



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

September 8, 2016

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	2
1.2	Restrictions.....	2
2.0	Background	3
2.1	Secured Creditors.....	3
3.0	Sale Process	4
3.1	Background	4
3.2	Sale Process Results	5
3.3	Confidential Appendices.....	7
3.4	Recommendation	7
4.0	Cash Flow Forecast	8
5.0	Companies' Request for an Extension	8
6.0	Claims Process	9
7.0	Conclusion and Recommendation	9

Appendices

Appendix	Tab
Proposal Trustee's Second Report	A
Sale Process Order	B
Transaction Summary - Bridlepath	C
Transaction Summary - Woodbine	D
Cash Flow Forecasts and Management's Reports on Cash Flow	E
Proposal Trustee's Reports on Cash Flow.....	F

Confidential Appendix

Offer Summary	1
Unredacted Transaction Summary and Purchase Agreement - Bridlepath	2a
Unredacted Transaction Summary and Purchase Agreement - Woodbine	2b



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.

SIXTH REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

SEPTEMBER 8, 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* (“BIA”), 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 (the “Court”) made an order, *inter alia*, administratively consolidating the Companies’ NOI Proceedings.
3. On June 30, 2016, the Court made an order (the “Sale Process Order”), *inter alia*, approving a sale process (“Sale Process”) for the Properties (as defined below).
4. On August 17, 2016, the Court made an order (the “August 17 Order”) extending the time for the Companies to file a proposal with the Official Receiver to October 6, 2016.
5. The principal purpose of the NOI Proceedings is to create a stabilized environment to allow the Companies to conduct the 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) summarize transactions (the “Transactions”) for the sale of the Properties;
 - c) report on the Companies’ unconsolidated weekly cash flow projections for the period October 6, 2016 to October 25, 2016 (the “Cash Flow Forecasts”);
 - d) discuss the Companies’ request for an extension of the stay of proceedings from October 6, 2016 to October 25, 2016;
 - e) discuss a claims process for the Companies; and
 - f) recommend that the Court issue orders:
 - i. approving the Transactions;
 - ii. vesting title in and to the purchased assets in the purchasers free and clear of all liens, claims and encumbrances, other than the permitted encumbrances;
 - iii. sealing the confidential appendices; and
 - iv. approving the Companies’ request for an extension of the time to file a proposal with the Official Receiver from October 6, 2016 to October 25, 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. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
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).

- 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.

2.0 Background

- The background of the Companies 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 in Appendix "A", without attachments.
- 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

2.1 Secured Creditors

- The table below summarizes the registered mortgages on the Properties.

Company	Lender	Security	Principal Amount (\$)
Woodbine	Laurentian Bank ("Laurentian") and Terra Firma Capital Corporation ("TFCC") ¹	9064 Woodbine Ave.	4,725,000 ²
Bridlepath	Atrium Mortgage Investment Corporation ("Atrium") and TFCC	2425 Bayview Ave.	10,350,000 ³
Woodbine and Bridlepath (as guarantors of a loan by TFCC to Urbancorp Holdco Inc. ⁴)	TFCC – collateral mortgage	9064 Woodbine Ave., 2425 Bayview Ave.	5,000,000
			20,075,000 ⁵

¹ Laurentian is owed the first \$2.65 million of principal on this mortgage. TFCC is owed the balance of the principal.

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 have granted mortgages as collateral for a TFCC loan to Holdco. The Proposal Trustee is reviewing this security.

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

- b) The Proposal Trustee has kept the Companies' mortgagees apprised of the status of the Sale Process. This included convening bi-weekly update calls with Laurentian, certain of which were attended by TD Cornerstone Commercial Realty Inc. ("TD"), the realtor retained to market the Properties, and providing periodic updates to Atrium and TFCC. Each of the mortgagees has been provided copies of the accepted offers related to the Properties on which it has a mortgage. The mortgagees have confirmed that they will hold the information on a confidential basis.

3.0 Sale Process

3.1 Background

1. The Sale Process Order (attached as Appendix "B") approved the retention of TD as the listing agent for the Properties
2. A summary of the Sale Process is as follows:

Pre-marketing Phase

- a) Immediately following the making of the Sale Process Order, the Proposal Trustee, the Companies and TD assembled information to be used by interested parties for diligence purposes;
- b) TD, the Companies and/or the Proposal Trustee worked together to prepare:
 - a teaser detailing the acquisition opportunities (the "Teaser");
 - a confidentiality agreement (the "CA");
 - a data room, which contained, *inter alia*, environmental reports on the Properties, a summary of the zoning status of each of the Properties and a report assessing the cost to complete the below grade parking lot at the Bridlepath property, as well as additional data requested by interested parties throughout the Sale Process;
 - a suggested form of asset purchase agreement, a copy of which was made available in the data room; and
 - a Confidential Information Memorandum (the "CIM"), which included a summary of the Properties and details concerning the Sale Process, including the basis on which interested parties were recommended to submit an offer.

Marketing Phase

- a) On July 6, 2016, TD sent the Teaser to approximately 1,600 parties, including builders and developers in the Greater Toronto Area (the “GTA”), as well as parties that had contacted the Proposal Trustee, TD or representatives of the Companies prior to the commencement of the Sale Process;
- b) The CA was attached to the Teaser. Interested parties were required to sign the CA in order to obtain a copy of the CIM and access to the data room;
- c) On July 11, 2016, the listing was posted on the Toronto Real Estate Board’s The Multiple Listing Services (the “MLS”);
- d) The Properties were advertised in the following publications:
 - on July 14 and 19, 2016 in the national edition of the *Globe and Mail* newspaper;
 - on July 15, 16 and 17, 2016 in the *Epoch Times*, a newspaper targeting the local Chinese market; and
 - on July 20 and 22, 2016 in *Novae Res Urbis*, a local newspaper focused on urban planning;
- e) In order to facilitate the comparison of offers received, the Proposal Trustee suggested that prospective purchasers submit their offers in the form of the agreement of purchase and sale it made available in the data room, and to blackline any changes that were made to the agreement; and
- f) The deadline to submit offers was August 16, 2016 at 5:00 p.m. (Toronto time) (the “Initial Offer Deadline”).

3.2 Sale Process Results

1. A summary of the Sale Process results is as follows:
 - a) TD received hundreds of enquiries from buyers and brokers regarding the Properties;
 - b) 134 parties executed the CA, and were provided access to the data room and a copy of the CIM. Interested parties spent considerable time performing diligence, including conducting property tours, speaking to the City of Toronto and City of Markham staff and reviewing reports prepared by the Companies’ consultants; and

- c) 26 offers, from 21 groups, were received for the Properties, as follows:
- i. eleven (11) offers were received for Woodbine;⁶ and
 - ii. fifteen (15) offers were received for Bridlepath;
2. An offer was accepted for the Bridlepath Property, subject to Court approval, following the Initial Offer Deadline.
 3. The Proposal Trustee invited the eight parties with the best offers on the Woodbine Property to participate in a second round of bidding. Second round bids were due no later than August 23, 2016 at 5:00 p.m. (Toronto time) (the “Second Round Deadline”). Of the eight parties that were invited to a second round, seven parties revised their offers and one party left its original offer open for acceptance.
 4. On August 24, 2016, an offer was accepted for the Woodbine Property, subject to Court approval.
 5. Deposits have been paid by the successful bidders and the deposits are being held in trust by the Proposal Trustee. As at the writing of this Report, all but one deposit received from the unsuccessful bidders has been returned. The Proposal Trustee is awaiting the wire information for this bidder.
 6. A summary of the offers received in each round of bidding is provided in Confidential Appendix “1” (the “Offer Summary”).
 7. All of the leading offers (including the Transactions) require that title be vested in the purchaser free of all obligations, other than permitted encumbrances, including the agreements of purchase and sale entered into between the Companies and home buyers⁷.
 8. The Proposal Trustee is recommending that the purchase price be sealed for each of the Transactions. A summary of each Transaction (without the purchase price) is provided in Appendices “C” and “D” (“Transaction Summary”).
 9. The unredacted Transaction Summary for each Transaction together with each unredacted purchase agreement is provided in Confidential Appendices “2a” and “2b”.

⁶ On August 29, 2016, an additional offer was received for the Woodbine Property. The offer is for significantly less than the offer that was accepted for the Woodbine Property.

⁷ A few offers received in the Sale Process did not specifically address how the APS were to be addressed. In those offers, the sum of the offer plus the deposits was less than the value of the Transaction. TD also advised the Monitor that none of the prospective purchasers indicated a willingness to assume the APS.

3.3 Confidential Appendices

1. The Proposal Trustee recommends that the Offer Summary and unredacted Transaction Summary and each unredacted purchase agreement be filed with the Court on a confidential basis and be sealed. If these documents are not sealed, the information contained therein could negatively impact realizations in the event that the Transactions do not close for any reason.
2. The Proposal Trustee has not provided the Offer Summary to any party, including the Companies' Principal and the Companies' mortgagees. The local real estate industry is small and there are widespread rumors about the offers submitted. The Proposal Trustee is concerned that buyers may attempt to renegotiate or withdraw their offers if they become aware of the actual bids received in the Sale Process.
3. The Proposal Trustee is not aware of any party that will be prejudiced if the information is sealed. To the contrary, keeping this information confidential is in the interest of maximizing recoveries for all stakeholders.

3.4 Recommendation

1. For the following reasons, the Proposal Trustee recommends that the Court issue an order approving the Transactions and vesting title to the purchased assets in the purchasers:
 - a) the Sale Process was conducted on a basis consistent with the Sale Process Order;
 - b) the value of each of the Transactions represents the highest and best offers received. The proceeds from the offers appear to be sufficient to repay in full the amounts of the mortgages on the Properties. The sale proceeds may also be sufficient to satisfy all unsecured claims⁸, including home buyer deposits, subject to the results of a claims process;
 - c) TD undertook an extensive marketing campaign for the Properties, using several marketing techniques, including direct solicitation of prospective purchasers, national newspaper advertisements, targeted advertising in local publications and listing the property on MLS. TD also introduced this opportunity to international real estate contacts who it believed have an interest in residential development in the GTA;
 - d) TD is familiar with the residential real estate market and is of the view that the Transactions are the best available in these circumstances; and
 - e) Each of the mortgagees has consented to the Transactions.

⁸ Based on the Companies' books and records.

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 October 6, 2016 to October 25, 2016 (the "Period"). The Cash Flow Forecasts do not reflect closing the Transactions during the Period as the disclosure of information related to the value of the Transactions could negatively impact the Sale Process.
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 "E". In the event that disbursements are required during the Period, the Proposal Trustee will make arrangements to have such costs funded.
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 "F".

5.0 Companies' Request for an Extension

1. The Companies filed NOIs on April 25, 2016. Pursuant to the August 17 Order, the Companies have until October 6, 2016 to file a proposal. The Companies are seeking a final extension to October 25, 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) it will provide the Companies time to advance, and hopefully complete, the Sale Process;
 - c) it will allow the Companies and the Proposal Trustee to consider next steps in connection with these proceedings;
 - 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 Claims Process

1. In considering an appropriate claims process for Woodbine and Bridlepath, the Proposal Trustee is aware of declarations of trust evidencing that the beneficial owner of the Properties is TCC/Urbancorp (Bay) Limited Partnership, an entity not currently subject to the NOI Proceedings. As noted above, the Proposal Trustee is also aware that the NOI Proceedings will expire at the end of October 2016. In light of these facts, among others, the Proposal Trustee continues to work on presenting to the Court a process for administering claims and making distributions of the proceeds realized from the Transactions (assuming they close) in the most efficient and effective manner under the circumstances. The Proposal Trustee believes that it will be able to present to the Court its recommended process in this regard in the next two to three weeks.

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(f) 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”



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

June 1, 2016

Contents

	Page
1.0 Introduction.....	1
1.1 Purposes of this Report	2
1.2 Currency	2
1.3 Restrictions.....	3
2.0 Background	3
2.1 Secured Creditors.....	4
3.0 Current Status of Property.....	5
3.1 Administration Charge	5
3.2 Proposal Trustee's Recommendation	5
3.3 Confidential Appendices	6
4.0 Conclusion and Recommendation	6

Appendices

Appendix	Tab
Corporate Chart.....	A
Email from Steve Weisz	B
Confidential Appendix	Tab
Overview of the Project	A
Letter of Intent.....	B
Value summaries prepared by Real Estate Firms.....	C



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.

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”

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

**THE HONOURABLE
JUSTICE NEWBOULD**

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**THURSDAY, THE 30TH
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

Barristers and Solicitors
Scotia Plaza
40 King Street West
Toronto, ON M5H 3Y4

EDMOND F. B. LAMEK ~ LSUC NO. 33338U

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

Appendix “C”

Urbancorp (Bridlepath) Inc.

Address of Property: 2425- 2427 Bayview Avenue, Toronto ("Bridlepath Property")

Purchaser: Claude Bitton in trust for a company to be incorporated

Purchased Assets: (i) the Bridlepath Property; and (ii) any chattels owned by Bridlepath located at or used solely in connection with the maintenance, repair, operation and development of the Bridlepath Property

Purchase Price: Sealed. The purchase price is to be adjusted for property taxes and other adjustments on closing and is to be satisfied in cash on closing.

Deposit: 10% of the purchase price. Being held in trust by the Proposal Trustee.

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

Excluded Assets: all contracts and agreements binding on Bridlepath that relate to the Bridlepath Property (other than any such contract and agreements that constitute permitted encumbrances).

Closing Date: 15 days after the date which the Court grants the Sale Approval and Vesting Order (or earlier after the Court grants the Approval and Vesting Order if agreed to by the parties).

Material Conditions:

- **Covenants:** all of the terms, covenants and conditions of the agreement will have been complied with or performed in all material respects;
- **Sale Approval and Vesting Order:** (i) on or before September 17, 2016, the Court shall have issued the Sale Approval and Vesting Order; and (ii) on closing, the Sale Approval and Vesting Order shall not have been stayed, varied in any material respect, set aside or appealed;
- **No Action or Proceeding:** no legal or regulatory action or proceeding shall be pending or threatened by any governmental organization that prevents the completion of the transaction;
- **Injunctions:** there shall be in effect no injunction against closing the transaction entered by a court of competent jurisdiction; and
- **No Material Damage:** no material damage by fire or other hazard to the whole or any material part of the Bridlepath Property shall have occurred prior to closing.

Appendix “D”

Urbancorp (Woodbine) Inc.

Property location: 9064, 9084, 9100, 9110 Woodbine Avenue, Markham ("Woodbine Property")

Purchaser: Wang Zhendong Holding Corporation

Purchased Assets: (i) the Woodbine Property; and (ii) the chattels

Purchase Price: Sealed. The purchase price is to be adjusted for property taxes and other adjustments on closing and is to be satisfied in cash on closing.

Deposit: 10% of the purchase price. Being held in trust by the Proposal Trustee.

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

Excluded Assets: any and all pre-existing contracts related to the purchased assets, including those with prospective purchasers, except contracts that form part of the permitted encumbrances.

Closing Date: first business day that is at least 15 days after the date which the Court grants the Sale Approval and Vesting Order (or such earlier day that is agreed by the parties), provided that if before the scheduled closing date there is an appeal or leave to appeal application outstanding in respect of the Sale Approval and Vesting Order, the Seller may extend the closing date by five business days from the date the appeal or leave to appeal is dismissed, set aside or denied. In no event, should the closing date be extended beyond 60 days after the date of which the Court granted the Sale Approval and Vesting Order.

Material Conditions:

- **Covenants:** all of the terms, covenants and conditions of the agreement will have been complied with or performed in all material respects;
- **Sale Approval and Vesting Order:** (i) on or before September 23, 2016, the Court shall have issued the Sale Approval and Vesting Order; and (ii) on closing, the Sale Approval and Vesting Order shall not have been stayed, varied in any material respect, set aside or appealed;
- **No Action or Proceeding:** no legal or regulatory action or proceeding shall be pending or threatened by any governmental organization that prevents the completion of the transaction;
- **Injunctions:** there shall be in effect no injunction against closing the transaction entered by a court of competent jurisdiction; and
- **No Material Damage:** no material damage by fire or other hazard to the whole or any material part of the Woodbine Property shall have occurred prior to closing.

Appendix “E”

Urbancorp (Bridlepath) Inc.
Projected Statement of Cash Flow¹
 For the Period Ending October 25, 2016
 (Unaudited, \$C)

Appendix "1"

	Week Ending			5 Days Ending	Total
	06-Oct-16	13-Oct-16	20-Oct-16	25-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

8 Sept 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: _____

Date

Sept 8/16

**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 25, 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 7th day of September, 2016

URBANCORP (BRIDLEPATH) INC.

Per:  _____

Urbancorp (Woodbine) Inc.
Projected Statement of Cash Flow¹
 For the Period Ending October 25, 2016
 (Unaudited, \$C)

Appendix "1"

	Week Ending			5 Days Ending	Total
	06-Oct-16	13-Oct-16	20-Oct-16	25-Oct-16	
<i>Total Receipts</i>	-	-	-	-	-
<i>Total Disbursements</i>	-	-	-	-	-
<i>Net Cash Flow</i>	-	-	-	-	-
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.

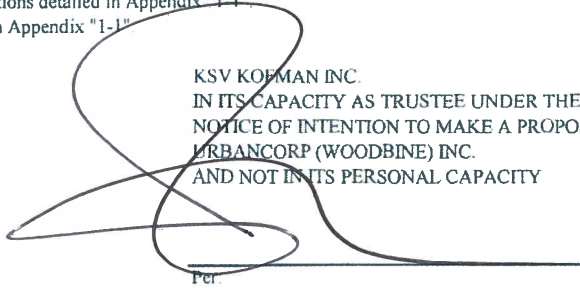


 Per:

8 Sept 2016

 Date

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:

SEPT. 8 116

 Date

**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 25, 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 7th day of September, 2016

URBANCORP (WOODBINE) INC.

Per:  _____

Appendix “F”

**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 7th day of September, 2016, consisting of a weekly cash flow statement for the period October 6, 2016 to October 25, 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 7th day of September, 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**

**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 7th day of September, 2016, consisting of a weekly cash flow statement for the period October 6 to October 25, 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 7th day of September, 2016



**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**