



August 2, 2016

Updated Notice to Home Purchasers

KSV Kofman Inc. ("KSV") is the monitor ("Monitor") in proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") involving several subsidiaries of Urbancorp Inc. (the "CCAA Companies"), including Urbancorp (Mallow) Inc., Urbancorp (Patricia) Inc., Urbancorp (St. Clair Village) Inc. ("St. Clair") and Urbancorp (Lawrence) Inc. ("Lawrence"), each of which is a former school board property (the "School Board Companies"). KSV is also the proposal trustee in the proceedings involving Urbancorp (Bridlepath) Inc. ("Bridlepath") and Urbancorp (Woodbine) Inc. ("Woodbine"). (The School Board Properties, Bridlepath and Woodbine are referred to as the "Companies".) KSV is an independent officer of the Court. KSV is not an agent of the Companies nor of the Urbancorp Inc. shareholders.

We have been made aware of concerns raised by home buyers of the Companies. This notice is intended to address those concerns.

Several individuals purchased homes which were to be developed by the Companies. Deposits were received from home buyers on each of these developments. The deposits were spent in advance of the commencement of these insolvency proceedings and each purchaser has claims against the entity to which it paid a deposit.

On June 30, 2016, the Ontario Superior Court of Justice (Commercial List) approved a sale process for the real property and projects owned by the Companies and a debtor-in- possession loan ("DIP Loan"). There is considerable interest from prospective purchasers in all of the Companies' properties. The sale process will generate proceeds that will be used to repay the Companies' creditors. Based on value estimates received by KSV from several realtors, creditors, including home buyers, may have a significant recovery of their claims. KSV is aiming to complete the sale process by the end of September 2016, at which point it will have better visibility.

KSV is aware of, and sympathetic to, the concerns expressed by home buyers who want to have their contracts honoured and their homes completed. At this time, we do not know if prospective purchasers will assume these contracts. Again, this will be known when we receive bids from prospective purchasers in September, 2016.

In the context of an insolvency process, funding is often raised through a DIP Loan. This money is used to maintain and protect the assets of the Companies and to fund the costs of the process. Of the School Board Companies, the properties owned by Lawrence and St. Clair are unencumbered (other than two construction liens for relatively small amounts) and, accordingly, it is easiest to raise funding for the proceedings by pledging their business and assets as collateral for the DIP Loan. Lawrence and St. Clair are making advances to other CCAA Companies on a court-ordered priority basis approved by the Court, and the amounts loaned will be repaid by the receiving company when their assets are sold. Each of the Companies will ultimately be responsible for its own costs. The amount of the DIP Loan is not necessarily the amount that will be spent; however, the size of the DIP is more cost-effective than a lesser amount and provides a contingency for unexpected costs. Without the DIP Loan there could not be a sale process, meaning that there would be no ability to generate recoveries to repay creditors. All creditors, including home buyers, will be in a better position at the end of the sale process than they are today because of the liquidity created.

The DIP Loan cannot be used to fund Bridlepath and Woodbine as they are not part of the CCAA process. Funding required by those entities in the short term is not considered significant.

We understand that several home owners have written directly to Justice Newbould to express their concerns. If you wish to express your views to the Court, you should do so through counsel and should not contact the judge directly. You are also free to attend at Court hearings although we would advise that it is preferable to do so through counsel.

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

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

**KSV KOFMAN INC.
IN ITS CAPACITIES AS COURT-APPOINTED MONITOR
OF THE URBANCORP CCAA ENTITIES AND PROPOSAL TRUSTEE OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.
AND NOT IN ITS PERSONAL CAPACITY**