodbridge, Ontario L4L 6Y8 Tel: 905-206-2314 Fax: 905-234-1159		Canadian Imperial Bank of Commerce 2540 Finch Avenue West North York, Ontario M9M 2C7	CHECK NUMBER 78452
PAY ONE MILLION DOLLARS		DATE 09.22.2014 <small>MM DD YYYY</small>	\$1,000,000.00
TO THE ORDER OF ALAN SASKIN TORONTO ON Canada	SPEEDY ELECTRICAL CONTRACTORS LIMITED  PER _____ AUTHORIZED SIGNATURE		

LOAN

⑈078452⑈ ⑆01322⑆010⑆ 88⑈05815⑈

SPEEDY ELECTRICAL CONTRACTORS LIMITED

* DETAILS *

22-Sep-14

Vendor No. ALAN SASKIN

CHEQUE # 00078452

22-Sep-14 0000281049 Invoice

0000078452

\$1,000,000.00

Cheque Total: \$1,000,000.00

Schedule "B"

ACKNOWLEDGEMENT AND DIRECTION

TO: Kevln David Sherkin
(insert lawyer's name)

AND TO: LEVINE SHERKIN BOUSSIDAN
(insert firm name)

RE: _____ (the transaction)
(insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the Website of the Law Society of Upper Canada as of the date of the Agreement of Purchase and Sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/We understand that I/We are parties to and bound by the terms and provisions of the Documents to the same extent as if I/We had signed them; and
- I/We are in fact the parties named in the Documents and I/We have not misrepresented our identities to you.
- I, _____, in the spouse of _____, the (Transferor/Chargee), and hereby consent to the transaction described in the Acknowledgement and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.
- Other documents set out in Schedule "B" attached hereto.

Dated at Toronto, this 1st day of November, 2015

WITNESS

(As to all signatures, if required)

KING RESIDENTIAL INC.

Per: Alan Baskin, President

I have the authority to bind the Corporation

Schedule "B"

ACKNOWLEDGEMENT AND DIRECTION

TO: Kevin David Sherkin
(insert lawyer's name)

AND TO: LEVINE SHERKIN BOUSSIDAN
(insert firm name)

RE: _____ (the transaction)
(insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employees are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as of the date of the Agreement of Purchase and Sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____, the (Transferor/Chargor), and hereby consent to the transaction described in the Acknowledgement and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.
- Other documents set out in Schedule "B" attached hereto.

Toronto 1st November 15
Dated at _____, this _____ day of _____, 20____.

WITNESS

(As to all signatures, if required)

KING RESIDENTIAL INC.

Per: _____
Alan Saskin, President
I have the authority to bind the Corporation

LRO # 80 Charge/Mortgage.

In preparation on 2016 10 23 at 14:29

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 4

Properties			
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<i>PIN</i>	76302 - 0002 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0004 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 4, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0005 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 5, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0009 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 1, LEVEL 2, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0010 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 2, TORONTO STANDARD CONDOMINIUM PLAN NO. 2802 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0181 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 16, LEVEL 4, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0262 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 10, LEVEL 7, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0341 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 10, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0449 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 23, LEVEL 13, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0473 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 18, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0477 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 22, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		

LRO # 80 Charge/Mortgages

In preparation on 2015 10 23 at 14:29

This document has not been submitted and may be incomplete.

yyyy mm dd Page 2 of 4

Properties			
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<i>PIN</i>	78302 - 0478 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 23, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0599 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 9, LEVEL 19, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0752 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 28, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0753 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 29, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0764 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 30, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0765 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 31, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0756 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 32, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0757 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 33, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0758 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 34, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0759 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 35, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0760 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 38, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		

LRO # 80 Charge/Mortgage

In preparation on 2015 10 23 at 14:29

This document has not been submitted and may be incomplete.

yyyy mm dd Page 3 of 4

Properties

PIN 76302 - 0761 LT *Interest/Estate* Fee Simple
Description UNIT 37, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699
Address TORONTO

PIN 76302 - 0762 LT *Interest/Estate* Fee Simple
Description UNIT 38, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699
Address TORONTO

PIN 76302 - 0794 LT *Interest/Estate* Fee Simple
Description UNIT 70, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699
Address TORONTO

PIN 76302 - 1140 LT *Interest/Estate* Fee Simple
Description UNIT 17, LEVEL D, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699
Address TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name KING RESIDENTIAL INC.
 Acting as a company
Address for Service 1100 King Street West
 Toronto, ON M8K 1E8

I, Alan Saekin, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name SPEEDY ELECTRICAL CONTRACTORS LIMITED
 Acting as a company
Address for Service c/o Levine, Sherkin, Boussidan
 300-23 Lasrill Road
 Toronto, ON M3B 3P8

LRO # 80 Charge/Mortgage

In preparation on 2015 10 23 at 14:28

This document has not been submitted and may be incomplete.

yyyy mm dd Page 4 of 4

Provisions

Principal \$ 2,400,000.00 *Currency* CDN
Calculation Period
Balance Due Date 2015/12/31
Interest Rate 5% per annum
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

File Number

Chargee Client File Number: 5198-001

Land Registration Reform Act
SET OF STANDARD CHARGE TERMS
 (Electronic Filing)

ONTOARIO
 FORM NO. 2008

Filed by
 Dye & Durham Co. Inc.

Filing Date: November 3, 2000

Filing number: 200033

The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L-4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge".

- | | |
|---|--|
| <i>Exclusion of Statutory Covenants</i> | 1. The implied covenants deemed to be included in a charge under subsection 7(1) of the <i>Land Registration Reform Act</i> as amended or re-enacted are excluded from the Charge. |
| <i>Right to Charge the Land</i> | 2. The Chargee now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge. |
| <i>No Act to Encumber</i> | 3. The Chargee has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose. |
| <i>Good Title as For Sale</i> | 4. The Chargee, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisions, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown. |
| <i>Obligation to Pay and Perform</i> | 5. The Chargee will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same. |
| <i>Interest After Default</i> | 6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land. |
| <i>No Obligation to Advance</i> | 7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargee. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Chargee in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable. |
| <i>Costs Added to Principal</i> | 8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable. |
| <i>Power of Sale</i> | 9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargee, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the <i>Mortgages Act</i> . In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargee at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling of any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly |

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

- Right of Possession* 10. Upon default in payment of principal and interest under this Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession of the land on and takes possession of the land on default as described in paragraph 8 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.
- Right to Distain* 11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distain for arrears of principal in the same manner as if the same were arrears of interest.
- Further Assurances* 12. From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.
- Acceleration of Principal and Interest* 13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly to the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.
- Unapproved Sale* 14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.
- Partial Release* 15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.
- Obligation to Insure* 16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.
- Obligation to Repair* 17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

- Buying Charge** 18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.
- Extensions not to Prejudice** 19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so altered over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.
- No Merger of Covenants** 20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.
- Change in Status** 21. Immediately after any change or happening affecting any of the following, namely: (a) the marital status of the Chargor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.
- Condominium Provisions** 22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the "Act") the following provisions shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 18 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.
- Discharge** 23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chargor.
- Guarantee** 24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- (a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.
- (b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.
- (c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

- (d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.
- (e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

- Sovereignty* 25. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.
- Interpretation* 26. In construing these covenants (the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.
- Paragraph headings* 27. The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.
- Date of Charge* 28. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.
- Effect of Delivery of Charge* 29. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this _____ day of _____ (year)

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 (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

**PROOF OF CLAIM OF SPEEDY ELECTRICAL
CONTRACTORS LTD.
AGAINST THE CCAA ENTITIES**

LEVINE SHERKIN BOUSSIDAN

Barristers
23 Lesmill Road., Suite 300
Toronto ON M3B 3P6

KEVIN D. SHERKIN – LSUC#27099B

Email: kevin@lsblaw.com

JEREMY SACKS – LSUC#62361R

Email: Jeremy@lsblaw.com

Tel: 416-224-2400

Fax: 416-224-2408

Lawyers for Speedy Electrical Contractors Ltd.

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.,
UNBANCORP (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

PROOF OF CLAIM OF SPEEDY ELECTRICAL CONTRACTORS LTD.
AGAINST DIRECTORS OR OFFICERS OF THE CCAA ENTITIES

October 19, 2016

LEVINE SHERKIN BOUSSIDAN
Barristers
23 Lesmill Road., Suite 300
Toronto ON M3B 3P6

KEVIN D. SHERKIN – LSUC#27099B
Email: kevin@lsblaw.com
JEREMY SACKS – LSUC#62361R
Email: Jeremy@lsblaw.com

Tel: 416-224-2400
Fax: 416-224-2408

Lawyers for Speedy Electrical Contractors Ltd.

TO: KSV KOFMAN INC.
150 King Street West
Suite 2308
Toronto, ON M5H 1J9

NOAH GOLDSTEIN
Email: ngoldstein@ksvadvisory.com
Fax: 416-932-62266

Index

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.,
UNBANCORP (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

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Tab Document

- 1. Proof of Claim Form
- A. Speedy cheque in the amount of \$1,000,000.00 payable to Alan Saskin
- B. Promissory note dated September 23, 2014
- C. Debt Extension Agreement dated November 15, 2015

Tab 1

SCHEDULE "C"

PROOF OF CLAIM FORM FOR CLAIMS AGAINST DIRECTORS OR OFFICERS OF THE CCAA ENTITIES¹ (the "D&O Proof of Claim")

This form is to be used only by Claimants asserting a claim against any Directors and/or, Officers of the CCAA Entities and NOT for claims against the CCAA Entities themselves. For claims against the CCAA Entities, please use the form titled "Proof of Claim Form for Claims Against the CCAA Entities", which is available on the Monitor's website at <http://www.ksvadvisory.com/insolvency-cases/urbancorp-group/>.

1. Name of CCAA Entity Officer(s) and/or Director(s) (the "Debtor(s)"):

Debtor(s): Alan Saskin, Philip Gales, Susan Hahn, David Mandell, Christine Horrode, Joe Pietrangelo, Robert Jacobs

(A) Original Claimant (the "Claimant")

Legal Name of Claimant: Speedy Electrical Contractors Ltd. Name of Contact: Jeremy Sacks
Address: 40 Levine Street in Bussidan Title: Lawyer
23 Lesmill Road, Suite 300 Phone #: 416 224 2400
Fax #: 416 224 2408
City: Toronto Prov/State: ON email: jeremy@lsblaw.com
Postal/Zip Code: M3B 3P6

(B) Assignee, if claim has been assigned

Legal Name of Assignee: Name of Contact:
Address: Phone #:
Fax #:
City: Prov/State: email:
Postal/Zip Code:

¹ 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., 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. (collectively, the "CCAA Entities").

2. Amount of Claim

The Debtor(s) was/were and still is/are indebted to the Claimant as follows:

Name(s) of Director(s), and/or Officers	Currency	Amount of Claim
Alan Saskin	Canadian	\$1,038,911.44
Alan Saskin	Canadian	\$1,284,727.10
Phillip Oates	CND	\$1,038,911.44
Susan Hahn	CND	\$1,038,911.44
David Mandell	CND	\$1,038,911.44
Christine Hunsdale	Cnd	\$1,038,911.44
Joe Pietrangolo	Cnd	\$1,038,911.44
Robert Jacobs	Cnd	\$1,038,911.44

3. Documentation


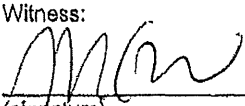
See attached Schedule "A"

Provide all particulars of the Claim and supporting documentation, including any claim assignment/transfer agreement or similar document, if applicable, and including amount and description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim.

4. Certification

I hereby certify that:

1. I am the Claimant or authorized representative of the Claimant.
2. I have knowledge of all the circumstances connected with this Claim.
3. The Claimant asserts this Claim against the Debtor(s) as set out above.
4. Complete documentation in support of this Claim is attached.

Signature: 	Witness: 
Name: <u>Jeremy Sedcs</u>	(signature)
Title: <u>Lawyer</u>	<u>Michelle Cruz</u>
	(print)
Dated at <u>Toronto</u> this <u>17th</u> day of <u>October</u> , 2016	

5. Filing of Claim

This D&O Proof of Claim must be received by the Monitor on or before 5:00 p.m. (Toronto time) on October 21, 2016 (or within thirty (30) days after the date on which the Monitor had sent you a Claims Package with respect to a Restructuring Period Claim) by prepaid ordinary mail, registered mail, courier, personal delivery or electronic transmission at the following address:

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

- 3 -

Attention: Noah Goldstein
Email: ngoldstein@ksvadisory.com
Fax: 416.932.6266

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

Schedule A

SCHEDULE "A"

Loan to Alan Saskin

1. On September 22, 2014, Speedy Electrical Contractors Limited (hereinafter referred to as "Speedy") loaned Alan Saskin the sum of \$1,000,000 pursuant to a promissory note (the "Promissory Note"). The Promissory Note included interest at the rate of 12.5% per annum, compounded annually, and had a maturity date of September 23, 2015. The Promissory Note also provided for payment of costs on a solicitor client scale for any collection proceedings. Attached hereto at **Tab "A"** is a copy of the cheque payable to Alan Saskin. Attached hereto at **Tab "B"** is a copy of the Promissory Note.

2. On or around November 14, 2015, Speedy, Alan Saskin, Edge on Triangle Park Inc. and King Residential Inc. entered into a "Debt Extension Agreement", which extended the term the Promissory Note to January 30, 2016 in consideration for certain guarantees and other security provided by King Residential Inc. (the Agreement is attached hereto at **Tab "C"**).

Amount Outstanding on the Promissory Note

3. The amount outstanding on the Promissory Note is calculated as follows:

Principal:	\$1,000,000
Interest from September 23, 2014 to September 22, 2015 (12.5%)	<u>\$125,000</u>
Balance as of September 22, 2015	\$1,125,000
Interest from September 23, 2015	

to September 22, 2016 (12.5%)	<u>\$140,625</u>
Balance as of September 22, 2016	\$1,265,625
Interest as of September 23, 2016 to October 14, 2016 (12.5%)	<u>\$9,102.10</u>
Balance as of October 14, 2016	\$1,274,727.10
Legal fees	<u>\$10,000</u>
Total	\$1,284,727.10


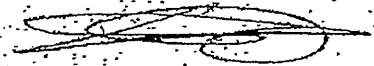
4. The per diem interest on the Promissory Note is \$433.43.

Breach of Trust Claim

- Speedy is an electrical contractor that supplied work to the Urbancorp project known as Edge on Park.
- Speedy has an outstanding account in the amount of \$1,038,911.44 for electrical services it supplied to Edge on Triangle with respect to the Edge Project, as stated above. on September 30, 2015, Speedy registered a construction lien on the Edge Project for the outstanding account (registered as Instrument AT4024509 at the Toronto Land Registry Office). There is no dispute that the debt is owing with respect to the Edge Project given the admissions set out in the "Debt Extension Agreement" attached at Tab "C".
- Urbancorp has made repeated promises to pay the outstanding accounts, but to date they remain unpaid.

4. Speedy has a breach of trust claim against the officers and directors of Urbancorp, in accordance with the Trust Provisions set out in the *Construction Lien Act*, with respect to the outstanding account.
5. Speedy states that the Urbancorp entities received financing and/or payment for the work being supplied by the construction trades for the aforementioned projects, but the funds received by Urbancorp were not paid to the trades (including Speedy). All funds received by the Urbancorp entities are trust funds for the benefit of the construction trades, in accordance with the *Construction Lien Act*.
6. Speedy states that Urbancorp's failure to pay the construction trades, including Speedy, is a breach of trust.
7. Further, in accordance with section 13 of the *Construction Lien Act*, Speedy states that the officers and directors of Urbancorp are liable for breach of trust as they assented to, or acquiesced, to Urbancorp's breach of trust. This includes breach of trust claims in the amount of the outstanding account (\$1,038,911.44) against the following officers and directors: Alan Saskin, Phillip Gales, Susan Hahn, David Mandell, Christine Honrade, Joe Pietrangelo, and Robert Jacobs.

Tab A

 ELECTRICAL CONTRACTORS LIMITED 114A Center Ave., Woodbridge, Ontario L4L 5V9 Tel: 905-204-2511 Fax: 905-204-1159		Canadian Imperial Bank of Commerce 2840 Finch Avenue West North York, Ontario M9M 2C7		CHECK NUMBER 78452
PAY TO THE ORDER OF ALAN SASKIN TORONTO ON Canada		DATE 09 22 2014 M M D D Y Y Y Y	\$1,000,000.00	
PER _____ AUTHORIZED SIGNATURE		SPEEDY ELECTRICAL CONTRACTORS LIMITED 		

LOAN

⑈078452⑈ ⑆04322⑆ ⑆010⑆ ⑆05815⑈

SPEEDY ELECTRICAL CONTRACTORS LIMITED

* DETAILS *

22-Sep-14

Vendor No. ALAN SASKIN

CHEQUE # 00078452

22-Sep-14 0000281049 Invoice

000078452

\$1,000,000.00

Cheque Total: \$1,000,000.00

Tab B

Schedule "A"

PROMISSORY NOTE

CANADIAN \$1,000,000
Toronto, Ontario

DUE:
Date:

September 23, 2015
September 23, 2014

FOR VALUE RECEIVED, the undersigned ALAN SASKIN ("Borrower"), hereby promises to pay to the order of SPEEDY ELECTRICAL CONTRACTORS INC. (the "Holder"), which term shall include its successors and assigns, at 114A Caster Avenue, Woodbridge, ON L4L 5Y9 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of One Million (\$1,000,000) (the "Principal Amount") together with interest as hereinafter set forth:

The Principal Amount shall bear interest at a rate per annum, calculated and compounded annually, not in advance, both before and after demand, default, maturity and judgment, equal to twelve and one-half per cent (12.5%), with interest on overdue interest at the same rate, and payable biannually on the outstanding Principal Amount. The first interest payment shall be due on March 17, 2015 and on September 17, 2015 and on the same dates each year until this Promissory Note is paid in full.

The Borrower may prepay the Principal and Interest Balance in whole or in part at any time or from time to time without notice or bonus. All payments received shall be applied first in satisfaction of any accrued but unpaid interest and then against the outstanding portion of the Principal Amount.

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

The whole of the Principal Amount remaining unpaid, any accrued but unpaid interest, and all other moneys evidenced by this promissory note shall, at the option of the Holder, become immediately due and payable in each of the following events (each event being herein called an "Event of Default"):

- (a) if the Borrower defaults in payment of the Principal and Interest due pursuant to this Promissory Note when the same becomes due and payable;
- (b) if a notice of intention to make a proposal is filed or a proposal is made by the Borrower to his creditors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or an application is filed by or against the Borrower or an authorized assignment is made by the Borrower under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or any successor or similar legislation;
- (c) if an encumbrancer or encumbrancers, whether permitted or otherwise, takes possession of any part of the property of the Borrower or any execution, distress or other process of any court becomes enforceable against any part of the property of the Borrower, or a distress or like process is levied upon any of such property and the aggregate value of all property subject to any such action exceeds \$25,000;
- (d) if there shall be expropriated or taken by power of eminent domain the whole or any substantial portion of the assets of the Borrower and the Holder is of the reasonable opinion that such expropriation has the materially adverse effect on the financial prospects of the Borrower; or

- (e) if the Borrower defaults in payment of any obligation or obligations in the aggregate exceeding \$25,000 (including any indebtedness payable on demand where such demand has been made) and such obligation or obligations is or are declared by the creditor thereunder to be due and payable prior to the stated maturity thereof.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds, not subject to any counter-claim and without set-off, withholding or deduction of any kind whatsoever. This Promissory Note shall enure to the benefit of the Holder and its successors and assigns, and shall be binding upon the Borrower and his heirs, executors, administrators and personal legal representatives.

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

Time is of the essence hereof.

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

Witness:

Alan Sashin

Tab C

SPEEDY ELECTRICAL CONTRACTORS INC. ("SPEEDY")

- and -

EDGE OF TRIANGLE PARK INC. ("EDGE"), ALAN SASKIN ("ALAN") and KING
RESIDENTIAL INC. ("KING")

DEBT EXTENSION AGREEMENT

WHEREAS Edge owes Speedy certain amounts from its construction on the Edge Condominium project to Speedy.

AND WHEREAS Saskin owes Speedy certain funds under a Promissory Note ("Note") dated September 23, 2014 that is now due.

AND WHEREAS King is agreeing to provide a limited guarantee and security in consideration for the extension of the amounts presently due to Speedy by Edge and Saskin.

AND WHEREAS Saskin is the principal and sole officer and director of King.

AND WHEREAS as at September 23, 2015, Saskin owed Speedy \$1,125,000.00 with interest running at 12.5 % annually and Edge owes Speedy \$1,038,911.44.

THE PARTIES agree as follows:

1. Speedy and Saskin agree to extend the term of the Note until January 30, 2016 at the same rate as set out therein attached as Schedule "A" hereto.

Page 2 of 4

2. The other terms of the existing promissory Note dated September 23, 2014 continue.
3. Edge confirms it owes Speedy \$1,038,911.44 and Speedy has registered a lien registered as AT4024509 in the Toronto Registry office on September 30, 2015 and at the time of signature of this agreement and registration of the mortgage contemplated herein Speedy will discharge its lien.
4. In consideration to the extension of the Note in paragraph 1 and the discharge of the lien, and the payment of the sum of \$2.00, King hereby agrees to guarantee the amounts outstanding to Speedy by Edge and Saskin set out herein as principal debtor and not as surety, and agrees to provide a collateral mortgage attached as Schedule "B" hereto to provide security for such guarantee. The guarantee of King shall be strictly limited to the collateral mortgage as well as the cost of collection on the said mortgage. Should the funds in paragraphs 1 and 3 not be repaid by January 30, 2016, Speedy will be at liberty to collect on the guarantee and enforce the mortgage in addition to its rights against the other parties herein. In the event of default, all costs of collections shall be on a solicitor and own client basis and borne by Edge, Saskin and King. Following a default, the blended amounts outstanding with interest as set out in paragraphs 1 and 3, shall bear interest at 6% as set out in the mortgage.
5. Nothing in this agreement hereby modifies or changes the existing indebtedness of the parties to one another and the removal of the lien is in no way an acknowledgment that the funds are

not owed by Edge or Saskin.

- 6. King agrees to provide evidence showing that there are no common element arrears of the units listed on Schedule B or pay such arrears on closing and confirms the taxes on the units are up to date.
- 7. King agrees it will obtain a discharge or postponement prior to the registration of the mortgage contemplated herein of the Travelers Guarantee Company of Canada mortgage registered as Instrument No. AT1587699 on the units being provided under the mortgage.
- 8. Edge, Saskin and King, agree to pay 50% of Speedy's Reasonable legal costs in regard to the within Debt Extension Agreement, mortgage contemplated herein and lien, such fee not to exceed \$5,000.00, plus disbursements and HST.


Dated this ____ day of _____, 2015

Witness

SPEEDY ELECTRICAL CONTRACTORS INC.

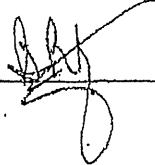
Dated this 15 day of NOVEMBER, 2015

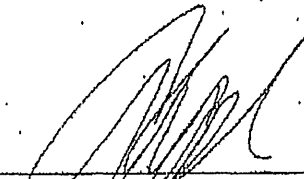
Witness



EDGE OF TRIANGLE PARK INC.

Dated this 1st day of NOVEMBER, 2015


Witness  _____



ALAN BASKIN

Dated this 1st day of NOVEMBER, 2015

Witness _____



KING RESIDENTIAL INC.

Schedule "A"

PROMISSORY NOTE

CANADIAN \$1,000,000
Toronto, Ontario

DUE:
Date:

September 23, 2015
September 23, 2014

FOR VALUE RECEIVED, the undersigned ALAN SASKIN ("Borrower"), hereby promises to pay to the order of SPEEDY ELECTRICAL CONTRACTORS INC. (the "Holder"), which term shall include its successors and assigns, at 114A Caster Avenue, Woodbridge, ON L4L 5Y9 or at such other place as the Holder may from time to time in writing designate, in lawful money of Canada, the principal sum of One Million (\$1,000,000) (the "Principal Amount") together with interest as hereinafter set forth:

The Principal Amount shall bear interest at a rate per annum, calculated and compounded annually, not in advance, both before and after demand, default, maturity and judgment, equal to twelve and one-half per cent (12.5%), with interest on overdue interest at the same rate, and payable biannually on the outstanding Principal Amount. The first interest payment shall be due on March 17, 2015 and on September 17, 2015 and on the same dates each year until this Promissory Note is paid in full.

The Borrower may prepay the Principal and Interest Balance in whole or in part at any time or from time to time without notice or bonus. All payments received shall be applied first in satisfaction of any accrued but unpaid interest and then against the outstanding portion of the Principal Amount.

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

The whole of the Principal Amount remaining unpaid, any accrued but unpaid interest, and all other moneys evidenced by this promissory note shall, at the option of the Holder, become immediately due and payable in each of the following events (each event being herein called an "Event of Default"):

- (a) if the Borrower defaults in payment of the Principal and Interest due pursuant to this Promissory Note when the same becomes due and payable;
- (b) if a notice of intention to make a proposal is filed or a proposal is made by the Borrower to his creditors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or an application is filed by or against the Borrower or an authorized assignment is made by the Borrower under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 or any successor or similar legislation;
- (c) if an encumbrancer or encumbrancers, whether permitted or otherwise, takes possession of any part of the property of the Borrower or any execution, distress or other process of any court becomes enforceable against any part of the property of the Borrower, or a distress or like process is levied upon any of such property and the aggregate value of all property subject to any such action exceeds \$25,000;
- (d) if there shall be expropriated or taken by power of eminent domain the whole or any substantial portion of the assets of the Borrower and the Holder is of the reasonable opinion that such expropriation has the materially adverse effect on the financial prospects of the Borrower; or

- (e) if the Borrower defaults in payment of any obligation or obligations in the aggregate exceeding \$25,000 (including any indebtedness payable on demand where such demand has been made) and such obligation or obligations is or are declared by the creditor thereunder to be due and payable prior to the stated maturity thereof.

All payments to be made by the Borrower pursuant to this Promissory Note are to be made in freely transferrable, immediately available funds, not subject to any counter-claim and without set-off, withholding or deduction of any kind whatsoever. This Promissory Note shall enure to the benefit of the Holder and its successors and assigns, and shall be binding upon the Borrower and his heirs, executors, administrators and personal legal representatives.


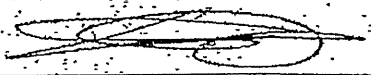
The Holder and all persons liable or to become liable on this Promissory Note waive presentment, protest and demand, notice or protest, demand and dishonour and non-payment of this Promissory Note, and consent to any and all renewals and extensions in the time of payment hereof, and agree further that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

Time is of the essence hereof.

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

Witness:

Alan Sashin

 ELECTRICAL CONTRACTORS LIMITED 114A Castor Ave., Woodbridge, Ontario L4L 6V9 TEL: 905-204-2344 - Fax: 905-234-1158		Canadian Imperial Bank of Commerce 2540 Finch Avenue West North York, Ontario M9M 2G7	CHECK NUMBER 78452
PAY TO THE ORDER OF ALAN SASKIN TORONTO ON Canada		DATE 09. 22 2014 M M D D Y Y Y Y	\$1,000,000.00
ONE MILLION DOLLARS		DOLLARS	\$1,000,000.00
		SPEEDY ELECTRICAL CONTRACTORS LIMITED	 PER _____ AUTHORIZED SIGNATURE

LOAN

⑈078452⑈ ⑆04322⑈010⑈ ⑆05815⑈

SPEEDY ELECTRICAL CONTRACTORS LIMITED

* DETAILS *

22-Sep-14 Vendor No. ALAN SASKIN

CHEQUE # 00078452

22-Sep-14 0000281049 Invoice

0000078452

\$1,000,000.00

Cheque Total: \$1,000,000.00

Schedule B

ACKNOWLEDGEMENT AND DIRECTION

TO: Kevin David Sheridan
(insert lawyer's name)

AND TO: LEVINE SHERKIN BOUSSIDAN
(insert firm name)

RE: _____ (the transaction)
(insert brief description of transaction)

This will confirm that:

- 1. I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
 - 2. You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
 - 3. You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as of the date of the Agreement of Purchase and Sale herein. I/We hereby acknowledge this said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
 - 4. The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
 - 5. I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
6. I, _____, am the spouse of _____ the (Transferor/Charger), and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.
- Other documents set out in Schedule "B" attached hereto.

Dated at Toronto, this 1st day of November 2015

WITNESS

(As to all signatures, if required)

KING RESIDENTIAL INC.

Per: _____

Alan Suskin, President

I have the authority to bind the Corporation

Schedule "B"

ACKNOWLEDGEMENT AND DIRECTION

TO: Kevln David Sherkin
(Insert lawyer's name)

AND TO: LEVINE SHERKIN BOUSSIDAN
(Insert firm name)

RE: _____ (the transaction)
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as of the date of the Agreement of Purchase and Sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____ the (Transferor/Chargor), and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.
- Other documents set out in Schedule "B" attached hereto.

Dated at Toronto, this 1st day of November, 2015.

WITNESS

(As to all signatures, if required)

KING RESIDENTIAL INC.

Per: _____

Alan Saskin, President

I have the authority to bind the Corporation

LRO # 80 Charge/Mortgage.

In preparation on 2015-10-23 at 14:29

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 4

Properties			
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<i>PIN</i>	76302 - 0002 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0004 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 4, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0005 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 5, LEVEL 1, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0009 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 1, LEVEL 2, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0010 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 2, TORONTO STANDARD CONDOMINIUM PLAN NO. 2802 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0181 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 16, LEVEL 4, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0262 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 10, LEVEL 7, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0341 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 2, LEVEL 10, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0449 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 23, LEVEL 13, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0473 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 16, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	76302 - 0477 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 22, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		

LRO # 80 Charge/Mortgage

In preparation on 2016 10 23 at 14:29

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Properties			
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<i>PIN</i>	78302 - 047B LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 23, LEVEL 14, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 059B LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 9, LEVEL 19, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0752 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 28, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0753 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 29, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0754 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 30, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0755 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 31, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0756 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 32, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0757 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 33, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0758 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 34, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0759 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 35, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		
<i>PIN</i>	78302 - 0760 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	UNIT 36, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699		
<i>Address</i>	TORONTO		

LRO # 80 Charge/Mortgage

In preparation on 2015 10 23 at 14:29

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yyyy mm dd Page 3 of 4

Properties

PIN 76302 - 0761 LT *Interest/Estate Fee Simple*
Description UNIT 37, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270698
Address TORONTO

PIN 76302 - 0762 LT *Interest/Estate Fee Simple*
Description UNIT 38, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270699
Address TORONTO

PIN 76302 - 0794 LT *Interest/Estate Fee Simple*
Description UNIT 70, LEVEL B, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270698
Address TORONTO

PIN 76302 - 1140 LT *Interest/Estate Fee Simple*
Description UNIT 17, LEVEL D, TORONTO STANDARD CONDOMINIUM PLAN NO. 2302 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT3270698
Address TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of this charge and the standard charge terms, if any.

Name KING RESIDENTIAL INC.
 Acting as a company
Address for Service 1100 King Street West
 Toronto, ON M8K 1E8

I, Alan Saekin, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name SPEEDY ELECTRICAL CONTRACTORS LIMITED
 Acting as a company
Address for Service c/o Levine, Sherkin, Bousaidan
 300-23 Lesmill Road
 Toronto, ON M3B 3P6

LRO # 80 Charge/Mortgage

In preparation on 2015 10 23 at 14:29

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yyyy mm dd Page 4 of 4

Provisions

Principal \$ 2,400,000.00 Currency CDN
Calculation Period
Balance Due Date 2015/12/31
Interest Rate 0% per annum
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

File Number

Charge Client File Number : 5198-001

Page 1

Land Registration Reform Act
SET OF STANDARD CHARGE TERMS
 (Electronic Filing)

DYE & DURHAM CO., INC.
 FIRM No. 7508

Filed by
 Dye & Durham Co. Inc.

Filing Date: November 3, 2000

Filing number: 200033

The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in this schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to this above-noted filing number in such charge shall hereinafter be referred to as the "Charge".

- | | |
|---|--|
| <i>Exclusion of Statutory Covenants</i> | 1. The Implied covenants deemed to be included in a charge under subsection 7(1) of the Land Registration Reform Act as amended or re-enacted are excluded from the Charge. |
| <i>Right to Charge the Land</i> | 2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge. |
| <i>No Act to Encumber</i> | 3. The Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose. |
| <i>Good Title to Fee Simple</i> | 4. The Chargor, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown. |
| <i>Fronting to Pay and Perform</i> | 5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same. |
| <i>Interest After Default</i> | 6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land. |
| <i>No Obligation to Advance</i> | 7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable. |
| <i>Costs Added to Principal</i> | 8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable. |
| <i>Power of Sale</i> | 9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the <i>Mortgages Act</i> . In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling of any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly |

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee at aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

- 10/11/12*
- 10. Debt Possession?** Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, cult, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.
- 11. Right to Distress** If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distress therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distress for arrears of principal in the same manner as if the same were arrears of interest.
- 12. Further Assurances** From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whatsoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable not or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.
- 13. Acceleration of Principal and Interest** In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.
- 14/15/16*
- 14. Unapproved Sale** If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.
- 15. Partial Release** The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.
- 16. Obligation to Insure** The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclones, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.
- 17. Obligation to Repair** The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisions, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

- Building Charge** 18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.
- Extensions not to Prejudice** 19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the moneys secured by the Charge, and the Charge may be renewed by an agreement in writing of maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so stated over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.
- No Merger of Covenants** 20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.
- Change in Status** 21. Immediately after any change or happening affecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.
- Condominium Provisions** 22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the "Act") the following provisions shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supercedes the provisions of paragraph 16 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.
- Discharge** 23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chargor.
- Guarantee** 24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- (a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.
- (b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releasee of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.
- (c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

- (d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.
- (e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

Severability 25. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

Interpretation 26. In construing these covenants the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

Paragraph headings 27. The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

Date of Charge 28. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

Effect of Delivery of Charge 29. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this _____ day of _____ (year)

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 (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

**PROOF OF CLAIM OF SPEEDY ELECTRICAL
CONTRACTORS LTD. AGAINST DIRECTORS OR
OFFICERS OF THE CCAA ENTITIES**

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Lawyers for Speedy Electrical Contractors Ltd.

Appendix “E”

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 TORONTO MANAGEMENT INC.,
URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP
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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

AFFIDAVIT OF ALBERT PASSERO

I, ALBERT PASSERO, of the City of Vaughan, in the Regional Municipality of York, in the
Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and one of the owners of Speedy Electric Contractors Limited ("Speedy
Electric") and as such, have knowledge of the matters to which I hereinafter depose. Unless
I indicate to the contrary, these facts are within my personal knowledge and are true. Where
I indicate that I have obtained the information from other sources, I verily believe those
facts to be true.

2. My company, Speedy Electric, has been in the electrical contracting business for many years. Urbancorp was one of our client for more than 20 years. During those 20 years I came to know the owner of Urbancorp, Alan Saskin (“Alan”), and over those years built a relationship with him. From the outset of our relationship, Alan told me he was the owner of Urbancorp and its companies.
3. In or about September 2014, Alan approached me and advised me that he was in need of funds for some of his projects and asked if he could personally borrow 1 million dollars from us to put into the building projects at issue and would pay the money back within one year. Since he had told me many times that he was the owner, and given that we had a long-standing relationship, I did not have any difficulty in doing so, and as a result, we signed the attached Promissory Note for 1 million dollars and advanced him the funds. Attached hereto and marked as **Exhibit “A”** is a true copy of the Promissory Note.
4. By the end of the summer towards the end of August 2015, it was apparent that the Edge Project, which we were supplying electrical contracting work for, was having cash flow issues and I started to have conversations with Alan about payment.
5. In or about August 2015, Alan had offered to provide us with security on the Edge units for the money that was owed to us and told us that money would be paid to us at the end of October 2015. Attached hereto and marked as **Exhibit “B”** is a true copy of the email from Joe Pietrangelo of Urbancorp in that regard dated August 20, 2015.
6. In response to the email from Urbancorp, I had my counsel, Kevin Sherkin, provide an answer to Mr. Mandell, the Vice President of Urbancorp. Based on my understanding,

- there was concerns about taking security on the units because of the limitations and requirements under the *Construction Lien Act*. Attached hereto and marked as **Exhibit "C"** is a true copy of the email from Kevin Sherkin to Mr. Mandell dated August 20, 2018.
7. In response to Mr. Sherkin's email, Mr. Mandell advised he would consult with Alan. Attached hereto and marked as **Exhibit "D"** is a true copy of email from Mr. Mandell to Mr. Sherkin dated August 20, 2015.
 8. I am advised by Mr. Sherkin and do verily believe, that following Mr. Mandell's email dated August 20, 2015, Mr. Rotenberg, counsel for Urbancorp, called Mr. Sherkin and they had a long discussion about the difficulties relating to the *Construction Lien Act* and the offer being made.
 9. Ultimately, the parties were not able to come to an agreement at the time and in or about August 24, 2015, Mr. Sherkin, Mr. Rotenberg, Alan and I met on August 26, 2015.
 10. Following the meeting on August 26, 2015, on August 27, 2015, Mr. Sherkin sent an Offer to Settle to Mr. Rotenberg based on the discussions we had at the meeting. Attached hereto and marked as **Exhibit "E"** is a true copy of the Offer to Settle dated August 27, 2015.
 11. Following the discussion, we heard back from Urbancorp's counsel. Attached hereto and marked as **Exhibit "F"** is a true copy of the email from Mr. Rotenberg to Kevin Sherkin dated August 31, 2015, which confirmed basically that they were in agreement to the framework of settlement of the matter, but still had to obtain instructions.

12. Throughout this time, we were repeatedly advised by Mr. Rotenberg and I was being advised by Alan directly that he was negotiating a financing in Israel and the money from that financing would be used to pay us and other trades who were owed funds.
13. Attached hereto and marked as **Exhibit "G"** is a true copy of an email from Mr. Sherkin to Mr. Rotenberg dated September 4, 2015.
14. Following the email on September 4, 2015, we did not hear from Urbancorp and again Mr. Sherkin emailed counsel for Alan and Urbancorp on September 9, 2015. Attached hereto and marked as **Exhibit "H"** is a true copy of the email from Kevin Sherkin to Mr. Rotenberg dated September 9, 2015.
15. Attached hereto and marked as **Exhibit "I"** is a true copy of the email from Mr. Rotenberg to Mr. Sherkin dated September 11, 2015.
16. Because we were not getting anywhere and because of certain timing issues relating to the ongoing work up to the end of August for the Edge on Triangle Park Project, we determined it was appropriate to register a lien. Attached hereto and marked as **Exhibit "J"** is a true copy of the email from Mr. Sherkin to Mr. Mandell, in-house counsel for Urbancorp, dated September 30, 2015, together with a copy of the lien that was registered at that time.
17. I can advise the Court that it was always our position that the Defendants, given that they were not paying their debts when due had committed a technical act of bankruptcy which allowed us to suggest that we would take steps in the Bankruptcy Court and that is why we suggested in some of the correspondence that we would proceed forward with the insolvency court matter.

18. Following the filing of our lien, we were requested by their litigation counsel, Jack Berkow, that we attend at their office for an urgent meeting as they wanted to now proceed with their previous offer which was to provide security on units in another long-completed project which would allow us to not be concerned with the difficulties proposed by us under the *Construction Lien Act*.
19. On the same day, Mr. Mandell forwarded an email to Mr. Sherkin with the proposed units they were prepared to provide to us by forwarding a copy of a summary sheet with inventory and equity in units in a project that was long completed I believe in 2010 called the Bridge and owned by King Residential Inc. Attached hereto and marked as **Exhibit "K"** is a true copy of the email from Mr. Mandell together with a copy of the attachment is entitled "Bridge Inventory". This showed that there was approximately 1.7 million dollars of equity in the units.
20. Following the receipt of the list, we enquired to ensure that the common expenses and the taxes on the units they proposed that we receive were in good standing and to find out if the units were rented. Attached hereto and marked as **Exhibit "L"** is a true copy of the email to Mr. Mandell and Mr. Berkow from Mr. Sherkin dated October 7, 2015.
21. Following receipt of the inventory from Mandell, we attended at a meeting at Berkow Cohen's office at 141 Adelaide Street, Suite 400 on October 10, 2015.
22. Following the meeting on October 10, 2015, Mr. Sherkin exchanged emails with Mr. Berkow on October 12, 2015 reflecting our proposal and provided him with a copy of the original Promissory Note signed by the parties.

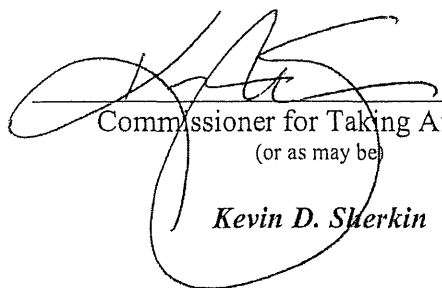
23. As part of the agreement, they were to provide us with parking units for each one of the units to ensure that they were properly saleable if they defaulted and following our meeting by the 19th of October we were still waiting for the pin details for all of the parking units so we could finish the agreement and the draft mortgage. Attached hereto and marked as **Exhibit "M"** is a true copy of the email from Mr. Sherkin to Mr. Berkow dated October 19, 2015 in that regard.
24. By October 20, 2015, we were still not in receipt of the information and the agreement had not been signed nor the matter closed. Accordingly, I instructed my counsel to send a letter to Mr. Berkow. Attached hereto and marked as **Exhibit "N"** is a true copy of the letter from Mr. Sherkin to Mr. Berkow dated October 20, 2015.
25. By October 21, 2015, we were getting impatient because we were still not in receipt of the parking unit pins so that they could be incorporated into the settlement for the mortgage. Attached hereto and marked as **Exhibit "O"** is a true copy of the email exchange between Mr. Sherkin and Mr. Berkow in that regard.
26. On October 21, 2015, following that email, Mr. Sherkin finally received indication that we would receive pins from Mr. Rotenberg. Attached hereto and marked as **Exhibit "P"** is a true copy of the email from Mr. Rotenberg to Mr. Sherkin dated October 21, 2015.
27. Later on the same day, Mr. Sherkin received an email from Harris Sheaffer with the pin numbers for the parking units. Attached hereto and marked as **Exhibit "Q"** is a true copy of the email from Mr. Sheaffer to Mr. Sherkin dated October 21, 2015.

28. After received the pins, we provided both Mr. Berkow and Mr. Rotenberg a draft of the Debt Extension Agreement (“Agreement”), which Agreement was self-explanatory and which provided for the removal of the lien and other items set out therein including the mortgage in dispute. Attached hereto and marked as **Exhibit “R”** is a true copy of the email from Mr. Sherkin to Mr. Berkow and Mr. Rotenberg dated October 23, 2015.
29. On October 30, 2015, we received an email from Mr. Rotenberg with requested changes to the Agreement confirming that taxes were paid and that common expenses were up to date. Attached hereto and marked as **Exhibit “S”** is a true copy the email from Mr. Rotenberg to Mr. Sherkin dated October 30, 2015.
30. On November 1, 2015, we executed the Agreement between us and prior to the signature they requested one additional change to defer the payment to January, which was originally to be in December. Attached hereto and marked as **Exhibit “T”** is a true copy of the email from Mr. Rotenberg to Mr. Sherkin dated November 1, 2015.
31. Following that day, Mr. Sherkin had a bout of vertigo and was not in the office for a few days, however, the Agreement was signed on November 6, 2015 and sent to Mr. Rotenberg. Attached hereto and marked as **Exhibit “U”** is a true copy of the email from Mr. Sherkin to Mr. Rotenberg dated November 6, 2015.
32. Following the delivery of the Agreement, Mr. Sherkin in accordance with same, discharged the lien and registered the Charge on the units and confirmed that the matter was closed. Attached hereto and marked as **Exhibit “V”** is a true copy of the email from Mr. Sherkin

to Mr. Rotenberg dated November 16, 2015 together with the discharge of the lien and a copy of the Charge that was registered.

33. In or about December 2015, I was contacted by Alan requesting that we modify some of the terms of our signed Agreement, which I refused to do. In that regard, Mr. Sherkin wrote to Mr. Rotenberg on December 8, 2015. Attached hereto and marked as **Exhibit "W"** is a true copy of the email from Mr. Sherkin to Mr. Rotenberg in that regard.
34. In January, they did not pay back the funds. I agreed to the transaction because I was told by Alan that we would receive our money from the Israeli financing. Prior to the CCAA filing, I had never heard of Bay LP
35. I make this Affidavit in support of finding Speedy Electrical's mortgage valid.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on the
12th day of March, 2018



Commissioner for Taking Affidavits
(or as may be)
Kevin D. Sherkin



ALBERT PASSERO

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 TORONTO MANAGEMENT INC.,
URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP
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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

AFFIDAVIT OF ALBERT PASSERO

I, Albert Passero, of the City of Vaughan, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President and one of the owners of Speedy Electric Contractors Limited, and as such, have knowledge of the following matters to which I hereinafter depose. Unless I indicate to the contrary, these facts are within my personal knowledge and are true. Where I indicate that I have obtained information from other sources, I verily believe those facts to be true.

2. Further to my affidavit, sworn March 12, 2018 (the "First Affidavit"), I wanted to provide further particulars of what I was told by Alan Saskin ("Alan") about the financing that Urbancorp and Alan were to receive from Israel, which I have already referenced in my previous affidavit at paragraph 12 and 34.

3. On or about October 10, 2015, a meeting was held at the law office of Jack Berkow (litigation counsel for Alan and Urbancorp), which meeting included Jack Berkow, Alan, Kevin

Sherkin (my counsel), and myself. At the time of the meeting, Speedy had already registered a construction lien about 10 days prior (on September 30, 2015) against the Edge on Triangle Park project, for its outstanding account, in the sum of \$1,038,911.44, which construction lien can be found attached as Exhibit "J" to my First Affidavit.

4. At the meeting held on October 10, 2015, Alan and his counsel, Jack Berkow, confirmed to us that Urbancorp was having some temporary cash flow problems that were going to be resolved by the financing that was coming from Israel. Alan advised that the purpose of the financing from Israel was to ensure the timely payment to all trade creditors for the various Urbancorp projects that were ongoing at the time, including Speedy. At the time, I was aware that Urbancorp had a number of active projects that were still being completed, and others that had already finished the construction phase, but where the units had not been completely sold. These Urbancorp projects included Edge on Triangle, and other active projects. At no time did I have an awareness or understanding of the actual ownership structure of Urbancorp, and I believed that Alan owned and operated everything based on how Alan conducted himself and Urbancorp affairs, and based on previous statements Alan had made to me.

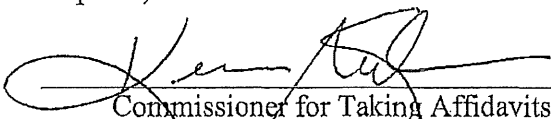
5. What we were told at the meeting, on October 10, 2015, was that the financing from Israel could not occur unless Speedy agreed to remove its construction lien from the Edge project. Meaning, if Speedy did not remove its construction lien, Urbancorp could not make timely payments to the various trade creditors, including Speedy, for work supplied to the various Urbancorp projects. This was one of the factors I considered when deciding whether to discharge Speedy's lien from the Edge project, in exchange for the mortgage to be held by Speedy against the Bridge project units (owned by King Residential).

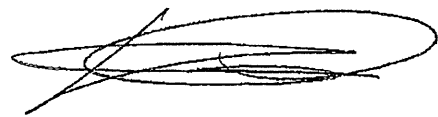
6. I did not believe that the mortgage provided to Speedy, in exchange for Speedy agreeing to discharge its construction lien, would have any negative consequence on any other creditor of Urbancorp. In fact, it is my understanding that Speedy was actually facilitating the ability of Urbancorp and Alan to make timely payments to other Urbancorp creditors by enabling Urbancorp to obtain the financing from Israel. Further, it was, and is, my belief and understanding that Urbancorp and Alan were simply changing the form of security to be held by Speedy for the debt owed to Speedy by Urbancorp and Alan. In essence, Urbancorp and Speedy were agreeing to exchange one form of security (a construction lien) for another form of security (a mortgage), and I believed that the form of security was not really relevant to anyone, other than for the purpose of allowing Urbancorp to be able to obtain the financing from Israel, so that our company (and other creditors) could be paid.

7. Further, it was never suggested to me, by Alan or his lawyers, that Alan or Urbancorp were insolvent. To the contrary, from what I was aware, and based on the statements made by Alan at our meetings, Alan and the Urbancorp group of companies were doing well financially, but were having a temporary cash flow blip.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on

April 7, 2018


Commissioner for Taking Affidavits
(or as may be)
KEVIN STEELE
Jeremy Sacks



Albert Passero

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 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

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

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

PROCEEDING COMMENCED IN TORONTO

AFFIDAVIT OF ALBERT PASSERO

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Lawyers for Speedy Electric Contractors Limited

Appendix “F”

by Speedy Electrical Contractors Ltd. ("**Speedy**"), was heard in writing at 330 University Avenue, Toronto, Ontario.

ON READING the materials filed by the parties, and on reading the consents to the Order sought filed on behalf of the Monitor and Speedy;

1. **THIS COURT ORDERS** that paragraph 1 of the Original Order is varied to provide as follows:

"1. **THIS COURT ORDERS** that the Monitor's motion is: (a) granted as to Speedy's secured claim for \$1,000,000 plus interest at the rate of 12.5% since September 23, 2014 in respect of the loan made to Alan Saskin pursuant to a promissory note dated September 22, 2014; and (b) dismissed as to the balance of Speedy's claim."

The Honourable Justice F.L. Myers

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

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Lawyers for the Monitor

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE MYERS

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)

THE ^{25TH} DAY OF ~~JANUARY~~ ^{FEBRUARY},
2019



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

THIS MOTION, made on consent by 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 varying the Order of the Honourable Justice Myers dated May 11, 2018 (the "**Original Order**"), and disallowing in part the claim filed by

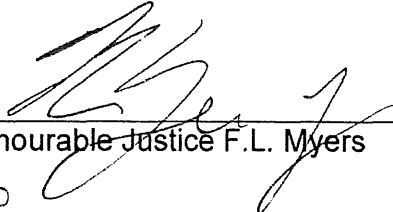
- 2 -

Speedy Electrical Contractors Ltd. ("**Speedy**"), was heard in writing at 330 University Avenue, Toronto, Ontario.

ON READING the materials filed by the parties, and on reading the consents to the Order sought filed on behalf of the Monitor and Speedy;

1. **THIS COURT ORDERS** that paragraph 1 of the Original Order is varied to provide as follows:

"1. **THIS COURT ORDERS** that the validity of Speedy's secured claim is upheld with the exception of Speedy's secured claim for \$1,000,000 plus interest at the rate of 12.5% since September 23, 2014 in respect of the loan made to Alan Saskin pursuant to a promissory note dated September 22, 2014."


The Honourable Justice F.L. Myers

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

FEB 25 2019

PER / PAR: *VM*

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
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Proceeding commenced at Toronto

ORDER

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Lawyers for the Monitor

IN THE MATTER OF the Companies' *Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended
AND IN THE MATTER OF a plan of compromise or arrangement of Urbancorp Toronto Management Inc., et al.

Court of Appeal File No. C65891

COURT OF APPEAL FOR ONTARIO

PROCEEDING COMMENCED AT
TORONTO

**SUPPLEMENTARY APPEAL BOOK AND COMPENDIUM
OF THE APPELLANT KSV KOFMAN INC.,
IN ITS CAPACITY AS MONITOR**

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Capacity as Monitor