



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

November 11, 2016

Contents	Page
1.0 Introduction.....	1
1.1 Purposes of this Report.....	2
1.2 Restrictions	3
2.0 Lawrence Transaction.....	3
2.1 Confidential Appendices.....	4
2.2 Recommendation	4
3.0 Claims Process.....	5
4.0 Cash Flow Forecast.....	5
5.0 Request for an Extension.....	5
6.0 Professional Fees	6
7.0 Confidential Appendices	6
8.0 Conclusion and Recommendation	6

Schedules and Appendices

Schedules

Urbancorp CCAA Entities	A
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Appendix

Tab

Monitor's Seventh Report to Court (without attachments)	A
Transaction Summary	B
Cash Flow and Management's Report on Cash Flow	C
Monitor's Statutory Report on Cash Flow.....	D

Confidential Appendix

Amended APS and Transaction Summary	1
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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) 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**

NINTH REPORT OF KSV KOFMAN INC.

NOVEMBER 11, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "Companies"). KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities" and each an "Urbancorp CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
3. On August 29, 2016, the Court issued an order extending the stay of proceedings in the CCAA proceedings to November 25, 2016.
4. This report (the "Report") is filed by KSV in its capacity as Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide an update regarding the sale of the real property held by Lawrence;
 - b) provide an update on the claims process;
 - c) report on the Urbancorp CCAA Entities' consolidated cash flow projection for the period November 17, 2016 to January 31, 2017 ("Cash-Flow Statement");
 - d) seek approval of the fees and expenses of Borden Ladner Gervais LLP ("BLG"), formerly counsel to the Urbancorp CCAA Entities, from April 19, 2016, the commencement of the NOI proceedings, to August 19, 2016;
 - e) request, for the reasons detailed in the Monitor's Seventh Report dated October 24, 2016 (the "Seventh Report"¹), that the Court issue an order unsealing the Agreements of Purchase and Sale for the real property held by Mallow, Patricia and St. Clair (the "School Board Property APSs");
 - f) recommend that the Court issue orders:
 - i. approving an amended transaction for Lawrence (the "Amended Transaction");
 - ii. vesting title in and to the Lawrence property in the Lawrence purchaser, free and clear of all liens, claims and encumbrances, other than the permitted encumbrances;
 - iii. sealing the confidential appendices;
 - iv. granting the Urbancorp CCAA Entities' request for an extension of its stay of proceedings from November 17, 2016 to January 31, 2017;
 - v. approving the fees and disbursements of BLG; and
 - vi. unsealing the School Board Property APSs.

¹ See Appendix "A", without attachments.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the Urbancorp CCAA Entities, the books and records of the Urbancorp CCAA Entities and discussions with representatives of the Urbancorp CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
2. An examination of the Urbancorp CCAA Entities' Cash-Flow-Statement as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Urbancorp CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

2.0 Lawrence Transaction

1. Each of St. Clair, Patricia, Mallow and Lawrence are the registered owners of a single piece of undeveloped real property (each a "Property" and collectively, the "Properties"). On June 30, 2016, the Court approved a sale process for the Properties (the "Sale Process"). On September 15, 2016, the Court issued orders approving the sales of the Properties. Each of the transactions for the properties held by St. Clair, Patricia and Mallow have closed.
2. The sale of the property held by Lawrence was scheduled to close on September 30, 2016 (the "Closing Date"). As set out in the Seventh Report, on the Closing Date, counsel for the purchaser, Fernbrook Homes Limited in trust for a company to be incorporated (the "Purchaser"), advised that the Purchaser would not be delivering the closing funds. Pursuant to a letter dated October 5, 2016 from the Monitor's counsel, Davies Ward Phillips & Vineberg LLP, the Purchaser was advised that if the transaction was not completed by noon on October 6, 2016, the Monitor would repudiate the Lawrence Agreement of Purchase and Sale ("Lawrence APS"). The transaction was not completed by the deadline, and, accordingly, the Monitor terminated the Lawrence APS.
3. The Monitor pursued other options for the sale of the Lawrence Property. During that same period, the Monitor engaged in negotiations with the Purchaser.
4. On November 11, 2016, the Monitor and the Purchaser entered into the Reinstatement and Amending Agreement (the "Amending Agreement", and together with the Lawrence APS, the "Amended Lawrence APS") for the sale of the Lawrence Property, subject to Court approval. The Amended Lawrence APS is the highest and best offer received. In connection with executing the Amended Lawrence APS, the Monitor is to receive forthwith an additional deposit from the Purchaser. It is anticipated that the Amended Transaction will close prior to the end of November 2016.

5. Like the Lawrence APS, the Amended Lawrence APS requires that title be vested in the purchaser free of all obligations, other than permitted encumbrances, including the agreements of purchase and sale entered into between Lawrence and home buyers.
6. The Monitor is proposing to seal the purchase price under the Amended Lawrence APS. A summary of the Amended Lawrence APS, without the purchase price, is provided in Appendix "B" (the "Transaction Summary").
7. An unredacted Transaction Summary, together with an unredacted Amended Lawrence APS, is provided in Confidential Appendix "1".

2.1 Confidential Appendices

1. The Monitor recommends that the unredacted Amended Lawrence APS be filed with the Court on a confidential basis and be sealed. The unredacted Transaction Summary has previously been sealed pursuant to an order issued by the Court and is being filed again on a sealed basis. Disclosing publicly the information contained in these appendices could negatively impact realizations in the event that the Amended Transaction does not close for any reason.
2. The Monitor is not aware of any party that will be prejudiced if the information is sealed. To the contrary, keeping this information confidential is in the interest of maximizing recoveries for all stakeholders.

2.2 Recommendation

1. For the following reasons, the Monitor recommends that the Court issue an order approving the Amended Transaction and vesting title to the Lawrence Property in the Purchaser:
 - a) the value of the Amended Transaction represents the highest and best offer received;
 - b) the Purchaser is to provide forthwith an additional deposit; and
 - c) absent the Amended Transaction, a further marketing period would be necessary and there is no certainty that a superior transaction would ultimately be completed.

3.0 Claims Process

1. On September 15, 2016, the Court made an order (the "Claims Procedure Order") approving a claims process for the Urbancorp CCAA Entities and any of the Urbancorp CCAA Entities' directors and officers (the "D&Os"). The claims bar date for Pre-Filing Claims (as defined in the Claims Procedure Order) was October 21, 2016. The Monitor received approximately 240 claims, including approximately 30 claims against the D&Os. The Monitor is reviewing the claims. Pursuant to the Claims Procedure Order, the Monitor must notify, by November 14, 2016², claimants whose claims are being revised or rejected.

4.0 Cash Flow Forecast

1. The Urbancorp CCAA Entities have prepared a consolidated cash flow for the period November 17, 2016 to January 31, 2017 (the "Period"). The Cash-Flow Statement and the Urbancorp CCAA Entities' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "C".
2. The Urbancorp CCAA Entities' principal assets are the proceeds from the Completed Transactions and undeveloped real estate, including the Lawrence Property, which do not generate positive cash flow. The Cash-Flow Statement does not reflect the Amended Transaction as the release of such information could negatively impact the sale process if the Amended Transaction does not close.
3. The expenses in the Cash-Flow Statement include payroll, general and administrative expenses and professional fees.
4. The Urbancorp CCAA Entities have sufficient cash on hand to pay all disbursements during the Period.
5. Based on the Monitor's review of the Cash-Flow Statement, there are no material assumptions which seem unreasonable in the circumstances. The Monitor's statutory report on the cash flow is attached as Appendix "D".

5.0 Request for an Extension

1. The Urbancorp CCAA Entities are seeking an extension of the stay of proceedings from November 17, 2016 to January 31, 2017. The Monitor supports the Urbancorp CCAA Entities' request for an extension of the stay of proceedings for the following reasons:
 - a) the Urbancorp CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be materially prejudiced if the extension is granted;

² November 11, 2016 is a banking holiday.

- c) it will allow the Urbancorp CCAA Entities the opportunity to complete the claims process;
- d) it will allow the Urbancorp CCAA Entities the opportunity to complete the Amended Transaction;
- e) it will allow the Urbancorp CCAA Entities and the Monitor to consider how and when to deal with other assets owned by the Urbancorp CCAA Entities, including Downsview, geothermal assets and other sundry assets, such as condominium units owned by certain Urbancorp CCAA Entities;
- f) it will allow the Monitor to stay apprised of and consider issues in the Israeli proceedings of Urbancorp Inc.; and
- g) neither the Urbancorp CCAA Entities nor the Monitor are aware of any party opposed to an extension as of the date of this Report.

6.0 Professional Fees

1. The fees and disbursements of BLG from April 19, 2016 to August 19, 2016 total \$275,054.00 and \$10,353.53, respectively, excluding HST. On August 19, 2016, WeirFoulds LLP (“WeirFoulds”) replaced BLG as counsel to the Urbancorp CCAA Entities.
2. Detailed invoices are provided in appendices to the affidavit filed by Edmond Lamek (the “Lamek Affidavit”), formerly of BLG, who is now at WeirFoulds, and who is responsible for this matter. The Lamek Affidavit is attached to the Motion Record.
3. The average hourly rate for BLG for the referenced billing period was \$583.24.
4. The Monitor is of the view that the hourly rates charged by BLG are consistent with the rates charged by law firms practicing in the area of restructuring and insolvency in the downtown Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

7.0 Confidential Appendices

1. In the Seventh Report, the Monitor recommended that the School Board Property APSs be unsealed. The order sought in respect of the Seventh Report inadvertently did not include language unsealing those APSs. The Monitor is now seeking that order for the reasons set out in the Seventh Report.

8.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Kofman Inc

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

Schedule "A"

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”



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

October 24, 2016

Contents	Page
1.0 Introduction.....	1
1.1 Purposes of this Report.....	2
1.2 Currency	2
1.3 Restrictions	3
2.0 Background of Property Company	3
3.0 Sale Process for the Property	4
4.0 Condominium Purchasers.....	5
5.0 Travelers Mortgage.....	6
6.0 Allocation of Proceeds Between the Co-owners.....	6
7.0 Recommendation.....	6
8.0 Update on Sale Process for Urbancorp School Board Properties	6
9.0 Confidential Appendices	7
10.0 Conclusion and Recommendation	8

Schedules and Appendices

Schedules

Urbancorp CCAA Entities.....	A
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Appendix

	Tab
First Report	A
Co-Owners Agreement	B

Confidential Appendix

Offers and Offer Summary	1
New Offer	2
Purchase and Sale Agreement.....	3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC., URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED ENTITIES LISTED IN SCHEDULE "A" HERETO

SEVENTH REPORT OF KSV KOFMAN INC.

OCTOBER 24, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "Companies".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities" and each an "Urbancorp CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
3. On August 29, 2016, the Court issued an order extending the stay of proceedings for the Urbancorp CCAA Entities to November 25, 2016.

4. The principal purpose of the restructuring proceedings is to create a stabilized environment to allow the Urbancorp CCAA Entities the opportunity to consider their restructuring options, including selling some or all of their properties through a Court-supervised process. On September 15, 2016, the Court issued an order approving the sales of the lands for which St. Clair, Patricia, Mallow and Lawrence were the registered owners (the “Urbancorp School Board Properties”).
5. Prior to these proceedings, a sale process had been commenced for a property located at 834 to 840 St. Clair Avenue West, Toronto (the “Property”), in which Urbancorp 60 St. Clair Inc. (the “Property Company”) has a 40% interest.
6. This report (the “Report”) is filed by KSV in its capacity as Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) Provide background regarding the Property;
 - b) Provide an update on the sales (the “Sales”) of the Urbancorp School Board Properties;
 - c) recommend that the Court issue orders:
 - i. approving the sale of the Property Company’s interest in the Property to Worsley Urban Partners Limited (“Worsley”);
 - ii. vesting title in the Property Company’s interest in the Property in Worsley, free and clear of all liens, claims and encumbrances, other than permitted encumbrances, as detailed in the Purchase and Sale Agreement dated August 9, 2016 for the sale of the Property (the “PSA”);
 - iii. terminating the Co-Owners Agreement, as defined in Section 2.0 of this Report and approving the distribution of funds as set out in Schedule F of the PSA;
 - iv. sealing the confidential appendices set out in Section 8 of this Report; and
 - v. Unsealing the purchase and sale agreements relating to St. Clair (the “St. Clair Agreement”), Patricia (the “Patricia Agreement”) and Mallow (the “Mallow Agreement”).

1.2 Currency

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

1.3 Restrictions

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

2.0 Background of Property Company

1. The Urbancorp CCAA Entities, together with several affiliates, comprise the Urbancorp Group (collectively, the "Urbancorp Group"). The Urbancorp Group's background is summarized in the First Report of the Monitor dated June 9, 2016. A copy of the First Report is provided in Appendix "A", without appendices.
2. In 2011, the Property Company, together with Hendrick and Main Developments Inc. ("HMDI"), acquired the Property from an affiliate of First Capital Corporation ("FCC"). FCC has an indirect interest in HMDI. The acquisition was an all-cash transaction.
3. The Property Company has a forty percent (40%) undivided interest in the Property and HMDI has a sixty percent (60%) interest in the Property. As it relates to the Property, the Property Company and HMDI are referred to herein as the "Co-Owners". HMDI loaned the Property Company approximately 50% of the Property Company's share of the purchase price (the "Loan").
4. The Co-Owners entered into an agreement (the "Co-Owners Agreement") dated December 12, 2011 that, *inter alia*, governs the relationship between the Property Company and HMDI. A copy of the Co-Owners Agreement is provided in Appendix "B" to this Report. The PSA requires the Co-Owners Agreement to be terminated upon completion of the PSA.
5. Title to the Property is registered to 840 St. Clair Avenue West Inc. (the "Nominee"), as nominee for the Co-Owners.
6. The initial intention of the Co-Owners was to develop the Property into a residential condominium and retail project (the "Project").
7. An affiliate of the Property Company, Urbancorp (St. Clair West) Inc. ("St. ClairCo"), was a Tarion Warranty Corporation ("Tarion") registrant and conducted the sales and marketing of the residential condominiums in the Project on behalf of the Co-Owners.

8. The Property Company incurred costs in the marketing of the residential condominiums in the Project, some of which were not authorized in accordance with the Co-Owners Agreement. The Co-Owners orally agreed that should the Co-Owners not complete the Project, the Property Company would bear one hundred percent (100%) of those costs (the “Condominium Expenses”) relating to the marketing of the residential condominiums, even though it only had a forty percent (40%) interest in the Property.
9. St. ClairCo entered into thirteen (13) agreements of purchase and sale for the Project’s residential condominiums (the “Condominium Purchase Agreements”) and received deposits (the “Deposits”) totaling \$622,630 from purchasers (the “Condominium Purchasers”). The Deposits were held by St. ClairCo’s legal counsel, Harris Sheaffer LLP (“Harris Sheaffer”), in its trust account.
10. In connection with the Project, St. ClairCo arranged for Travelers Insurance Company of Canada (“Travelers”) to issue a bond (the “Bond”) to Tarion to secure Tarion’s obligations to purchasers of condominiums in the Project. As collateral for its obligations under the Bond, Travelers was granted a mortgage (the “Travelers Mortgage”) on the Property from the Co-Owners.
11. In the autumn of 2015, the Co-Owners decided not to proceed with the Project and instead decided to offer the Property for sale, on an *as is* basis.

3.0 Sale Process for the Property

1. On October 13, 2015, the Co-Owners engaged Colliers MacCaulay Nichols (Ontario) Inc. (“Colliers”) to market the Property on an exclusive basis.
2. The marketing process developed by Colliers, in conjunction with the Co-Owners, included:
 - Preparing an information package about the Property;
 - Advertising the Property for sale in the October 28, 2015 edition of *The Globe and Mail* newspaper;
 - Sending e-mail blasts about the Property to its local, regional, national and international data base; and
 - Having an unpriced tender process, with a November 19, 2015 deadline for submission of offers.
3. Colliers advises that it contacted or met with over forty (40) potential purchasers during the marketing period.
4. Colliers received three (3) written offers by the November 19, 2015 tender deadline. One of the offers was submitted by Worsley. None of the offers were accepted. A summary of the offers received and copies of the offers are provided in Confidential Appendix “1” to this Report.

5. In the spring of 2016, HMDI, on behalf of the Co-Owners, commenced negotiations for the sale of the Property with another party (the “New Party”). The negotiations led to an offer (the “New Offer”) being submitted by the New Party. A copy of the New Offer is provided in Confidential Appendix “2” to this Report. Due primarily to uncertainty surrounding the Property Company as a result of the then recently filed insolvency proceedings of the Applicants, the Co-Owners and the New Party did not enter into an agreement for the sale and purchase of the Property.
6. In July, 2016, HMDI, on behalf of the Co-Owners, negotiated with Worsley for the sale of the Property, which culminated in the execution of the PSA among HMDI, the Property Company, Worsley and an affiliate of HMDI. A copy of the PSA is provided in Confidential Appendix “3” to this Report.
7. The PSA was conditional on, among other things:
 - a) a thirty-day due diligence period in favour of Worsley;
 - b) confirmation that the Condominium Purchase Agreements would not be assumed by Worsley;
 - c) discharge of the Travelers Mortgage; and
 - d) this Court issuing orders approving the sale of the Property Company’s interest in the Property and vesting the Property Company’s interest in the Property free and clear of all liens, claims and encumbrances, other than permitted encumbrances.
8. Conditions (a) through (c) have been waived or satisfied. Only condition (d) remains outstanding.

4.0 Condominium Purchasers

1. As set out in Section 2(9) of this Report, St. ClairCo entered into Condominium Purchase Agreements with thirteen (13) Condominium Purchasers.
2. On August 5, 2016, Harris Sheaffer, on behalf of St. ClairCo, issued to each of the Condominium Purchasers a notice terminating the Condominium Purchase Agreements (the “Termination Notice”), in accordance with the terms of the Condominium Purchase Agreements. In addition to the Termination Notice, each of the Condominium Purchasers received a form of mutual release and termination agreement (the “Mutual Release and Termination Agreement”).
3. All of the Condominium Purchasers have executed the Mutual Release and Termination Agreement.
4. Harris Sheaffer has refunded all of the Deposits provided by the Condominium Purchasers.

5.0 Travelers Mortgage

1. In order to have the Travelers Mortgage discharged, Travelers required the return of the Bond issued to Tarion. As a result of: a) St. ClairCo entering into the Mutual Release and Termination Agreement with each of the Condominium Purchasers; b) Harris Sheaffer refunding all the Deposits to the Condominium Purchasers; and c) certain declarations being provided to Tarion, the Bond was returned to Travelers. The Travelers Mortgage was discharged on October 18, 2016.

6.0 Allocation of Proceeds Between the Co-owners

1. As set out in Sections 2(3) and 2(8) of this Report, the Property Company has a forty percent (40%) interest in the Property and is indebted to HMDI for providing the Property Company with the Loan. The Property Company agreed to be responsible for one hundred percent (100%) of the Condominium Expenses, in the event the Project was not completed.
2. The Co-Owners have agreed that HMDI would be repaid its Loan out of the proceeds from the sale of the Property, together with unpaid and accrued interest and the Condominium Expenses, as referenced in Schedule F of the PSA.

7.0 Recommendation

1. For the following reasons, the Monitor recommends that the Court issue an order approving the Property Company's sale of its interest in the Property in accordance with the PSA and vesting the Property Company's interest in the Property free and clear of all liens, claims and encumbrances, other than permitted encumbrances to Worsley:
 - Colliers conducted an extensive marketing process for the Property;
 - HMDI, the co-Owner with a sixty percent (60%) interest in the Property, is satisfied with the PSA;
 - It is a condition of the transaction; and
 - The PSA represents the highest offer submitted for the Property.

8.0 Update on Sale Process for Urbancorp School Board Properties

1. On September 15, 2016, the Court issued Approval and Vesting Orders in respect of the St. Clair Agreement, the Patricia Agreement, the Mallow Agreement and the asset purchase agreement relating to Lawrence (the "Lawrence Agreement") (collectively, the "Sales Agreements").

2. The St. Clair Agreement was originally scheduled to be completed on September 30, 2016. The purchaser requested that the closing of the St. Clair Agreement be extended until October 7, 2016. The Monitor consented to the extension request, provided the purchaser increased its deposit. The purchaser increased the deposit and the St. Clair Agreement was completed on October 7, 2016.
3. The Patricia Agreement was scheduled to close on October 11, 2016 and did so as scheduled.
4. The Mallow Agreement was scheduled to close on October 11, 2016 and did so as scheduled.
5. The Lawrence Agreement was scheduled to be completed on September 30, 2016; however, on that date, counsel for the purchaser advised the Applicants' counsel (the "Applicants' Counsel") that his client will not be delivering the closing funds. Accordingly, as at the date of this Report, the Lawrence Agreement has not been completed. The Monitor has retained the deposit provided under the Lawrence Agreement and is considering options to realize on the Lawrence property. Subsequently, letters have been issued by counsel for the Applicants, the Monitor and the purchaser, each setting out their client's respective legal position. The Applicants' and the Monitor's position is that the purchaser repudiated the Lawrence Agreement and that the Monitor is entitled to retain the deposit.
6. The proceeds from the completion of the St. Clair Agreement, the Patricia Agreement and the Mallow Agreement have been paid to the Monitor's Urbancorp trust account. By Court Order dated September 29, 2016, the Monitor was authorized to repay the first mortgage indebtedness to Terra Firma Capital Corporation and Atrium Mortgage Investment Corporation ("AMIC") in respect of the Patricia property and the Mallow property and the indebtedness under the DIP Facility (as defined in the Court Order dated June 30, 2016) to AMIC. The Monitor has repaid the foregoing indebtedness:
 - Pre-NOI first mortgage on Patricia totaling \$3,927,726;
 - Pre-NOI first mortgage on Mallow totaling \$4,011,817; and
 - DIP Facility totaling \$3,277,637.

9.0 Confidential Appendices

1. This Report contains appendices ("Confidential Appendices "1" to "3") relating to offers received, including the PSA. The Monitor recommends the appendices be filed with the Court on a confidential basis and be sealed until further order of the Court. If these documents are not sealed, the information contained therein could negatively impact the Property Company's realization in the event that the PSA is not completed.

2. In the Monitor's Fifth Report, the Monitor recommended that the Sales Agreements be filed with the Court on a confidential basis and be sealed. The Monitor made the recommendation on the basis that if the documents were not sealed, the information contained therein could negatively impact the realizations in the event that the transactions did not close. On September 15, 2016, the Court ordered that the Sale Agreements be sealed until further order of the Court. As the St. Clair Agreement, the Patricia Agreement and the Mallow Agreement have been completed, the Monitor recommends that those documents now be unsealed.

10.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



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

Appendix “B”

Entity: Urbancorp (Lawrence) Inc.

Address of Property: 1780 Lawrence Avenue, Toronto (the “Lawrence Property”)

Purchaser: Fernbrook Homes (Lawrence) Limited

Purchased Assets: the Lawrence Property

Purchase Price: the Monitor is proposing to seal the purchase price. The purchase price will be adjusted for property taxes and other adjustments on closing. The purchase price is to be satisfied in cash. The transaction provides for additional consideration to be payable in certain circumstances.

Deposit: approximately 16% of the purchase price.

Representation and Warranties: consistent with the terms of a standard insolvency transaction, i.e. on an “as is, where is” basis, with limited representations and warranties.

Excluded Assets: all leases, licenses agreement or contracts affecting the Lawrence Property and any agreements of purchase and sale entered into by Lawrence with respect to the Lawrence Property or any dwellings or structures to be constructed on the Lawrence Property

Closing Date: November 17, 2016.

Material Conditions: the material conditions precedent to the closing are:

- **Covenants:** all of the terms, covenants and conditions of the agreement will have been complied with or performed in all material respects;
- **Sale Approval and Vesting Order:** must be issued prior to closing;
- **No Action or Proceeding:** No legal or regulatory action or proceeding shall be pending or threatened by any governmental organization that prevents the completion of the transaction;
- **Injunctions:** there shall be in effect no injunction against closing the transaction entered by a court of competent jurisdiction; and
- **No Material Damage:** no material damage by fire or other hazard to the whole or any material part of the Lawrence Property shall have occurred prior to closing.

Appendix “C”

Urbancorp Filing Entities Listed on Schedule "A"
Projected Statement of Cash Flow¹
For the Period Ending January 31, 2017
(Unaudited; \$C)

	Note	Week Ending											Total	
		18-Nov-16	25-Nov-16	02-Dec-16	09-Dec-16	16-Dec-16	23-Dec-16	30-Dec-16	06-Jan-17	13-Jan-17	20-Jan-17	27-Jan-17		31-Jan-17
<i>Receipts</i>														
Rental revenue	2	-	-	27,194	-	-	-	-	27,194	-	-	-	-	54,388
Collections on behalf of Edge Entities	3	-	-	26,500	-	-	-	-	-	-	-	-	-	26,500
Overhead cost recoveries	4	-	19,000	-	-	-	19,000	-	-	-	19,000	-	-	57,000
HST refunds	5	50,000	-	-	-	40,000	-	-	-	-	40,000	-	-	130,000
<i>Total Receipts</i>		50,000	19,000	53,694	-	40,000	19,000	-	27,194	-	59,000	-	-	267,888
<i>Disbursements</i>														
Wages and salaries, including source deductions	6	45,500	-	45,500	-	45,500	-	45,500	-	-	45,500	-	-	227,500
Rent and occupancy costs	7	-	-	-	-	-	-	-	22,000	-	-	-	-	22,000
Mortgage payments re: geothermal and rental units	8	-	-	40,073	-	-	-	-	40,073	-	-	-	-	80,146
Sundry	9	600	5,025	14,625	600	600	5,025	600	8,121	600	5,025	600	1,668	43,089
Common element fees	10	-	-	13,576	-	-	-	-	13,576	-	-	-	-	27,152
Transfers to Edge Companies	3	-	-	26,500	-	-	-	-	-	-	-	-	-	26,500
Contingency		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
<i>Total Operating Disbursements</i>		61,100	20,025	155,274	15,600	61,100	20,025	61,100	98,770	15,600	65,525	15,600	16,668	606,387
<i>Net Cash Flow Before the Undermoted</i>		(11,100)	(1,025)	(101,580)	(15,600)	(21,100)	(1,025)	(61,100)	(71,576)	(15,600)	(6,525)	(15,600)	(16,668)	(338,499)
Professional fees	11	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
<i>Net Cash Flow</i>	12	(91,100)	(81,025)	(181,580)	(95,600)	(101,100)	(81,025)	(141,100)	(151,576)	(95,600)	(86,525)	(95,600)	(96,668)	(1,298,499)

Purpose and General Assumptions

1. The purpose of the projection ("Projection") is to present a forecast of the entities listed on Schedule "A" ("Urbancorp CCAA Entities") for the period November 11, 2016 to January 31, 2017 (the "Period") in respect of its proceedings under the *Companies' Creditors Arrangement Act*.

As of the date of Projection, the Monitor has accepted an offer for real property held by Urbancorp (Lawrence) Inc. (the "Property"). The transaction remains subject to Court approval. The Projection does not reflect the closing of the transaction during the Period as the release of this information would negatively impact the sale process if the transaction does not close. The transaction is expected to close prior to the end of November, 2016.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions.

Most Probable Assumptions

2. Represents rental income earned from condominiums owned by the Urbancorp CCAA Entities.
3. Represents the collection and transfer of rent collected on behalf of Edge Residential Inc. and Edge on Triangle Park Inc. (the "Edge Companies"). The Edge Companies are projecting to sell their rental units by November 30, 2016.
4. Represents recoveries of payroll and other overhead costs from The Fuller Landau Group Inc., the Proposal Trustee of the Edge Companies, in respect of back office services performed Urbancorp Toronto Management Inc. on behalf of the Edge Companies.
5. Represents estimated HST refunds from the Canada Revenue Agency.
6. Payroll is paid bi-monthly. Payroll includes source deductions, benefits and WSIB.
7. Represents occupancy costs associated with leasing the head office.
8. Represents mortgage payments related to rental units and geothermal assets owned by the Urbancorp CCAA Entities.
9. Represents sundry costs, including office supplies, utilities, postage, office cleaning costs and insurance.
10. Represents common element fees in connection with condominium units owned by Urbancorp Residential Inc. and King Residential Inc.
11. The professional fees are in respect of the Monitor, its legal counsel, legal counsel to the Urbancorp CCAA Entities and the legal counsel and financial advisor to Gissin & Co., the Foreign Representative of Urbancorp Inc. The amounts reflected are estimates only.
12. The cash flow deficiency will be funded from the proceeds of sale of the properties held by Urbancorp (Mallow) Inc., Urbancorp (Patricia) Inc. and Urbancorp (St. Clair Village) Inc. and post closing, Urbancorp (Lawrence) Inc.

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR VILLAGE) INC.,
URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC., URBANCORP
(LAWRENCE) INC., URBANCORP DOWNSVIEW PARK DEVELOPMENT INC.,
URBANCORP (952 QUEEN WEST) INC., KING RESIDENTIAL INC., URBANCORP 60 ST.
CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC., AND THE AFFILIATED ENTITIES
LISTED IN SCHEDULE "A" HERETO**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Urbancorp Toronto Management Inc. Urbancorp (St. Clair Village) Inc., Urbancorp (Patricia) Inc., Urbancorp (Mallow) Inc., Urbancorp (Lawrence) Inc., Urbancorp Downsvievw Park Development Inc., Urbancorp (952 Queen West) Inc., King Residential Inc., Urbancorp 60 St. Clair Inc., Hi Res. Inc. Bridge on King Inc. and the affiliated entities listed in Schedule "A" Hereto (collectively, the "Companies"), have developed the assumptions and prepared the attached statement of projected cash flow as of the 9th day of November, 2016 for the period November 11, 2016 to January 31, 2017 ("Cash Flow").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow. All such assumptions are disclosed in Notes 2 to 12.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 12. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 11th day of November, 2016.



Alan Saskin, Director

The Companies

Schedule A

Urbancorp Filing Entities

1. Urbancorp Toronto Management Inc.
2. Urbancorp Downsview Park Development Inc.
3. Urbancorp (St. Clair Village) Inc.
4. Urbancorp (Patricia) Inc.
5. Urbancorp (Mallow) Inc.
6. Urbancorp (Lawrence) Inc.
7. Urbancorp (952 Queen West) Inc.
8. King Residential Inc.
9. Urbancorp New Kings Inc.
10. Urbancorp 60 St. Clair Inc.
11. High Res. Inc.
12. Bridge on King Inc.
13. Urbancorp Power Holdings Inc.
14. Vestaco Homes Inc.
15. Vestaco Investments Inc.
16. 228 Queen's Quay West Limited
17. Urbancorp Cumberland I LP
18. Urbancorp Cumberland I GP Inc.
19. Urbancorp Partner (King South) Inc.
20. Urbancorp (North Side) Inc.
21. Urbancorp Residential Inc.
22. Urbancorp Realtyco Inc.

Appendix “D”

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR VILLAGE) INC.,
URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC., URBANCORP
(LAWRENCE) INC., URBANCORP DOWNSVIEW PARK DEVELOPMENT INC.,
URBANCORP (952 QUEEN WEST) INC., KING RESIDENTIAL INC., URBANCORP 60 ST.
CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC., AND THE AFFILIATED ENTITIES
LISTED IN SCHEDULE "A" HERETO**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow 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., Hi Res. Inc. Bridge on King Inc. and the affiliated entities listed in Schedule "A" Hereto (collectively, the "Urbancorp CCAA Entities"), as of the 11th day November, 2016, consisting of a weekly projected cash flow statement for the period November 11, 2016, to January 31, 2017 ("Cash Flow") has been prepared by the management of the Urbancorp CCAA Entities for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 12.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Urbancorp CCAA Entities. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Urbancorp CCAA Entities or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 11th day of November, 2016.

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

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

SCHEDULE "A"
List of Non-Applicant Affiliated Companies

- 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.