

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

BETWEEN:

**LAURENTIAN BANK OF CANADA**

Applicant

- and -

**URBANCORP (WOODBINE) INC.**

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED AND SECTION 101 OF  
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED**

**AFFIDAVIT OF ALEXANDRE LEBLANC  
(Re: Appointment of Receiver)  
(Sworn May 23rd , 2016)**

**I, ALEXANDRE LEBLANC, of the City of Montreal, in the Province of  
Quebec, MAKE OATH AND SAY AS FOLLOWS:**

**INTRODUCTION**

1. I am an Assistant Vice-President, Special Loans of the Applicant, Laurentian Bank of Canada (“LBC”) and as such, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on personal knowledge, it is based on information and belief and I verily believe such information to be true.
2. This affidavit is sworn in support of an application by LBC for the appointment of Grant Thornton Limited (“GTL”) as receiver and receiver and manager (the “Receiver”)

pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and section 101 of the *Courts of Justice Act* (Ontario) over certain property of the respondent, Urbancorp (Woodbine) Inc. (“**UWI**”). In particular, LBC seeks the appointment of the Receiver over the property known municipally as 9064, 9074, 9084, 9100 and 9110 Woodbine Avenue, Markham, Ontario (the “**Real Property**”) and certain personal property related to the Real Property (the “**Personal Property**”), all as more particularly described in Schedule “A” of the draft Receivership Order attached to LBC’s Notice of Application herein (collectively, the “**Woodbine Property**”).

3. As set out below, LBC and Terra Firma Capital Corporation (“**TFCC**”) advanced funds in the amount of approximately \$4,725,000 to UWI for the purchase of the Real Property, which is vacant land located in Markham, Ontario. UWI acquired the Real Property for the purposes of commercial and residential development. The Loan was made pursuant to the terms of the Commitment Letter and Mortgage (as all such terms are defined below).

4. The Loan matured on February 1, 2016 and was not extended. On February 4, 2016, LBC made demand and served the Section 244 Notice (as defined below). Over two months later, on April 25, 2016, UWI filed a Notice of Intention to Make A Proposal to its Creditors pursuant to the BIA and KSV Kofman Inc. was appointed Proposal Trustee of UWI (the “**Proposal Proceedings**”). On May 13, 2016, GTL was appointed as private receiver of the Woodbine Property (the “**Private Receiver**”).

5. Certain subsidiaries of Urbancorp Inc. (the “**Urbancorp Entities**”), excluding UWI, were granted protection under the *Companies’ Creditors Arrangement Act* (Canada) pursuant to the Order of the Honourable Justice Newbould dated May 18, 2016 (the “**CCAA Proceedings**”).

6. LBC submits that it is just and convenient to appoint the Receiver in order to provide an orderly, court-supervised forum for the sale of the Woodbine Property. UWI is the registered owner of the Real Property (which remains vacant) and the Woodbine Property is separate, distinct and unrelated to the properties and assets of the other Urbancorp Entities and unaffected by the CCAA Proceedings. Accordingly, the

appointment of the Receiver would provide the most cost efficient process to maximize realizations on the Woodbine Property for the benefit of all of UWI's stakeholders.

7. As GTL has already been engaged by LBC as financial advisor and Private Receiver, GTL is best positioned to act as the Receiver, and has consented to such appointment.

### **THE PARTIES**

8. LBC is a Schedule I Bank pursuant to the *Bank Act* (Canada) with its head office located in Montreal, Quebec.

9. UWI is a corporation incorporated pursuant to the laws of Ontario with its head office located in Toronto, Ontario and is the registered owner of the Real Property. UWI is a subsidiary of Urbancorp Inc. and was incorporated for the purpose of developing the Woodbine Property.

10. Urbancorp Toronto Management Inc. ("UTMI") is a company incorporated pursuant to the laws of Ontario which provides administrative support to the Urbancorp Entities. UTMI is one of the Urbancorp Entities which were granted protection under the CCAA Proceedings.

11. Alan Saskin is one of the principals of the Urbancorp Entities, including UWI.

12. TFCC is a corporation incorporated pursuant to the laws of Ontario with its head office located in Toronto, Ontario which is in the business of real estate financing.

### **THE LOAN, MORTGAGE, RELATED SECURITY AND GUARANTEE**

#### **The Loan and Mortgage**

13. Pursuant to a commitment letter dated January 20, 2014 (the "**Commitment Letter**") from LBC and accepted by UWI as borrower, and UTMI and Alan Saskin, as guarantors (collectively, the "**Guarantors**"), on January 22, 2014, LBC and TFCC made

a loan (the “**Loan**”) to UWI in the aggregate amount of \$4,725,000. A copy of the Commitment Letter is attached hereto as **Exhibit “A”**.

14. The Loan is secured by, among other things, a mortgage (the “**Mortgage**”) in the principal amount of \$5,500,000 registered against the Real Property in the Land Registry Office for the Land Titles Division of York Region (No. 65) on January 30, 2014 as Instrument No. YR2090261. A copy of the Mortgage is attached hereto as **Exhibit “B”**. A copy of the parcel registers for the Real Property, current as of May 19, 2016, is attached hereto as **Exhibit “C”**.

15. Pursuant to a Participation and Servicing Agreement between LBC and TFCC dated January 27, 2014, a copy of which is attached hereto as **Exhibit “D”**, the Loan was funded by LBC in the amount of \$2,625,000 and TFCC in the amount of \$2,100,000. LBC and TFCC agreed that, among other things, the interest of TFCC with respect to the Loan would at all times be subordinate to the interest of LBC and that LBC would service and administer the Loan on behalf of both LBC and TFCC.

16. Pursuant to an assignment of rents (the “**Assignment**”) dated January 30, 2014 between UWI and LBC, a copy of which is attached hereto as **Exhibit “E”**, UWI assigned to LBC all rents, charges and other amounts to be derived by UWI from the Real Property which such assignment secured payment of the obligations under the Mortgage. The Assignment was registered on title to the Real Property on January 30, 2014 as Instrument No. YR2090262.

#### Personal Property Security

17. Pursuant to a General Security Agreement dated January 30, 2014 (the “**General Security Agreement**”), UWI granted a security interest to LBC over all of its Personal Property related to the Real Property in order to secure payment and performance of all indebtedness, obligations and liabilities of UWI to LBC pursuant to the Loan. A copy of the General Security Agreement is attached hereto as **Exhibit “F”**.

18. A property registry search of UWI pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) current as of May 18, 2016 is attached hereto as **Exhibit “G”**.

### The Guarantee

19. Pursuant to a Guarantee dated January 27, 2014 (the “**Guaranty**”), a copy of which is attached hereto as **Exhibit “H”**, the Guarantors guaranteed payment of UWI’s indebtedness under the Loan and the Mortgage.

20. Under the terms of the Guarantee, the Guarantors, among other things, agreed to assign and postpone all debts and liabilities that they have against UWI in favour of LBC and to receive all monies in trust for LBC.

### DEFAULTS BY UWI AND DEMANDS

21. The Loan and the Mortgage matured on February 1, 2016. The maturity date was not extended. UWI defaulted under the terms of the Commitment Letter and the Mortgage by failing to make payment of the outstanding principal and interest due under the Loan on February 1, 2016. As of February 4, 2016, UWI’s indebtedness under the Loan was \$5,023,541.79.

22. By letter dated February 4, 2016, a copy of which is attached hereto as **Exhibit “I”**, LBC made demand on UWI under the Commitment Letter and the Mortgage and delivered its Notice of Intention to Enforce Security under section 244 of the BIA (the “**Section 244 Notice**”).

23. By letter dated February 4, 2016, a copy of which is attached hereto as **Exhibit “J”**, LBC made demand under the Guarantee.

24. To date, no amounts have been paid by UWI or the Guarantors in respect of UWI’s outstanding indebtedness under the Commitment Letter and the Mortgage and the Guarantors’ obligations under Guarantee.

25. On March 4, 2016, LBC delivered a Notice of Sale with respect to the Real Property pursuant to the *Mortgages Act* (Ontario), a copy of which is attached hereto as **Exhibit “K”**. The Notice of Sale was not redeemed and expired on or about April 13, 2016.

26. On March 4, 2016, LBC also delivered a Notice of Disposition with respect to the Personal Property pursuant to the PPSA, a copy of which is attached hereto as **Exhibit “L”**. The Notice of Disposition was not redeemed and expired on or about March 25, 2016.

27. As of May 3, 2016, \$5,167,026.29 remained outstanding under the Commitment Letter and the Mortgage (excluding incurred but unbilled legal fees) with a per diem of \$1,408.87.

28. A copy of UWI’s Notice of Intention dated April 25, 2016 commencing the Proposal Proceedings is attached hereto as **Exhibit “M”**.

#### **APPOINTMENT OF THE RECEIVER**

29. As described above, LBC delivered the Section 244 Notice on February 4, 2016. The Section 244 Notice expired on or about February 15, 2016, over two months prior to April 24, 2016, when UWI commenced the Proposal Proceedings. No payments have been received with respect to UWI’s indebtedness. Accordingly, LBC has and remains entitled to enforce its security related to the Woodbine Property.

30. On May 13, 2016, GTL was appointed Private Receiver of the Real Property by LBC. Copies of the appointment letter dated May 13, 2016 and confirmation of the Private Receiver’s appointment by the Office of the Superintendent of Bankruptcy Canada (Estate No. 31-458137) are attached hereto as **Exhibit “N”**.

31. UWI is the registered owner of the Real Property, which is vacant land with one vacant structure. The Woodbine Property, including the Real Property, is separate and distinct from the assets and property of the other Urbancorp Entities and is not subject to the CCAA Proceedings.

32. I have been advised by Jonathan Krieger of GTL that it appears from a review of UWI’s Notice of Intention and other publically available information that UWI’s creditors’ list includes an obligation in the amount of approximately \$904,990 with respect to purchaser’s deposits, presumably representing deposits made by purchasers on

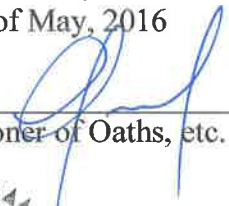
units in the proposed development of UWI. Further, it appears from the Urbancorp Entities' website that the proposed development of the Real Property is sold out.

33. Given GTL's current limited appointment as Private Receiver of the Real Property, it would be difficult for GTL, in the absence of a court appointment over the Woodbine Property, to deal with the administration of the Woodbine Property efficiently. This includes the need to address the concerns of purchasers related to their purchases, the whereabouts of deposits and the status of various zoning and other applications. With respect to purchaser deposits, the Receiver could review and determine what steps should be taken with respect to these funds and the claims against them subject to the supervision, advice and direction of the Court.

34. For all of the reasons described above, LBC submits that it is just and convenient to appoint a Receiver, which would allow for an orderly, cost-efficient and court-supervised forum for the sale of the Woodbine Property to maximize recoveries for the benefit of all of UWI's stakeholders.

35. This affidavit is made in support of LBC's application for the appointment of the Receiver, and for no other purpose.

**SWORN BEFORE ME** at the City of Montreal  
in the Province of Quebec  
this      day of May, 2016

  
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A Commissioner of Oaths, etc.



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**ALEXANDRE LEBLANC**

LAURENTIAN BANK OF CANADA

v.

URBANCORP (WOODBINE) INC.

Court File No.

Applicant

Respondent

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at [Toronto](#)

**AFFIDAVIT OF ALEXANDRE LEBLANC  
(SWORN MAY 19, 2016)**

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