



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

September 29, 2016

and

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

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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.

SEVENTH REPORT OF KSV KOFMAN INC. AS PROPOSAL TRUSTEE

SEPTEMBER 29, 2016

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

SIXTH REPORT OF KSV KOFMAN INC. AS CCAA MONITOR

SEPTEMBER 29, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. (“St. Clair”), Urbancorp (Patricia) Inc. (“Patricia”), Urbancorp (Mallow) Inc. (“Mallow”), Urbancorp Downsview Park Development Inc. (“Downsview”), Urbancorp (Lawrence) Inc. (“Lawrence”) and Urbancorp Toronto Management Inc. (“UTMI”) each filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence are referred to as the “Companies”). KSV Kofman Inc. (“KSV”) was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated May 18, 2016 (the “Initial Order”), the Applicants (which include the Companies) together with the entities listed on Schedule “A” attached (collectively, the “Urbancorp CCAA Entities”) were granted protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”) and KSV was appointed the monitor in those proceedings (the “Monitor”).
3. On April 25, 2016, Urbancorp (Bridlepath) Inc. (“Bridlepath”) and Urbancorp (Woodbine) Inc. (“Woodbine”) and together with Bridlepath, the “NOI Entities”) each filed NOIs. KSV is the Proposal Trustee of the NOI Entities.
4. The Court issued orders on June 30, 2016 approving sale processes to be carried out for the real property owned by St. Clair, Patricia, Lawrence, Mallow, Woodbine and Bridlepath (collectively, the “Properties” and each a “Property”). On September 15, 2016, the Court made orders, *inter alia*, approving the sale of the Properties (the “Transactions”).
5. The Transactions are scheduled to close by October 14, 2016, with the first two transactions scheduled to close on September 30, 2016.
6. The secured lenders on the Properties are seeking immediate repayment of amounts owing to them on the Properties, including the first mortgagees and Atrium Mortgage Investment Corporation (“AMIC”) in respect of a Court-approved debtor-in-possession loan (“DIP Loan”) made against the Lawrence and St. Clair Properties.

1.1 Purposes of this Report

1. The purpose of this report (“Report”) is to recommend that the Court issue an order or orders:
 - a) authorizing and empowering the Monitor to repay forthwith after closing, or as part of closing, the DIP Loan from the sale of either of the Lawrence and St. Clair Properties and the first mortgage obligations on the Patricia and Mallow Properties; and
 - b) authorizing and empowering the Proposal Trustee on behalf of the NOI Entities to repay forthwith after closing, or as part of closing, the first mortgage obligations of the NOI Entities.

2.0 Background

1. The table below provides the scheduled closing dates of the Transactions for each of the Properties.

Owner	Address of Property	Closing Date
Companies		
Lawrence	1780 Lawrence Avenue West, Toronto	September 30, 2016
St. Clair	19 Innes Avenue, 177 Caledonia Road, Toronto	October 7, 2016
Patricia	425 Patricia Avenue, Toronto	October 11, 2016
Mallow	15 Mallow Road, Toronto	October 11, 2016
NOI Entities		
Woodbine	9064-9110 Woodbine Avenue, Markham	September 30, 2016
Bridlepath	2425 and 2427 Bayview Avenue, Toronto	October 14, 2016

3.0 Secured Creditors

1. The table below summarizes the amounts owing under the first mortgages that are to be repaid on or immediately following closing, before additional interest and fees which continue to accrue.

Borrower	Mortgagee	Amount (\$)
Companies		
Patricia	Canadian Mortgage Servicing Corporation ("CMSC")	3,683,905 ¹
Mallow	Atrium Mortgage Investment Corporation ("AMIC") and Terra Firma Capital Corporation ("TFCC")	3,700,000 ²
		7,383,905
NOI Entities ³		
Woodbine	Laurentian Bank of Canada ("Laurentian") and TFCC ⁴	4,725,000 ⁵
Bridlepath	AMIC and TFCC	10,350,000 ⁶
		15,075,000
Total		22,458,905

¹ Based on Patricia's books and records.

² Based on Mallow's books and records.

³ A second mortgage owing to TFCC on both these properties is not being paid at this time as issues related to it remain subject to further review by the Proposal Trustee.

⁴ Laurentian is owed the first \$2.65 million of principal on this mortgage. TFCC is owed the balance.

⁵ Principal amount outstanding as at March 4, 2016.

⁶ Principal amount outstanding as at April 11, 2016.

2. AMIC has advanced \$3.2 million under the DIP Loan. This amount, plus accrued interest and fees, is to be paid from the proceeds of the Lawrence transaction as it is scheduled to close prior to the St. Clair transaction.⁷
3. The Transaction proceeds will be sufficient to repay in full the first mortgages and the DIP Loan.

4.0 Security Opinion

1. Davies Ward Phillips & Vineberg LLP, KSV's counsel, provided KSV with opinions on the validity and enforceability of the first mortgages.
2. The opinions provide that, subject to the standard assumptions and qualifications contained therein:
 - a) the Charge/Mortgage made by Woodbine, the registered owner of the Woodbine Property, in favour of Laurentian registered in the Land Registry Office for the Land Titles Division of York Region on January 30, 2014 as Instrument No. YR2090261 constitute a good and valid first charge over the Woodbine Property in favour of Laurentian;
 - b) the Charge/Mortgage made by Bridlepath, the registered owner of the Bridlepath Property, in favour of TFCC and AMIC registered in the Land Registry Office for the Land Titles Division of Toronto on March 20, 2014 as Instrument No. AT3541941 constitute a good and valid first charge over the Bridlepath Property in favour of TFCC and AMIC;
 - c) the Charge/Mortgage made by Mallow, the registered owner of the Mallow Property, in favour of TFCC and AMIC registered in the Land Registry Office for the Land Titles Division of Toronto on August 28, 2014 as Instrument No. AT3674624 constitute a good and valid first charge over the Mallow Property in favour of TFCC and AMIC; and
 - d) the Charge/Mortgage made by Patricia, the registered owner of the Patricia Property, in favour of CMSC registered in the Land Registry Office for the Land Titles Division of Toronto on March 23, 2016 as Instrument No. AT4173963 constitute a good and valid first charge over the Patricia Property in favour of CMSC.
3. Copies of the opinions will be made available to the Court should it wish to review them.

⁷ The DIP Loan was advanced to Lawrence and St. Clair. Monies were advanced from these entities to other Urbancorp CCAA Entities on a Court-ordered priority basis. The amounts loaned will be repaid to Lawrence and St. Clair by the Urbancorp CCAA Entities that received these monies, to the extent applicable.

5.0 Proposed Distributions

1. KSV is not aware of any claim that may rank in priority to the first mortgages and the DIP Loan. In any event, to the extent such claims exist, sufficient monies will continue to be held by KSV to satisfy those claims, whether in respect of the Companies or the NOI Entities. In this regard, outstanding property taxes are to be paid on closing of each Transaction and sufficient funds will be retained by KSV to fund the costs of these proceedings, including the Court-ordered charges.
2. Based on the foregoing, KSV respectfully recommends that the Court authorize the repayment of the first mortgages and the DIP Loan after the closing, or as part of the closing, of the relevant Transactions.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc".

**KSV KOFMAN INC. IN ITS CAPACITIES
AS PROPOSAL TRUSTEE AND CCAA MONITOR
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.