

Court File No.: 31-2114850

Estate File No.: 31-2114850

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

MOTION RECORD

(Returnable August 17, 2016)

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Urbancorp (Bridlepath) Inc.

TO: SEE ATTACHED SERVICE LIST

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URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

NOTICE OF MOTION

URBANCORP (WOODBINE) INC. (“**UC Woodbine**”) and **URBANCORP (BRIDLEPATH) INC.** (“**UC Bridlepath**” and together, the “**Urbancorp Entities**”) will make a motion before a Judge of the Ontario Superior Court of Justice, Commercial List, on Wednesday, August 17, 2016 at 10:00 am, or soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario, for an Order pursuant to, *inter alia*, section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”).

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form to be filed as Tab 3 to the Motion Record, *inter alia*:
 - (a) abridging the time for service of this Notice of Motion and the Motion Record of the Urbancorp Entities so that this motion is properly returnable on August 17, 2016, as necessary;
 - (b) extending the time within which to file a proposal with the Official Receiver by each of the Urbancorp Entities under section 62(1) of the BIA from August 22, 2016 to October 6, 2016 (the “**Stay Period**”);

- (c) approving the Fourth Report of KSV Kofman Inc. (the “**Proposal Trustee**”), in its capacity as Proposal Trustee, dated August 9, 2016 (the “**Fourth Report**”), and the activities and actions of the Proposal Trustee as set out therein; and
2. Such other and further relief as counsel may request and this Honourable Court may allow.

AND FURTHER TAKE NOTICE that the grounds to be argued in support of this application are as follows, namely:

OVERVIEW

1. on April 25, 2016, each of the Urbancorp Entities filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA (each an “**NOI**”) and KSV Kofman Inc. was appointed as Proposal Trustee in respect of each of the NOI proceedings (together, the “**Proposal Proceedings**”);
2. on May 24, 2016, the Honourable Mr. Justice Newbould issued an Order (the “**May 24 Order**”), and filed in these proceedings, among other things, (i) administratively consolidating the Proposal Proceedings; (ii) granting the Administrative Charge (as defined in the May 24 Order); and (iii) extending the Stay Period to July 8, 2016;
3. on June 30, 2016, the Honourable Mr. Justice Newbould issued a further Order (the “**June 30 Order**”), and filed in these proceedings, among other things, (i) approving the Sale Process (as defined in the June 30 Order); (ii) granting the Sale Process Administrative Charge (as defined in the June 30 Order), which charge is subordinate to the First Ranking Charges but ahead of all other Encumbrances (as each capitalized term is defined in the June 30 Order); (iii) authorising the engagement of the RE Broker and the execution of the Listing Agreement (as each term is defined below); and (iv) extending the Stay Period to August 22, 2016;
4. each of the Urbancorp Entities is an Ontario corporation with their registered office in Toronto, Ontario, and is indirectly owned by Alan Saskin and members of his family.

Each of the Urbancorp Entities is a single purpose entity that owns specific real property for the purpose of developing and constructing residential projects;

ENFORCEMENT STEPS TAKEN BY SECURED CREDITORS

5. on February 4, 2016, Laurentian Bank of Canada (“**LBC**”) issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against UC Woodbine;
6. on March 4, 2016, LBC initiated enforcement proceedings as against UC Woodbine pursuant to its first ranking security interest over all of the personal and real property of UC Woodbine (the “**LBC Charge**”), including under the *Mortgages Act* (Ontario) in respect of UC Woodbine’s real property municipally known as 9064, 9074, 9084, 9100 and 9110 Woodbine Avenue, Markham, Ontario (the “**Woodbine Property**”), and privately appointed Grant Thornton Limited as receiver;
7. on April 11, 2016, Terra Firma Capital Corporation (“**Terra Firma**”) and Atrium Mortgage Investment Corporation (“**Atrium**”) initiated enforcement proceedings as against UC Bridlepath pursuant to its first ranking security interest over the real property (the “**Bridlepath Charge**” and together with the LBC Charge, the “**First Ranking Charges**”) municipally known as 2425 Bayview Avenue, Toronto, Ontario (the “**Bridlepath Property**” and together with the Woodbine Property, the “**Properties**”);
8. Terra Firma has also claimed second mortgages behind the First Ranking Charges over both the Woodbine Property and the Bridlepath Property, as security for guarantees of a loan made by Terra Firma to Urbancorp Holdco Inc., the parent corporation of Urbancorp Inc.;
9. on May 13, 2016, LBC appointed Grant Thornton LLP (“**GT**”) as private receiver of the Woodbine Property;
10. on May 20, 2016, LBC filed an application to appointment GT as Court-appointed receiver of the Woodbine Property (the “**LBC Receivership Application**”);

11. on June 2, 2016, the Court adjourned the LBC Receivership Application until June 30, 2016 in order to provide the Proposal Trustee and the Urbancorp Entities time to advance the Sale Process. The LBC Receivership Application was further adjourned on June 30, 2016 by the Court until August 17, 2016, being the date of the next extension motion;

SALE PROCESS

12. during the week of May 30th, the Proposal Trustee commenced a solicitation process for marketing proposals from real estate brokers to act as the listing agent in respect of the Properties. Marketing proposals were due on June 13, 2016, following which TD Cornerstone Commercial Realty Inc. (the "**RE Broker**") was selected to assist the Urbancorp Entities. On June 23, 2016, the parties executed a listing agreement (the "**Listing Agreement**") setting out the terms of by which the RE Broker would assist the Proposal Trustee and the Urbancorp Entities with preparing and carrying out of the Sale Process;
13. the Urbancorp Entities, in conjunction with the Proposal Trustee, and in consultation with LBC, Atrium and Terra Firma, sought the Court's approval of the Sale Process, and the terms of the Listing Agreement, which approval was obtained pursuant to the June 30 Order;
14. pursuant to the terms of the Sales Process prospective purchasers are required to submit bids by way of a purchase sale agreement on or before August 16, 2016 (the "**Bid Deadline**");
15. the Properties were listed for sale by the RE Broker on July 6, 2016, in accordance with the terms of the Sale Process;
16. the Properties are marketed on an "as is, where is" basis;
17. as of the date hereof, over 100 potential purchasers have expressed an interest in the Properties and have executed confidentiality agreements in order to gain access to the data room;

18. the RE Broker has advised the Proposal Trustee that there are numerous groups which remain active and are spending significant amounts of time considering a transaction involving each of the Properties;
19. it is anticipated that the RE Broker will receive multiple offers on both Properties on or before the Bid Deadline;
20. a successful bidder, or bidders (to the extent the Properties are sold separately), will be selected within two (2) weeks of the Bid Deadline in accordance with the terms of the Sales Process, unless otherwise extended by the Proposal Trustee;
21. any transaction(s) resulting from the Sales Process will be subject to Court-approval;
22. the Fourth Report provides a detailed description of the Sale Process including an update on the current status of offers received by the Proposal Trustee;

GENERAL GROUNDS

23. at all material times since the filing of the NOIs, each of the Urbancorp Entities have acted, and continue to act, in good faith and with due diligence;
24. each of the Urbancorp Entities would likely be able to make a viable proposal if the extension being applied for were granted;
25. no creditor of either of the Urbancorp Entities will be materially prejudiced if the extension being applied for is granted;
26. extending the Stay Period will allow the Urbancorp Entities to complete the Sale Process in an effort to maximize the value of the assets of the Urbancorp Entities;
27. circumstances exist that make granting an extension of the Stay Period appropriate;
28. the facts and circumstances set out in the Fourth Report;

29. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario); and
30. sections 2, 50.4(9) and 183(1) of the BIA;

AND FURTHER TAKE NOTICE that the following materials will be filed in support of this application, namely:

- (a) this Notice of Motion;
- (b) the Fourth Report; and
- (c) such further and other material as counsel may advise and this Honourable Court may allow.

Date: August 9, 2016

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF URBANCORP (WOODBINE) INC.
AND URBANCORP (BRIDLEPATH) INC.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY

PROCEEDINGS COMMENCED AT TORONTO**

**NOTICE OF MOTION
(Returnable August 17, 2016)**

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and Urbancorp (Bridlepath) Inc.

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**Fourth Report to Court of
KSV Kofman Inc. as Proposal
Trustee of Urbancorp (Woodbine) Inc.
and Urbancorp (Bridlepath) Inc.**

August 9, 2016

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ESTATE NO.: 31-2114850
COURT FILE NO.: 31-2114850

ONTARIO
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IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND
URBANCORP (BRIDLEPATH) INC.

FOURTH REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

AUGUST 9, 2016

1.0 Introduction

1. This report (the "Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee (the "Proposal Trustee") in connection with Notices of Intention to Make a Proposal (each a "NOI") filed on April 25, 2016 by Urbancorp (Woodbine) Inc. ("Woodbine") and Urbancorp (Bridlepath) Inc. ("Bridlepath") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Woodbine and Bridlepath are jointly referred to herein as the "Companies".)
2. On May 24, 2016, the Ontario Superior Court of Justice – Commercial List (the "Court") made an order, *inter alia*, administratively consolidating the Companies' NOI Proceedings.
3. On June 30, 2016, the Court made an order, *inter alia*: (i) approving a sale process ("Sale Process") for the Properties (as defined below); and (ii) extending the time for the Companies to file a proposal with the Official Receiver to August 22, 2016.
4. The principal purpose of the NOI Proceedings is to create a stabilized environment to allow the Companies to conduct a Sale Process, with the oversight of the Proposal Trustee.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide an update on the Sale Process;

- b) report on the Companies' unconsolidated weekly cash flow projections for the period August 22, 2016 to October 6, 2016 (the "Cash Flow Forecasts");
- c) discuss the Companies' request for an extension of the stay of proceedings from August 22, 2016 to October 6, 2016; and
- d) recommend that the Court issue an order approving the Companies' request for an extension of the time to file a proposal with the Official Receiver from August 22, 2016 to October 6, 2016.

1.2 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' representatives, the Companies' books and records and discussions with its representatives. The Proposal Trustee has not performed an audit or other verification of such information. An examination of the Companies' financial forecasts as outlined in the CPA Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Companies' representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.
2. The Proposal Trustee also references its report on the Companies' cash flow projections and underlying assumptions and notes that its review and commentary thereon was performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement).

2.0 Background

1. The Companies' background is summarized in the Second Report to Court of the Proposal Trustee dated June 1, 2016 (the "Second Report"), a copy of which is provided as Appendix "A", without attachments.
2. The table below provides a description of the properties owned by the Companies (jointly the "Properties" and each a "Property").

Company	Address of Owned Property	Date Purchased	Purchase Price
Woodbine	9064 Woodbine Avenue, Markham	January 30, 2014	\$5,250,000
Bridlepath	2425 Bayview Avenue, Toronto	March 20, 2014	\$11,500,000

3. The Properties were purchased to develop residential projects (the “Projects”). A summary of the current status of the Projects is provided below:

Company	Project Description	Current Status
Woodbine	28 low rise residential units	Raw land
Bridlepath	37 low rise residential units	Raw land ¹

4. Homebuyers paid deposits of approximately \$1.9 million and \$5.6 million to Woodbine and Bridlepath, respectively. The Companies did not hold these monies in trust and the Proposal Trustee understands that they have been spent. As the Projects involve the construction of freehold homes, there is no legislation requiring that the deposits be segregated or held in trust.

2.1 Secured Creditors

1. The table below summarizes the existing mortgages on the Properties.

Company	Lender	Security	Principal Amount (\$)
Woodbine	Laurentian Bank (“Laurentian”) and Terra Firma Capital Corporation (“TFCC”) ²	9064 Woodbine Ave.	4,725,000 ³
Bridlepath	Atrium Mortgage Investment Corporation and TFCC	2425 Bayview Ave.	10,350,000 ⁴
Woodbine and Bridlepath (as guarantors of a loan by TFCC to Urbancorp Holdco Inc. ⁵)	TFCC – collateral mortgage	9064 Woodbine Ave., 2425 Bayview Ave.	5,000,000
			20,075,000 ⁶

2. The Proposal Trustee’s counsel is presently preparing security opinions concerning the mortgages and related issues.

¹ There has been some servicing work completed on the property. The previous owner commenced construction of an underground garage on the property.

² Laurentian is owed the first \$2.65 million of principal on this mortgage. TFCC is owed the balance of the principal.

³ Principal amount outstanding as at March 4, 2016.

⁴ Principal amount outstanding as at April 11, 2016.

⁵ Urbancorp Holdco Inc. (“Holdco”) owns 100% of the shares of Urbancorp Inc. The Companies have granted mortgages as collateral for the TFCC loan to Holdco. TFCC has a mortgage on the title to the Properties, which was originally registered in connection with a prior loan. The prior loan has been repaid.

⁶ Total amount owing is not inclusive of all interest and other fees that may be payable.

3.0 Sale Process

1. The Sale Process is described in the Third Report to Court dated June 23, 2016. A copy of the Third Report is provided in Appendix “B”, without appendices.
2. The Companies, with the approval of the Proposal Trustee, engaged TD Cornerstone Commercial Realty Inc. (“TD”) to act as listing agent to sell the Properties.
3. The Properties were listed for sale on July 6, 2016. TD has advised that the level of interest in the Properties is significant. As of August 5, 2016, over 100 parties have signed confidentiality agreements and have been provided access to an online data room containing information regarding the Properties.
4. Pursuant to the Sale Process, interested parties are required to submit offers for the Properties by August 16, 2016 (“Bid Deadline”). TD has advised that it expects to receive multiple offers on both Properties.
5. Further details concerning the outcome of the Sale Process will be provided in a further report to be prepared by the Proposal Trustee.

3.1 Laurentian Bank

1. On February 4, 2016, Laurentian issued a Notice of Intention to Enforce Security pursuant to Section 244(1) of the BIA against Woodbine. The NOI Proceedings commenced on April 25, 2016 and, accordingly, Laurentian is not stayed by the filing of the NOI.
2. On May 13, 2016, Laurentian appointed Grant Thornton Limited (“GTL”) as private receiver over the property owned by Woodbine. GTL has not commenced a sale process for the Woodbine property.
3. On May 20, 2016, Laurentian filed an application to appoint GTL as receiver over Woodbine (“Receivership Application”). On June 2, 2016, the Court adjourned the Receivership Application to June 30, 2016 to provide the Proposal Trustee and the Companies time to advance a sale process. On June 30, 2016, the Court approved the Sale Process and further adjourned the Receivership Application to the time of the next stay extension hearing. A copy of the June 30th order and endorsement of Mr. Justice Newbould is attached as Appendix “C”.
4. As the Bid Deadline is August 16, 2016 at 5:00 p.m., the Proposal Trustee hopes to have been able to have reviewed the offers so that it can update the Court at the return of this motion (the next morning), including as to whether the offers for the Woodbine property will be sufficient to repay the Laurentian mortgage in full.

5. Since the date of the last motion in these proceedings, the Proposal Trustee has convened bi-weekly update conference calls with a representative of Laurentian. A representative of TD has attended the two most recent update calls. TD advised Laurentian during those calls of the significant level of interest in the Woodbine Property.

4.0 Cash Flow Forecast

1. Pursuant to the provisions of the BIA, each of the Companies is required to prepare a cash flow forecast. The main asset of the Companies is raw land. No disbursements are projected to be paid by the Companies during the period August 22, 2016 to October 6, 2016 (the "Period"). The Cash Flow Forecasts reflect no activity for the Period; however, the Cash Flow Forecasts reflecting same have been prepared, as statutorily required. The Cash Flow Forecasts do not reflect the sale of the Properties during the Period due to the uncertainty regarding the timing and value of the prospective transactions; however, the Proposal Trustee believes that transactions for the Properties are likely to be completed or near completed by October 6, 2016.
2. The Cash Flow Forecasts of each of the Companies, together with Management's Reports on the Cash-Flow Statements as required by Section 50.4(2)(c) of the BIA, are provided in Appendix "D". In the event that disbursements are required during the Period, the Proposal Trustee will make arrangements to have such costs funded, if and when they arise.
3. Based on the Proposal Trustee's review of the Cash Flow Forecasts, there are no material assumptions which seem unreasonable in these circumstances. The Proposal Trustee's Reports on the Cash Flow Statements for each of the Companies as required by Section 50.4(2)(b) of the BIA are attached as Appendix "E".

5.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time to file a proposal with the Official Receiver from August 22, 2016 to October 6, 2016. The Proposal Trustee supports the Companies' request for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) it will provide the Companies time to advance, and hopefully complete, the Sale Process;
 - c) it will allow the Companies the opportunity to advance a viable proposal;
 - d) no creditor would be materially prejudiced if the extension being applied for is granted; and
 - e) as of the date of this Report, the Proposal Trustee is not aware of any party opposed to an extension.

6.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

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

**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



**Second Report to Court of
KSV Kofman Inc. as Proposal
Trustee of Urbancorp (Woodbine) Inc.
and Urbancorp (Bridlepath) Inc.**

June 1, 2016

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND
URBANCORP (BRIDLEPATH) INC.

SECOND REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

JUNE 1, 2016

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with a Notice of Intention to Make a Proposal ("NOI") filed on April 25, 2016 ("Filing Date") by Urbancorp (Woodbine) Inc. ("Woodbine") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA"). On the same date, Urbancorp (Bridlepath) Inc. ("Bridlepath") also filed a NOI. (Woodbine and Bridlepath are jointly referred to herein as the "Companies".)
2. On April 21, 2016, Urbancorp (St. Clair Village) Inc., Urbancorp (Patricia) Inc., Urbancorp (Mallow) Inc., Urbancorp (Lawrence) Inc., Urbancorp Downsview Park Development Inc. and Urbancorp Toronto Management Inc., affiliates of the Companies, also filed NOIs (the "NOI Filing Entities"). KSV was appointed the Proposal Trustee in those BIA proceedings.
3. On May 18, 2016, the NOI Filing Entities and several other related companies filed for, and were granted, protection under the *Companies' Creditors Arrangement Act* ("CCAA"). KSV was appointed the Monitor in the CCAA proceedings.
4. The Companies are not subject to the CCAA proceedings.

5. On May 24, 2016, the Ontario Superior Court of Justice (“Court”) made an Order, *inter alia* (the “May 24th Order”):
 - a) administratively consolidating the Companies’ NOI proceedings; and
 - b) extending the time for the Companies to file a proposal with the Official Receiver to July 8, 2016.
6. The principal purpose of the NOI proceedings is to create a stabilized environment to allow the Companies to consider their restructuring options, including considering development opportunities and/or selling their properties through a Court-supervised process.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information concerning Woodbine;
 - b) discuss:
 - i. the application by Laurentian Bank of Canada (“Laurentian”) for the appointment of a receiver and receiver and manager (the “Receiver”) pursuant to section 243(1) of the BIA and Section 101 of the *Courts of Justice Act* (Ontario) (the “Receivership Application”) over the real estate owned by Woodbine (the “Property”);
 - ii. an unsolicited letter of intent (“LOI”) received by the Proposal Trustee in connection with the Property;
 - iii. indications of value for the Property received from two well-known real estate firms;
 - iv. other expressions of interest received by the Proposal Trustee.
 - c) recommend that the Court make an Order:
 - i. adjourning the Receivership Application until June 30, 2016; and
 - ii. sealing the confidential appendices.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' representatives, the books and records of the Companies and discussions with representatives of the Companies, including their lawyers and accountants. The Proposal Trustee has not performed an audit or other verification of such information. Future oriented financial information relied upon in this Report is based on the Companies' representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee also references indications of value for the Property that were provided to the Proposal Trustee by real estate firms. The Proposal Trustee has not performed a review of the assumptions underlying the indications of value.

2.0 Background

1. The Urbancorp Group ("Urbancorp") commenced operations in 1991. Urbancorp primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area ("GTA"). A condensed organization chart for Urbancorp is provided in Appendix "A".
2. The table below provides a description of the Property.

Company	Address of Owned Property	Date Purchased	Purchase Price
Woodbine	9064-9110 Woodbine Avenue, Markham	January 30, 2014	\$5,250,000

3. The Property was purchased in order to develop a residential project ("Project"). A summary of the current status the Project is provided below:

Company	Project Description	Current Status	Deposits Received
Woodbine	28 low rise residential units	Raw land	Yes

4. Woodbine pre-sold freehold homes for the Project and collected deposits totalling approximately \$2 million related thereto (the "Deposits"). As these are freehold home projects, Woodbine was not required to hold the Deposits in trust. The Proposal Trustee understands that the Deposits have been spent.
5. Woodbine is in the process of obtaining zoning approvals in connection with the Project. Project timelines have been provided to the Proposal Trustee which reflect that construction could be completed and homes delivered to buyers by the end of 2017. The ability to deliver homes on those timelines makes Woodbine an attractive project for a purchaser. The Proposal Trustee understands that there are certain aspects of the site development plan that require resolution between Woodbine and the City of Markham planning staff.
6. Further information on the Property, including an overview of the Project, is provided in Confidential Appendix "A".

2.1 Secured Creditors

2.1.1 Laurentian

1. Laurentian has a mortgage on the Property totalling approximately \$4.7 million, before interest and accrued fees (the “Laurentian Mortgage”). Terra Firma Capital Corporation (“Terra Firma”) has a junior interest in the Laurentian Mortgage.
2. On February 4, 2016, Laurentian issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against Woodbine, prior to the commencement of Woodbine’s NOI proceedings. Laurentian is not stayed by the filing of the NOI.
3. At the commencement of the NOI proceedings, the Proposal Trustee and legal counsel for Woodbine, Borden Ladner Gervais LLP (“BLG”), contacted legal counsel to Laurentian, Blake, Cassels & Graydon LLP (“Blakes”), to determine Laurentian’s intentions regarding Woodbine and the Property. It was communicated by the Proposal Trustee and BLG that they had been informed by Urbancorp’s management (“Management”) that there is considerable value in the Property after repayment of the Laurentian Mortgage and that an orderly sale process conducted in a restructuring proceeding was more likely to maximize recoveries than if the Property was sold through a power of sale process. Blakes was asked to determine whether Laurentian objected to a Court-supervised sale process conducted by the Proposal Trustee and to advise of Laurentian’s views and intentions regarding Woodbine. Blakes did not provide the Proposal Trustee or BLG with any feedback.
4. On May 19, 2016, materials were served by the Companies on, among others, Blakes seeking, *inter alia*, an extension of the stay of proceedings in the Companies’ NOI proceedings, as well as an administrative charge ranking behind the Laurentian Mortgage and the Terra Firma Mortgage (as defined below). Blakes advised at that time, amongst other things, that Laurentian had already appointed Grant Thornton Limited (“GTL”) as its receiver privately and that it would be seeking a court order appointing GTL as the Receiver of Woodbine. A copy of an email from Steve Weisz of Blakes is provided in Appendix “B”.

2.1.2 Terra Firma Capital Corporation

1. In addition to its junior interest in the Laurentian Mortgage, Terra Firma (“Terra Firma”) has a collateral mortgage on the Companies’ properties in the principal amount of approximately \$5 million (the “Terra Firma Mortgage”).

3.0 Current Status of Property

1. The Proposal Trustee is in discussions with a number of parties regarding the Property. These efforts commenced, in earnest, about one week ago as the Proposal Trustee had waited for the requested feedback from Laurentian before initiating same. A status report is as follows:
 - a) an unsolicited letter of intent (“LOI”) has been received from a party (“Interested Party”) for a purchase price that substantially exceeds the amount of the Laurentian Mortgage. This party has expressed an interest in being a stalking horse in a sale process. A copy of the LOI is provided in Confidential Appendix “B”. Although the Letter of Intent is dated March 15, 2016, the broker has confirmed to the Proposal Trustee his client’s continuing interest in the Property;
 - b) the Proposal Trustee is in discussions with a major national developer which at the date of this Report was considering an offer in excess of the Laurentian Mortgage and had expressed a willingness to repay in full the Laurentian Mortgage;
 - c) the Proposal Trustee is routinely contacted by parties expressing an interest in the Property; and
 - d) two well-known real estate firms have provided value estimates for the Property well in excess of the amount owing under the Laurentian Mortgage. Other real estate firms have expressed a similar perspective. Attached as Confidential Appendix “C” are the value summaries prepared by the real estate firms.

3.1 Administration Charge

1. Pursuant to the May 24th Order, the Court granted the Proposal Trustee, its counsel and the Companies’ counsel a charge (the “Administration Charge”) on the Companies’ business and assets. The charge is subordinate to Laurentian Mortgage and the Terra Firma Mortgage.

3.2 Proposal Trustee’s Recommendation

1. The Proposal Trustee recommends that the Court adjourn the Receivership Application until June 30, 2016 for the following reasons:
 - a) It will provide time to commence a sale process;
 - b) there appears to be considerable value in the Property after repayment of the Laurentian Mortgage;
 - c) the carrying costs on the Property are not significant;

- d) the market is expecting the Property to be marketed by KSV as Proposal Trustee given its broader mandate with Urbancorp as CCAA Monitor, as evidenced by the Letter of Intent and ongoing expressions of interest it receives concerning the Property, as outlined above. Introducing yet another Court-appointed officer into the process is likely to confuse the market;
 - e) appointing another court officer will add unnecessary professional costs which would be to the detriment of stakeholders ranking behind Laurentian;
 - f) Terra Firma has advised the Proposal Trustee that it consents to an adjournment of the receivership application until June 30, 2016; and
 - g) the Administration Charge ranks behind the Laurentian Mortgage and the Terra Firma Mortgage.
2. Based on the foregoing, the Proposal Trustee recommends that the Court adjourn the Receivership Application until June 30, 2016.

3.3 Confidential Appendices

1. The Proposal Trustee recommends that the Court issue an order sealing the confidential appendices as the release of the information in the confidential appendices may negatively impact realizations on the Property.
2. The Proposal Trustee is not aware of any party that will be prejudiced if the confidential appendices are sealed. Accordingly, the Proposal Trustee believes the proposed sealing order is appropriate in the circumstances.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee 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 TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “B”



**Third Report to Court of
KSV Kofman Inc. as Proposal
Trustee of Urbancorp (Woodbine) Inc.
and Urbancorp (Bridlepath) Inc.**

June 23, 2016

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ESTATE NO.: 31-2114850
COURT FILE NO.: 31-2114850

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND
URBANCORP (BRIDLEPATH) INC.

THIRD REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

JUNE 23, 2016

1.0 Introduction

1. This report (the “Report”) is filed by KSV Kofman Inc. (“KSV”) in its capacity as proposal trustee (the “Proposal Trustee”) in connection with Notices of Intention to Make a Proposal (each a “NOI”) filed on April 25, 2016 by Urbancorp (Woodbine) Inc. (“Woodbine”) and Urbancorp (Bridlepath) Inc. (“Bridlepath”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “NOI Proceedings”). (Woodbine and Bridlepath are jointly referred to herein as the “Companies”.)
2. On May 24, 2016, the Ontario Superior Court of Justice – Commercial List (the “Court”) made an Order, *inter alia* (the “May 24th Order”):
 - a) administratively consolidating the Companies’ NOI Proceedings;
 - b) extending the time for the Companies to file a proposal with the Official Receiver to July 8, 2016; and
 - c) granting a charge ranking subordinate to the secured lenders of each of Woodbine and Bridlepath in the amount of \$250,000 each (\$500,000 total) to secure the fees of the Proposal Trustee, the Proposal Trustee’s counsel and the Companies’ counsel (the “Administration Charge”).

3. The principal purpose of the NOI Proceedings is to create a stabilized environment to allow the Companies to consider their restructuring options, including selling their properties through a Court-supervised process (the “Sale Process”).

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide an update concerning the Companies since the Proposal Trustee last reported to Court;
 - b) provide an update on an application filed by Laurentian Bank of Canada (“Laurentian”), a secured creditor of Woodbine, to appoint Grant Thornton Limited (“Grant Thornton”) as Court-appointed Receiver of Woodbine (the “Receivership Application”);
 - c) summarize the process carried out by the Proposal Trustee to solicit proposals from realtors to list for sale the properties owned by Woodbine at 9064 Woodbine Avenue, Markham and owned by Bridlepath at 2425-2427 Bayview Avenue, Toronto (jointly, the “Properties”);
 - d) summarize the Proposal Trustee’s recommended Sale Process for the Properties, including the retention of TD Cornerstone Commercial Realty Inc. (“TD”) to act as listing agent for the Properties;
 - e) report on the Companies’ unconsolidated weekly cash flow projections for the period July 8, 2016 to August 22, 2016 (the “Cash Flow Forecasts”);
 - f) discuss the Companies’ request for an extension of the stay of proceedings from July 8, 2016 to August 22, 2016;
 - g) discuss the Administration Charge and the proposed Sale Process Administration Charge (as defined below); and
 - h) recommend that the Court issue an order:
 - i. approving the Sale Process, including the retention of TD as the listing agent;
 - ii. approving the changes to the Administration Charge;
 - iii. sealing the confidential appendix until further order of this Court; and
 - iv. approving the Companies’ request for an extension of the time to file a proposal with the Official Receiver from July 8, 2016 to August 22, 2016.

1.2 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information of the Companies. The Proposal Trustee has not performed an audit or other verification of such information. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background

1. A background of the Companies, and the Urbancorp Group, is set out in the Second Report to Court of the Proposal Trustee dated June 1, 2016 (the "Second Report"), a copy of which is attached as Appendix "A".
2. The table below provides a description of the Properties.

Company	Address of Owned Property	Date Purchased	Purchase Price
Woodbine	9064 Woodbine Avenue, Markham	January 30, 2014	\$5,250,000
Bridlepath	2425 Bayview Avenue, Toronto	March 20, 2014	\$11,500,000

3. The Properties were purchased to develop residential projects (the "Projects"). A summary of the current status of the Projects is provided below:

Company	Project Description	Current Status
Woodbine	28 low rise residential units	Raw land
Bridlepath	37 low rise residential units	Raw land ¹

4. The Companies are in the process of obtaining the approvals required to develop each of the Projects. Timelines for the Projects have been provided to the Proposal Trustee which reflect that construction could be completed and homes delivered to buyers by the end of 2017. These timelines make the Projects attractive for sale at this time.
5. Home buyers paid deposits on each of the Properties, including approximately \$1.9 million on Woodbine and \$5.6 million on Bridlepath. The Companies did not hold these monies in trust and the Proposal Trustee understands that they have been spent. As the Projects involve the construction of freehold homes, there is no legislation requiring that the deposits be segregated or held in trust.

¹ There has been some servicing work completed on the property. The previous owner commenced construction of an underground garage on the property.

2.1 Secured Creditors

1. The table below summarizes the existing mortgages on the Properties.

Company	Lender	Security	Principal Amount (\$)
Woodbine	Laurentian and Terra Firma Capital Corporation ("TFCC") ²	9064 Woodbine Ave.	4,725,000 ³
Bridlepath	Atrium Mortgage Investment Corporation ("AMIC") and TFCC	2425 Bayview Ave.	10,350,000 ⁴
Woodbine and Bridlepath (as guarantors of Urbancorp Holdco Inc. ⁵)	TFCC – collateral mortgage (the "TFCC Collateral Mortgage")	9064 Woodbine Ave., 2425 Bayview Ave.	5,000,000
			20,075,000 ⁶

2. The Proposal Trustee and its counsel have not yet performed a review of the security of any of the secured lenders.

2.2 Laurentian Receivership Application re Woodbine

1. On February 4, 2016, Laurentian issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against Woodbine. The NOI Proceedings commenced on April 25, 2016 and, accordingly, Laurentian is not stayed by the filing of the NOI. On May 13, 2016, Laurentian appointed Grant Thornton as private receiver over the property for which Woodbine is the registered owner. The Proposal Trustee understands that Grant Thornton has not commenced a sale process for Woodbine.
2. On May 20, 2016, Laurentian filed the Receivership Application. On June 1, 2016, the Proposal Trustee filed its Second Report to discuss, *inter alia*, the Receivership Application. The Proposal Trustee recommended in the Second Report, and in a Chambers Appointment with Mr. Justice Newbould on June 2, 2016 (the "Chambers Appointment"), that the Court adjourn the Receivership Application until June 30, 2016 to provide time for the Proposal Trustee to commence a sale process for the Properties.

² Laurentian represents the first \$2.65 million and TFCC holds the subordinate \$2.1 million interest in this mortgage.

³ Principal amount outstanding as at March 4, 2016.

⁴ Principal amount outstanding as at April 11, 2016.

⁵ Urbancorp Holdco Inc. ("Holdco") owns 100% of the shares of Urbancorp Inc. The Companies are guarantors of the TFCC loan to Holdco. TFCC has a registered mortgage on the title to the Properties.

⁶ Total amount owing is not inclusive of all interest and other fees that may be payable.

3. At the Chambers Appointment, the Court adjourned the Receivership Application and Mr. Justice Newbould issued an endorsement (attached as Appendix “B”) stating that the Receivership Application was adjourned to June 30, 2016 *“to take stock of the sale process that the Proposal Trustee is undertaking and will continue to undertake”*. During the Chambers Appointment, the Proposal Trustee briefly apprised Mr. Justice Newbould of the intended next steps in the Sale Process.

3.0 Sale Process

3.1 Request for Proposals from Brokers

1. As outlined in the Second Report, since the outset of the NOI Proceedings, the Proposal Trustee has been contacted by several realtors and interested parties regarding the Properties.
2. On June 2, 2016, the Monitor sent a Request for Proposal (the “RFP”) to eight realtors. A copy of the RFP is attached as Appendix “C”. Proposals from the realtors were submitted on June 13, 2016 (the “Proposal Deadline”). Each of the realtors submitted a proposal by the Proposal Deadline.
3. The Proposal Trustee prepared a summary of the proposals (the “Realtor Summary”). The Realtor Summary was provided to Atrium, TFCC and Laurentian. The Realtor Summary is attached as Confidential Appendix “1”. The rationale for seeking a sealing order for the Realtor Summary is provided in Section 3.3 below.
4. On June 14, 2016, three realtors, including TD, were short listed to present the next day their marketing plan for the Properties. Atrium, TFCC and Laurentian were invited to attend the presentations. Laurentian did not respond to the invitation, nor did it attend the presentation. Atrium and TFCC attended.
5. In consultation with Atrium and TFCC, the Proposal Trustee determined that the TD proposal was the best in the circumstances. Considerations included TD’s experience selling similar properties, Atrium’s firsthand experience working with the TD representative who will lead this mandate and TD’s commission structure, which is consistent with market and the other proposals submitted. Laurentian has also been consulted in respect of the retention of TD, including the terms of its retention.
6. Following the presentations, the Proposal Trustee discussed the presentations with management of the Companies, who consented to the retention of TD. On June 17, 2016, the Proposal Trustee advised TD that its proposal was selected, subject to finalizing a listing agreement.

3.2 Laurentian

1. As of the date of this Report, Laurentian had not consented to the relief sought by the Company in this motion. Discussions are ongoing. In the event an agreement cannot be reached, the Proposal Trustee will file a supplemental report in connection with the Proposal Trustee’s dealings with Laurentian throughout these proceedings, including Laurentian’s requirements to consent to the relief requested by the Companies.

3.3 Confidentiality

1. The Proposal Trustee requests that the Realtor Summary be filed with the Court on a confidential basis and be sealed (the “Sealing Order”) until further Order of this Court.
2. The summary contains confidential information provided by each of the realtors. If the summary is not sealed, bidders for the Properties will have access to information which could prejudice the Sale Process, including value estimates.
3. The Proposal Trustee is not aware of any party that would be prejudiced by the proposed Sealing Order. Accordingly, the Proposal Trustee believes that the proposed Sealing Order is appropriate in the circumstances.

3.4 Sale Process

1. A summary of the recommended Sale Process is provided in the following table:

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Due diligence	➤ TD to review all available documents concerning the Properties, including environmental reports and planning and development reports.	By end of June
Finalize marketing materials	➤ TD and the Proposal Trustee to: <ul style="list-style-type: none"> ○ prepare a development summary; ○ populate an online data room; ○ prepare a Vendor’s form of Purchase and Sale Agreement (the “PSA”); ○ prepare a confidentiality agreement (“CA”); and ○ prepare a Confidential Information Memorandum (“CIM”). 	
Prospect Identification	➤ TD to develop a master prospect list. TD will qualify and prioritize prospects. ➤ TD will also have pre-marketing discussions with targeted developers.	

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ Offering summary and marketing materials printed; ○ publication of the acquisition opportunity in <i>The Globe and Mail</i> (National Edition); ○ publication of the acquisition opportunity in the Epoch Times; ○ canvassing top prospects in Asia; ○ telephone and email canvass of leading prospects; and ○ meet with and interview bidders. 	First two weeks of July
Stage 2	<ul style="list-style-type: none"> ➤ TD to provide detailed information to qualified prospects which sign the CA, including the CIM, access to the data room and a form PSA. ➤ TD to facilitate all diligence by interested parties. 	To – Mid August
Stage 3	<ul style="list-style-type: none"> ➤ Prospective purchasers to submit PSAs (which PSAs may, at the option of each prospective purchaser, be for either Property or both Properties). 	August 15, 2016
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> ➤ Proposal short listing and approval. ➤ 2nd Round Bids - Prospective purchasers may be asked to re-submit PSAs. 	One week following bid deadline
Selection of Successful Bids	<ul style="list-style-type: none"> ➤ Select successful bidder and finalize definitive documents. 	One week
Sale Approval Motion and Closing	<ul style="list-style-type: none"> ➤ Motion for sale approval and close transaction 	Two weeks

2. Additional attributes regarding the Sale Process include:

- a) the Properties will be marketed on an “as is, where is” basis;
- b) the Proposal Trustee will be entitled to extend the Sale Process if it considers it to be warranted in the circumstances;
- c) the Proposal Trustee will have the right to reject any and all offers, including the highest offer; and
- d) any transaction(s) resulting from the Sale Process will be subject to Court-approval.

3.5 Sale Process Recommendation

1. The Proposal Trustee recommends that this Court issue an order approving the Sale Process, including the retention of TD as the Companies' Listing Agent, for the following reasons:
 - a) TD's team will be led by individuals who have experience selling similar properties to those owned by the Companies. TD has relationships with many of the likely bidders for the Properties. Its fee structure is consistent with market and the proposals submitted by other realtors;
 - b) by the time the Sale Process is commenced, information will be available in a data room for review by interested parties – there will be no delay commencing the process;
 - c) the duration of the Sale Process is sufficient to allow interested parties to perform diligence. The recommended order provides the Proposal Trustee the right to extend or amend the Sale Process timelines should it feel that is necessary; and
 - d) Atrium and TFCC have consented to the retention of TD and to the Sale Process.
2. Based on the foregoing, the Proposal Trustee recommends that the Court approve the Sale Process, including the retention of TD as the Listing Agent. A copy of the TD listing agreement is attached as Appendix "D".

4.0 Cash Flow Forecast

1. Pursuant to the provisions of the BIA, each of the Companies is required to prepare a cash flow forecast. The main asset of the Companies is raw land. No disbursements are projected to be paid by the Companies during the period June 30, 2016 to August 21, 2016 (the "Period"). The cash flows reflect no activity for the Period; however, cash flows reflecting same have been prepared, as statutorily required. The Cash Flow Forecasts of each of the Companies, together with Management's Reports on the Cash-Flow Statements as required by Section 50.4(2)(c) of the BIA, are provided in Appendix "E". In the event that disbursements are required during the Sale Process, the Proposal Trustee will make arrangements with the secured creditors to fund such costs, if and when they arise.

2. Based on the Proposal Trustee's review of the Cash Flow Forecasts, there are no material assumptions which seem unreasonable in these circumstances. The Proposal Trustee's Reports on the Cash Flow Statements for each of the Companies as required by Section 50.4(2)(b) of the BIA are attached as Appendix "F".

5.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time to file a proposal with the Official Receiver from July 8, 2016 to August 22, 2016. The Proposal Trustee supports the Companies' request for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) the Companies would likely be able to make a viable proposal if the extension being applied for is granted;
 - c) no creditor would be materially prejudiced if the extension being applied for is granted;
 - d) it will allow the Sale Process to continue; and
 - e) as of the date of this report, the Proposal Trustee is not aware of any party opposed to an extension.

6.0 Administration Charge

1. Pursuant to the May 24th Order, the Court granted the Administration Charge, which presently ranks behind the secured lenders on the Properties. The Proposal Trustee is seeking a charge of \$50,000 per property (the "Sale Process Administration Charge") to rank in priority to the TFCC Collateral Mortgage (and the existing Administration Charge). The Proposal Trustee will be discussing this proposal with TFCC and will update the Court at the return of this motion on the status of these discussions, or will file a supplemental report, if necessary, addressing this issue. Any fees incurred by the Proposal Trustee, its counsel, and counsel to the Companies that are not satisfied out of the Sale Process Administration Charge would continue to have the benefit of the existing Administration Charge.

7.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

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

**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICES OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “C”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE) THURSDAY, THE 30TH
)
JUSTICE NEWBOULD) DAY OF JUNE, 2016

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**



ORDER

THIS MOTION, made by Urbancorp (Woodbine) Inc. (“**UC Woodbine**”) and Urbancorp (Bridlepath) Inc. (“**UC Bridlepath**” and together with UC Woodbine, the “**Urbancorp Entities**”), pursuant to Sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Urbancorp Entities, the Third Report of the KSV Kofman Inc., in its capacity as Proposal Trustee (the “**Proposal Trustee**”) of each of the Urbancorp Entities, dated June 23, 2016 (the “**Third Report**”), the Supplement to the Third Report of the Proposal Trustee dated June 29, 2016 (the “**Supplemental Report**”) and the affidavit of service of Kyle B. Plunkett sworn June 27, 2016, filed, and on hearing the submissions of counsel for the Urbancorp Entities, counsel for the Proposal Trustee, counsel for Laurentian Bank of Canada, counsel for Terra Firma Capital Corporation and counsel for Atrium Mortgage Investment Corporation, and those other parties listed on the counsel slip.

SERVICE

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

EXTENSION OF TIME

2. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in respect of each of the proceedings of the Urbancorp Entities be and is hereby extended to August 22, 2016.

ACTIVITIES OF THE PROPOSAL TRUSTEE

3. **THIS COURT ORDERS** that the Third Report, the Supplemental Report and the actions and activities of the Proposal Trustee described therein be and are hereby approved.

ENGAGEMENT OF REAL ESTATE BROKER

4. **THIS COURT ORDERS** that the Urbancorp Entities, the Proposal Trustee and TD Cornerstone Commercial Realty Inc. ("**TD Realty**") are each authorized to execute and to carry out and perform their respective obligations under the listing agreement with TD Realty, as real estate broker for the Urbancorp Entities, dated June 23, 2016 (the "**RE Broker**"), attached as Appendix "D" to the Third Report (the "**Listing Agreement**") (including payment of the amounts due to be paid to the RE Broker pursuant to the terms of the Listing Agreement).

5. **THIS COURT ORDERS** that all claims of the RE Broker pursuant to the Listing Agreement are not claims that may be compromised pursuant to any proposal ("**Proposal**") under the BIA, any plan of arrangement or compromise ("**Plan**") filed by the Urbancorp Entities under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, or any other restructuring or proceeding and no such Plan, Proposal or restructuring shall be approved

that does not provide for the payment of all amounts due to the RE Broker pursuant to the terms of the Listing Agreement.

APPROVAL OF SALE PROCESS

6. **THIS COURT ORDERS AND DECLARES** that the sale process (the “**Sale Process**”) as described in Section 3 of the Third Report, be and is hereby approved.

7. **THIS COURT ORDERS** that the Urbancorp Entities, RE Broker and the Proposal Trustee be and are hereby authorized and directed to perform their obligations under and in accordance with the Sale Process, including under the terms of the Listing Agreement, and take such further steps as they consider necessary or desirable in carrying out the Sale Process and any steps taken by the Urbancorp Entities, RE Broker and/or the Proposal Trustee in connection with the Sale Process prior to the date hereof, as described in the Third Report, be and are hereby approved and ratified.

8. **THIS COURT ORDERS** that the Urbancorp Entities, RE Broker and the Proposal Trustee, to the extent the Proposal Trustee assists with the Sale Process, shall have no personal or corporate liability in connection with the Sale Process.

SALE PROCESS ADMINISTRATIVE CHARGE

9. **THIS COURT ORDERS** that, in addition to the Administration Charge (as defined at paragraph 8 of the Order of The Honourable Justice Newbould dated May 24, 2016 (the “**May 24 Administration Charge**”)) granted in these proceedings, the Proposal Trustee, counsel to the Proposal Trustee, and the Urbancorp Entities’ counsel shall be entitled to the benefit of and are hereby granted a charge (the “**Sale Process Administration Charge**”) on the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of each of the Urbancorp Entities (the “**Property**”), which charge shall not exceed an aggregate amount of \$85,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee, its counsel and counsel to the Urbancorp Entities in connection with the Sale Process, both before and after the

making of this Order. For clarification, the Sale Process Administration Charge shall be limited to \$42,500.00 as against the Property of each of the Urbancorp Entities as set out in paragraph 13 herein.

10. **THIS COURT ORDERS** that the filing, registration or perfection of the Sale Process Administration Charge shall not be required, and that the Sale Process Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Sale Process Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that the Sale Process Administration Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, granted by each respective Urbancorp Entity or to which each respective Urbancorp Entity is subject (collectively, “**Encumbrances**”), save and except for (i) the charge in favour of Laurentian Bank of Canada and Terra Firma Capital Corporation granted by UC Woodbine, registered as Instrument Number YR2090261 (the “**LBC Charge**”); and (ii) the charge in favour of Terra Firma Capital Corporation and Atrium Mortgage Investment Corporation granted by UC Bridlepath, registered as Instrument Number AT3541941 (the “**Atrium Charge**” and together with the LBC Charge, the “**First Ranking Charges**”). For greater certainty, the Sale Process Administration Charge shall have the priority set out in paragraph 13 herein.

12. **THIS COURT ORDERS** that the Sale Process Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Sale Process Administration Charge (collectively, the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other

agreement (collectively, an “**Agreement**”) which binds the Urbancorp Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Sale Process Administration Charge shall not create or be deemed to constitute a breach by the Urbancorp Entities of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Sale Process Administration Charge; and
- (c) the payments made by the Urbancorp Entities pursuant to this Order, and the granting of the Sale Process Administrative Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

13. **THIS COURTS ORDERS** that, notwithstanding the provisions of the May 24 Order, the priorities of the Sale Process Administration Charge, the Administration Charge (as defined in the May 24 Order), the First Ranking Charges and the existing Encumbrances, as among them, shall be as follows:

First – the First Ranking Charges;

Second – the Sale Process Administration Charge in the maximum amount of \$42,500.00 as against each Property of the Urbancorp Entities;

Third – Encumbrances other than the First Ranking Charges, including without limitation the charges in favour of Terra Firma Capital Corporation, registered as Instrument Number YR2411107 as against the Property of UC Woodbine and Instrument Number AT4107508 as against the Property of UC Bridlepath; and

Fourth – the May 24 Administration Charge.


SEALING CONFIDENTIAL APPENDIX TO THE THIRD REPORT

14. **THIS COURT ORDERS** that the Realtor Summary, which is attached as Confidential Appendix "1" to the Third Report, shall be sealed, kept confidential and not form part of the public record pending further Order of this Court.

GENERAL

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in Israel, to give effect to this Order and to assist the Urbancorp Entities, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Urbancorp Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Urbancorp Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that each of the Urbancorp Entities and the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



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

JUN 30 2016

PER / PAR: 

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF URBANCORP
(WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

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

**IN BANKRUPTCY AND INSOLVENCY
PROCEEDINGS COMMENCED AT TORONTO**

**ORDER
(June 30, 2016)**

BORDEN LADNER GERVAIS LLP

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KYLE B. PLUNKETT ~ LSUC NO. 61044N

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Lawyers for the Urbancorp (Woodbine) Inc. and
Urbancorp (Bridlepath) Inc.

COURT FILE NO. June 2, 2016

LAURENTIAN BANK OF CANADA

URBANCORP (WOODBINE) INC.

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

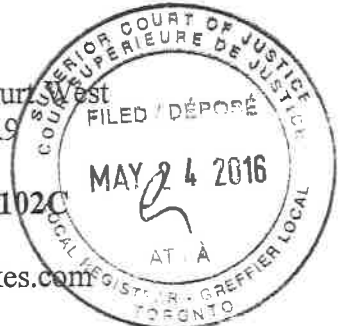
APPLICATION RECORD
(Returnable on a date to be set by the Commercial List)
(Re: Appointment of Receiver)

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Steven Weisz, LSUC #32102C
Tel: 416-863-2616
Email: steven.weisz@blakes.com

Michael McGraw, LSUC #46679C
Tel: 416-863-4247
Fax: (416) 863-2653
Email: michael.mcgraw@blakes.com

Lawyers for Laurentian Bank of Canada



June 2/16
This application is adjourned to be dealt with at a 9:30 on June 30/16, to take stock of the sales process that the proposed trustee is undertaking & will continue to undertake.

Ther J.

June 30/16
By agreement this application is adjourned to be ^{adjourned to} ~~dealt with~~ at the time of next extension of stay hearing.

Ther J.

Appendix “D”

Urbancorp (Woodbine) Inc.
 Projected Statement of Cash Flow ¹
 For the Period Ending October 6, 2016
 (Unaudited, \$C)

Appendix "1"

	Week Ending						3 Days Ending	Total
	29-Aug-16	05-Sep-16	12-Sep-16	19-Sep-16	26-Sep-16	03-Oct-16	06-Oct-16	
Total Receipts	-	-	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-	-	-
Net Cash Flow	-	-	-	-	-	-	-	-
Opening cash balance	-	-	-	-	-	-	-	-
Closing cash balance	-	-	-	-	-	-	-	-

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
 The note references correspond to the assumption numbers shown in Appendix "1-1".

URBANCORP (WOODBINE) INC.

Per: _____

Date: _____

August 9/16

KSV KOFMAN INC.
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL OF
 URBANCORP (WOODBINE) INC. AND NOT IN ITS PERSONAL CAPACITY

Per: _____

Date: _____

DAVID SIGRADZKI

Aug 9, 2016

Urbancorp (Woodbine) Inc.

Appendix "1-1"

Notes to Projected Statement of Cash Flow

For the Period Ending October 6, 2016

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Urbancorp (Woodbine) Inc. (the "Company") for the period ending October 6, 2016 in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

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

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Urbancorp (Woodbine) Inc. has developed the assumptions and prepared the attached statement of projected cash flow of Urbancorp (Woodbine) Inc. for the period ending October 6, 2016.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of Urbancorp (Woodbine) Inc. and provide a reasonable basis for the projection.

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

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

Dated at Toronto, Ontario, this 8th day of August, 2016

URBANCORP (WOODBINE) INC.

Per. 

Urbancorp (Bridlepath) Inc.
Projected Statement of Cash Flow¹
 For the Period Ending October 6, 2016
 (Unaudited, \$C)

Appendix "1"

	Week Ending						3 Days Ending	Total
	29-Aug-16	05-Sep-16	12-Sep-16	19-Sep-16	26-Sep-16	03-Oct-16	06-Oct-16	
Total Receipts	-	-	-	-	-	-	-	-
Total Disbursements	-	-	-	-	-	-	-	-
Net Cash Flow	-	-	-	-	-	-	-	-
Opening cash balance	-	-	-	-	-	-	-	-
Closing cash balance	-	-	-	-	-	-	-	-


The above financial projections are based on management's assumptions detailed in Appendix "1-1".
 The note references correspond to the assumption numbers shown in Appendix "1-1".

URBANCORP (BRIDLEPATH) INC

Per: 

Date: August 8/2016

KSV KOFMAN INC
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL OF
 URBANCORP (BRIDLEPATH) INC AND NOT IN ITS PERSONAL CAPACITY

Per: 
 Per: DAVID SIGRADZKI

Date: Aug 9, 2016

Urbancorp (Bridlepath) Inc.

Appendix "1-1"

Notes to Projected Statement of Cash Flow

For the Period Ending October 6, 2016

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Urbancorp (Bridlepath) Inc. (the "Company") for the period ending October 6, 2016 in respect of its proposal proceedings under the *Bankruptcy and Insolvency Act*.

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

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Urbancorp (Bridlepath) Inc. has developed the assumptions and prepared the attached statement of projected cash flow of Urbancorp (Bridlepath) Inc. for the period ending October 6, 2016.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of Urbancorp (Bridlepath) Inc. and provide a reasonable basis for the projection.

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

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

Dated at Toronto, Ontario, this 8th day of August, 2016

URBANCORP (BRIDLEPATH) INC.

Per. 

Appendix “E”

**Trustee's Report on Cash Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the BIA**

The attached statement of projected cash-flow of Urbancorp (Woodbine) Inc., as of the 8th day of August, 2016, consisting of a weekly cash flow statement for the period August 22, 2016, to October 6, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. 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 projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

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 projection;
- (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 insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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 projection will be achieved.

The projection 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, Ontario, this 8th day of August, 2016

KSV Kofman Inc.

**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND NOT IN ITS PERSONAL CAPACITY**

**Trustee's Report on Cash Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the BIA**

The attached statement of projected cash-flow of Urbancorp (Bridlepath) Inc., as of the 8th day of August, 2016, consisting of a weekly cash flow statement for the period August 22, 2016, to October 6, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. 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 projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

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 projection;
- (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 insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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 projection will be achieved.

The projection 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, Ontario, this 8th day of August, 2016

KSV Kofman Inc.

**KSV KOFMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (BRIDLEPATH) INC. AND NOT IN ITS PERSONAL CAPACITY**

3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)
)
JUSTICE NEWBOULD) **WEDNESDAY, THE 17TH**
) **DAY OF AUGUST, 2016**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

ORDER

THIS MOTION, made by Urbancorp (Woodbine) Inc. ("**UC Woodbine**") and Urbancorp (Bridlepath) Inc. ("**UC Bridlepath**" and together with UC Woodbine, the "**Urbancorp Entities**"), pursuant to Sections 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Urbancorp Entities, the Fourth Report of the KSV Kofman Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of each of the Urbancorp Entities, dated August 9, 2016 (the "**Fourth Report**") and the affidavit of service of Kyle B. Plunkett sworn August 9, 2016, filed, and on hearing the submissions of counsel for the Urbancorp Entities, counsel for the Proposal Trustee and those other parties listed on the counsel slip.

SERVICE

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

EXTENSION OF TIME

2. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in respect of each of the proceedings of the Urbancorp Entities be and is hereby extended to October 6, 2016.

ACTIVITIES OF THE PROPOSAL TRUSTEE

3. **THIS COURT ORDERS** that the Fourth Report and the actions and activities of the Proposal Trustee described therein be and are hereby approved.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in Israel, to give effect to this Order and to assist the Urbancorp Entities, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Urbancorp Entities and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Urbancorp Entities and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Urbancorp Entities and the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

Court File No.: 31-2114850

Estate File No.: 31-2114850

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF URBANCORP
(WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

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

**IN BANKRUPTCY AND INSOLVENCY
PROCEEDINGS COMMENCED AT TORONTO**

**ORDER
(August 17, 2016)**

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
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Lawyers for the Urbancorp (Woodbine) Inc. and
Urbancorp (Bridlepath) Inc.

Court File No.: 31-2114850

Estate File No.: 31-2114850

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF URBANCORP
(WOODBINE) INC. AND URBANCORP (BRIDLEPATH) INC.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

Proceedings commenced at Toronto

**MOTION RECORD
(Returnable August 17, 2016)**

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4

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Lawyers for Urbancorp (Woodbine) Inc.
and Urbancorp (Bridlepath) Inc.