



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

May 20, 2016

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COURT FILE NOS.: 31-2114843; 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.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
URBANCORP (BRIDLEPATH) INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

MAY 20, 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 Notices of Intention to Make a Proposal (“NOI”) filed on April 25, 2016 (“Filing Date”) 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 (“BIA”). (Jointly, Bridlepath and Woodbine are defined 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*.
4. The principal purpose of these proceedings is to create a stabilized environment to allow the Companies to consider their restructuring options, including considering development opportunities and/or selling the Properties (as defined below) through a court-supervised process.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies;
 - b) apprise the Court of the Companies' restructuring options, including development opportunities and a sale process for the Properties;
 - c) report on the Companies' unconsolidated weekly cash flow projections for the period April 25, 2016 to July 8, 2016 ("Cash Flow Forecasts");
 - d) discuss a contemplated debtor-in-possession ("DIP") financing solicitation process;
 - e) discuss the Companies' request for an extension of the stay of proceedings from May 25, 2016 to July 8, 2016;
 - f) discuss the rationale for a \$250,000 charge on each of the Properties (\$500,000 total) to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, Davies Ward Phillips and Vineberg LLP, and the Companies' counsel, Borden Ladner Gervais LLP ("Administration Charge");
 - g) discuss the rationale for administratively consolidating the NOI proceedings of the Companies; and
 - h) recommend that this Honourable Court make an order:
 - i) approving the Companies' request for an extension of the time to file a proposal with the Official Receiver from May 25, 2016 to July 8, 2016;
 - ii) approving the Administration Charge; and
 - iii) consolidating administratively the Companies' NOI proceedings.

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. An examination of the Companies' financial forecasts as outlined in the Chartered Professional Accountant 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. The financial information discussed herein is preliminary and remains subject to further review. The Proposal Trustee has not performed a review of inter-company transactions.

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, together with numerous other entities, comprise the Urbancorp Group ("Group"). The business of the Group commenced in 1991. The Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area ("GTA"). The Group also owns rental properties and geothermal assets. The geothermal assets use green technology to provide heating and cooling to residential developments. A condensed organization chart for the Group is provided in Appendix "A".
2. The ultimate shareholders of the Companies are Alan Saskin and members of his family.
3. It should be noted that the Companies are not direct or indirect subsidiaries of Urbancorp Inc.
4. 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

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

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

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

- The Proposal Trustee understands that the Companies pre-sold freehold homes for the Projects and collected deposits totalling \$7.4 million related thereto (the "Deposits"). As these are freehold home projects, the Companies were not required to hold the Deposits in trust. The Proposal Trustee understands that the Deposits have been spent.

2.1 Secured Lenders

- The table below summarizes the mortgages on the Properties. The indebtedness to the lenders totals \$20,075,000.

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

2.2 Unsecured Creditors

- The table below provides the third party unsecured obligations of each of the Companies as at April 25, 2016.

Company	Amount (\$)
Woodbine	2,197,031
Bridlepath	5,871,358
Total	8,068,389

- The unsecured obligations include the Deposits of \$7.4 million. The remaining obligations relate to general operating expenses, including professional fees related to the development of the Projects, marketing expenses and construction services.

² Principal amount outstanding as at March 4, 2016.

³ Principal amount outstanding as at April 11, 2016.

⁴ 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.

⁵ Total amount owing is likely not inclusive of all interest and other fees that may be payable.

3. The creditors' lists for the Companies also include numerous intercompany obligations totaling \$392,021. According to management, the Companies received funds from their affiliates based on the cash balances and cash requirements of the entities. Intercompany transactions remain subject to review by the Proposal Trustee.

2.3 Events Leading to the NOI Filings

1. The Projects require significant capital to develop; however, the Projects are illiquid.
2. On February 4, 2016, Laurentian issued a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA against Woodbine, On March 4, 2016, Laurentian initiated power of sale proceedings against Woodbine.
3. Tarion Warranty Corporation ("Tarion") provides warranties on new homes in Ontario for registered builders. On March 31, 2016, Tarion issued a notice of proposal to revoke registration of 17 of the Group's entities (the "Tarion Decision"), including all registrations of the Companies, as a result of concerns about the Group's financial position and the high number of warranty claims made against entities within the Group.
4. On April 11, 2016, TFCC and AMIC initiated power of sale proceedings against Bridlepath, including issuing a Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA. TFCC and AMIC are participants in the same mortgage on the Bridlepath property.
5. Urbancorp Inc. made an initial public offering of bonds ("Bonds") in the amount of NIS 180,583,000 (approximately C\$64 million based on the exchange rate at the time of the offering) pursuant to a deed of trust dated December 7, 2015. The Bonds traded on the Tel Aviv Stock Exchange ("TASE"). Urbancorp Inc. is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE. Although the Bonds are not an obligation of the Companies, the negative publicity resulting from the Bond issuance has adversely impacted the Group, including the ability to continue to fund the Projects.
6. As a result of issues concerning the Bonds, Urbancorp Inc.'s Israeli auditors, Israeli legal counsel and its Board of Directors in Israel resigned. Guy Gissin, a representative of the law firm that represents the trustee under the Bonds, Reznik, Paz, Nevo Trusts Ltd. ("Bond Trustee") has been appointed by the Israeli Court ("Israeli Court") as "Functionary" in respect of Urbancorp Inc., with certain interim powers and responsibilities pursuant to the order issued by the Israeli Court.
7. On April 21, 2016, the NOI Filing Entities filed their NOIs.
8. As a result of the above and other issues, Mr. Saskin determined it was necessary for the Companies to each file a NOI in order to stabilize its businesses, provide liquidity to the Projects and consider their restructuring options.

3.0 Restructuring

1. The Companies are considering their restructuring options, including development opportunities and/or selling their Properties through a Court-supervised process. A summary of the status of these initiatives is summarized below.

3.1 Redevelopment Opportunities

1. Since the commencement of these proceedings, the Proposal Trustee has been contacted by several developers and prospective purchasers interested in purchasing the Properties.
2. The Proposal Trustee and counsel for the Companies have been in contact with legal counsel to Laurentian and TFCC to determine whether they intend to continue with their enforcement processes. It was communicated to counsel for Laurentian and TFCC that the management of the Group is of the view that there is considerable equity in the Properties after repayment of the mortgages and that an orderly sale process conducted in a restructuring proceeding was more likely to maximize recoveries than if the Properties were sold through a power of sale process.
3. Laurentian and TFCC were asked if they object to a Court-supervised sale process for the Properties conducted by the Proposal Trustee, even though the mortgagees are not legally stayed by the NOI filings since their BIA Section 244 Notices had both expired prior to the filing of the NOIs by the Companies. The Proposal Trustee also made initial inquiries to determine whether Laurentian and TFCC would be willing to advance DIP financing to the Companies. The Proposal Trustee intends to follow-up regarding these inquiries.
4. In early May, 2016, the Proposal Trustee met with a significant Canadian real estate developer which indicated that it may submit a letter of intent (“LOI”) for the Projects and/or the Properties. If received, the LOI will be considered together with other restructuring options that may be available to the Companies.

3.2 Request for Proposals from Real Estate Brokers

1. Subject to the development option discussed in paragraph 3.1.4 above, the Proposal Trustee intends to solicit proposals from real estate brokers to act as listing agents to sell the Properties.
2. If a sale process is to be commenced, proposals would be sought from realtors who have experience selling development properties. The Companies and the Proposal Trustee will also consider unsolicited proposals from other realtors.
3. Listing proposals will be evaluated based on, *inter alia*, the following criteria:
 - a. marketing plan;
 - b. Brokers’ reach;

- c. qualifications of the individuals to be assigned to the project;
 - d. compensation structure; and
 - e. other factors as determined by the Companies and the Proposal Trustee.
4. Once a broker is selected, a sale process will be developed. The terms of any sale process, including the retention of a real estate broker, will be subject to Court approval.

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 Cash Flow Forecasts of each of the Companies and their related assumptions, 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 "B". The Cash Flow Forecasts for the Companies are for the period April 25, 2016 to July 8, 2016 (the "Period").
2. The Companies are illiquid. The Cash Flow Forecasts contemplate payment of professional fees and critical expenses required to advance the Projects, including fees in respect of municipal lawyers, architects and municipal planners. The Companies have advised that the Projects may be delayed and their value could be impaired if these expenses are not paid. In order to fund the cash shortfall and costs beyond the Period, DIP financing will be required. A DIP solicitation process is discussed in Section 5 below.
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 "C".

5.0 DIP Solicitation Process

1. It is contemplated that a process will be undertaken to secure DIP financing.
2. It is intended that a letter will be sent to parties detailing the opportunity to provide DIP financing ("Solicitation Letter"). Attached to the Solicitation Letter will be a: (i) confidentiality agreement ("CA"); and (ii) form of term sheet to be used by interested financiers to submit their bids. Parties that sign a CA will be granted access to financial and other information relevant to the Companies. The Proposal Trustee has also drafted a term sheet, which is intended to be used as the structure for the DIP Facility, to the extent practical.

3. In evaluating the proposals, the following will be considered:
 - a) committed amount;
 - b) term;
 - c) interest rate and fees; and
 - d) conditions.
4. The terms of the successful bidder would be subject to Court approval.

6.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time to file a proposal with the Official Receiver from May 25, 2016 to July 8, 2016.
2. 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 Companies the opportunity to consider the next steps in these proceedings, including considering development opportunities and/or selling some or all of the Properties;
 - e) it will provide the Companies the opportunity to put in place a DIP facility, which will be subject to Court approval; and
 - f) as of the date of this report, the Proposal Trustee is not aware of any party opposed to an extension.

7.0 Administration Charge

1. The Companies are seeking an Administration Charge in the amount of \$250,000 on each of the Properties (\$500,000 total) in respect of the fees and expenses of the Proposal Trustee, the Proposal Trustee's legal counsel, and the Companies' legal counsel. An Administration Charge is common in restructuring proceedings. The Proposal Trustee is of the view that the Administration Charge is appropriate in the present case due to the Companies' lack of liquidity. The professionals covered by the Administration Charge require the benefit of the Administration Charge to secure payment of their fees and expenses.
2. Absent further order of the Court, the Administration Charge is to rank behind the existing mortgages.

8.0 Administrative Consolidation

1. The Companies are seeking an order to consolidate the insolvency administration of the Companies into one estate.
2. Each of the Companies would remain a separate estate for purpose of conducting a claims process, filing a proposal or making distributions to creditors.
3. The Companies believe that administratively consolidating the proceedings is appropriate as:
 - a) TFCC is a secured creditor to both of the Companies;
 - b) a buyer may have an interest in a transaction for both of the Properties;
 - c) it will facilitate the orderly administration of these proceedings;
 - d) the Companies have common management; and
 - e) it will reduce costs, including by filing materials in one proceeding only.
4. Based on the foregoing, the Proposal Trustee recommends that the Court make an order administratively consolidating the NOI proceedings of the Companies.

9.0 Conclusion and Recommendation

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

* * *

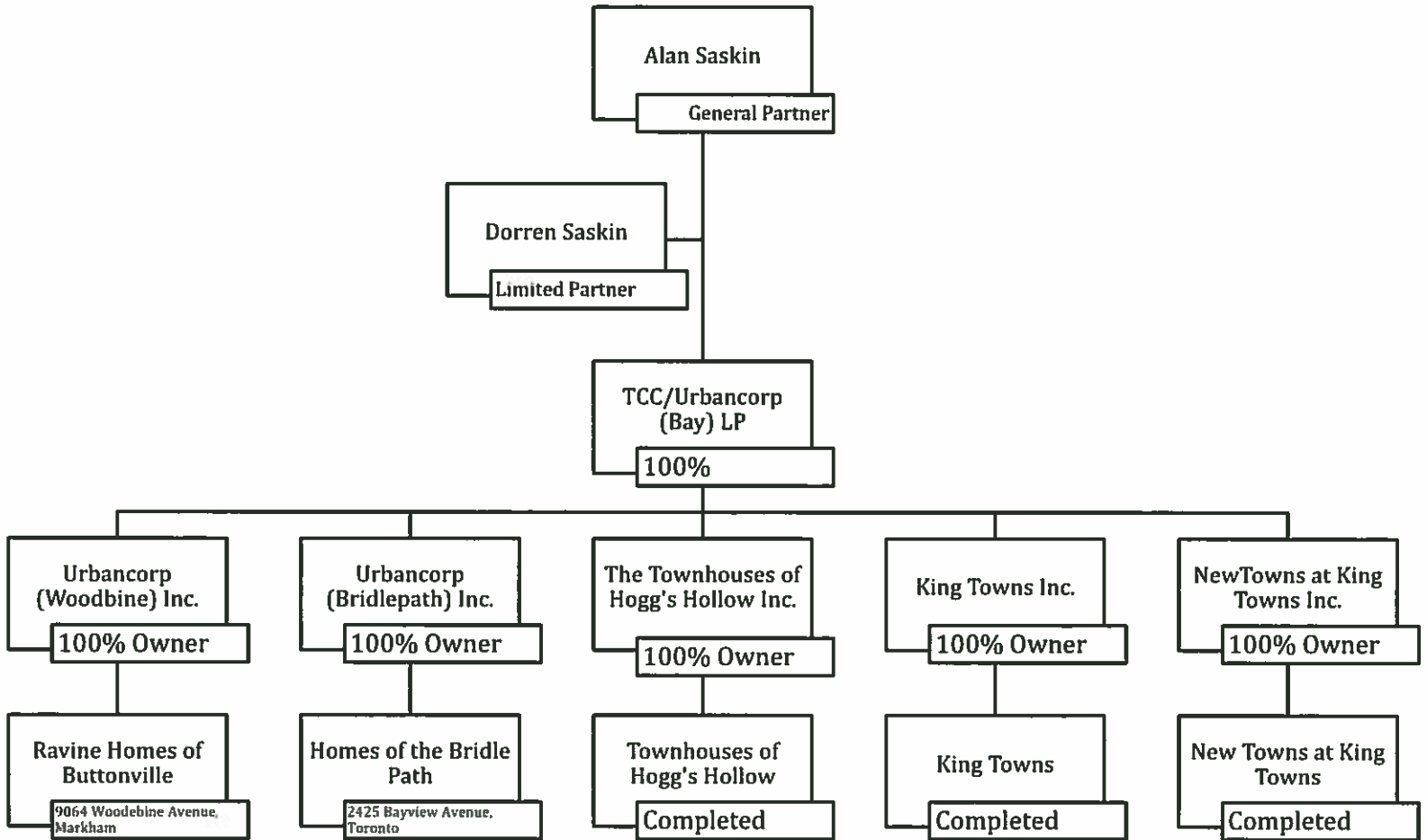
All of which is respectfully submitted,



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

Appendix “A”

TCC/URBANCORP (BAY) LP



Appendix “B”

Urbancorp (Woodbine) Inc.
 Projected Statement of Cash Flow ¹
 For the Period Ending July 8, 2016
 (Unaudited, \$C)

Appendix "1"

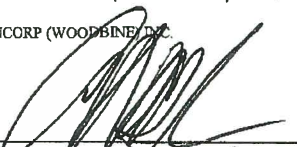
	Note	Week Ending										Total	
		29-Apr-16	06-May-16	13-May-16	20-May-16	27-May-16	03-Jun-16	10-Jun-16	17-Jun-16	24-Jun-16	01-Jul-16		08-Jul-16
<i>Total Receipts</i>		-	-	-	-	-	-	-	-	-	-	-	-
<i>Disbursements</i>													
Consulting fees	2	-	-	-	-	-	62,400	10,400	10,400	10,400	10,400	-	104,000
Site maintenance costs	3	-	-	-	-	-	4,500	750	750	750	750	750	8,250
Property taxes	4	-	-	-	-	-	-	-	-	-	-	6,620	6,620
Insurance	5	-	-	-	-	-	-	-	-	-	635	-	635
Contingency	6	-	-	-	-	-	40,000	2,000	2,000	2,000	2,000	2,000	50,000
<i>Total Operating Disbursements</i>		-	-	-	-	-	106,900	13,150	13,150	13,150	13,785	9,370	169,505
<i>Net Cash Flow Before the Undernoted</i>		-	-	-	-	-	(106,900)	(13,150)	(13,150)	(13,150)	(13,785)	(9,370)	(169,505)
Professional fees re: NOI proceedings	7	-	-	-	-	-	75,000	-	50,000	-	-	75,000	200,000
		-	-	-	-	-	(181,900)	(13,150)	(63,150)	(13,150)	(13,785)	(84,370)	(369,505)
Funding required	8	-	-	-	-	-	182,000	14,000	63,000	13,000	14,000	84,000	370,000
<i>Net Cash Flow</i>		-	-	-	-	-	100	850	(150)	(150)	215	(370)	495
Opening cash balance		-	-	-	-	-	-	100	950	800	650	865	-
Closing cash balance		-	-	-	-	-	100	950	800	650	865	495	495

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


 May 19/16

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


 May 19/16

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 July 8, 2016 ("Period") 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.

Hypothetical and Most Probable Assumptions

2. Includes fees for municipal lawyers, architects, and municipal planners.
3. Includes allowance for daily inspection, minor housekeeping and the removal of garbage.
4. Represents a 2016 property tax installment due to the Town of Markham.
5. Represents the Company's annual insurance premium payment.
6. Includes potential pre-filing costs that the Company may be required to pay in order to advance the project.
7. Represents professional fees in respect of the Proposal Trustee, its counsel and counsel to the Company. Professional fees are estimated and the allocation of these fees across entities is subject to change.
8. A debtor-in-possession financing facility is being considered to finance the Company's proceedings. Discussions in this regard are ongoing. The Proposal Trustee expects that such financing will be arranged in due course.

**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 July 8, 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. All such assumptions are disclosed in Notes 2 to 8.

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, using a set of hypothetical and probable assumptions set out in Notes 2 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

URBANCORP (WOODBINE) INC.

Per.  _____

Urbancorp (Bridlepath) Inc.
Projected Statement of Cash Flow ¹
 For the Period Ending July 8, 2016
 (Unaudited, \$C)

Appendix "1"

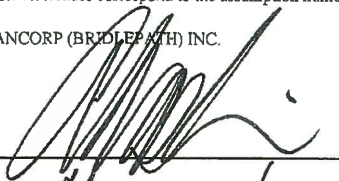
	Note	Week Ending											Total	
		29-Apr-16	06-May-16	13-May-16	20-May-16	27-May-16	03-Jun-16	10-Jun-16	17-Jun-16	24-Jun-16	01-Jul-16	08-Jul-16		
<i>Total Receipts</i>		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Disbursements</i>														
Consulting fees	2	-	-	-	-	-	2,700	450	450	450	450	-	-	4,500
Site maintenance costs	3	-	-	-	-	-	4,500	750	750	750	750	750	-	8,250
Property taxes	4	-	-	-	-	-	12,139	-	-	-	12,139	-	-	24,278
Insurance	5	-	-	-	-	-	-	-	-	-	635	-	-	635
Contingency		-	-	-	-	-	12,000	2,000	2,000	2,000	2,000	2,000	-	22,000
<i>Total Operating Disbursements</i>		-	-	-	-	-	31,339	3,200	3,200	3,200	15,974	2,750	-	59,663
<i>Net Cash Flow Before the Undernoted</i>		-	-	-	-	-	(31,339)	(3,200)	(3,200)	(3,200)	(15,974)	(2,750)	-	(59,663)
Professional fees re: NOI proceedings	6	-	-	-	-	-	75,000	-	50,000	-	-	75,000	-	200,000
		-	-	-	-	-	(106,339)	(3,200)	(53,200)	(3,200)	(15,974)	(77,750)	-	(259,663)
Funding required	7	-	-	-	-	-	110,000	-	60,000	-	20,000	70,000	-	260,000
<i>Net Cash Flow</i>		-	-	-	-	-	3,661	(3,200)	6,800	(3,200)	4,026	(7,750)	-	337
Opening cash balance		-	-	-	-	-	-	3,661	461	7,261	4,061	8,087	-	-
Closing cash balance		-	-	-	-	-	3,661	461	7,261	4,061	8,087	337	-	337

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:

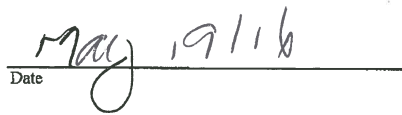
Date


 May 19 / 16

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:

Date


 May 19 / 16

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 July 8, 2016 ("Period") 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.

Hypothetical and Most Probable Assumptions

2. Includes fees for municipal lawyers, architects, and municipal planners.
3. Includes allowance for daily inspection, minor housekeeping and the removal of garbage.
4. Represents the third 2016 property tax installment due to the City of Toronto.
5. Represents the Company's annual insurance premium payment.
6. Represents professional fees in respect of the Proposal Trustee, its counsel and counsel to the Company. Professional fees are estimated and the allocation of these fees across entities is subject to change.
7. A debtor-in-possession financing facility is being considered to finance the Company's proceedings. Discussions in this regard are ongoing. The Proposal Trustee expects that such financing will be arranged in due course.

**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 July 8, 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. All such assumptions are disclosed in Notes 2 to 7.

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, using a set of hypothetical and probable assumptions set out in Notes 2 to 7. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 19th day of May, 2016

URBANCORP (BRIDLEPATH) INC.

Per: _____


Appendix “C”

**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 19th day of May, 2016, consisting of a weekly cash flow statement for the period April 25, 2016, to July 8, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

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 19th day of May, 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 19th day of May, 2016, consisting of a weekly cash flow statement for the period April 25, 2016, to July 8, 2016, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 7.

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 19th day of May, 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**