

District of: Ontario
Consolidated Court File No. 31-2734090
Division No: 09 – Toronto

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

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.
1985, c. B-3 AS AMENDED

**IN THE MATTER OF THE NOTICES OF INTENTION
TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC.**

**RESPONDING MOTION RECORD
(returnable on September 26, 2022)**

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TO: SERVICE LIST

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(as of August 19, 2022)**

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TAB DOCUMENT

1. Affidavit of Chris Wai sworn August 19, 2022

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AFFIDAVIT OF CHRIS WAI

I, CHRIS WAI, of the City of Vancouver, in the Province of British Columbia, make oath and say as follows:

1. I am a director of SixOne Investment Ltd., and as such have knowledge of the matters contained in this affidavit. The facts stated in this affidavit are within my personal knowledge. Where I do not have direct knowledge of the matters set out below, I have stated the source of my knowledge and believe it to be true.

The Limited Partners

2. YG Limited Partnership and YSL Residences Inc. (together, the “**Debtors**”) were, respectively, the beneficial and registered owners of certain lands in Toronto which were intended to be developed into a mixed-use condominium building (the “**YSL Project**”).
3. YG Limited Partnership is comprised of three kinds of partners:
 - (a) a general partner, 9615334 Canada Inc., a member of the Cresford Group;

- (b) holders of Class A Preferred Units (the “Class A LPs”); and
- (c) the holder of Class B Units (formerly a member of the Cresford Group).

4. The Class A LPs are as follows:

Limited Partners	Number of Class A Preferred Units	Capital Contribution
The “YongeSL LPs”		
YongeSL Investment Limited Partnership	7,100	\$7.1 million
2124093 Ontario Inc.	500	\$0.5 million
SixOne Investment Ltd.	1,000	\$1.0 million
E&B Investment Corporation	500	\$0.5 million
TaiHe International Group Inc.	1,000	\$1.0 million
The “Other Class A LPs”		
Chi Long Inc.	700	\$0.7 million
8451761 Canada Inc.	2,000	\$2.0 million
2504670 Canada Inc.	2,000	\$2.0 million
Total:	14,800	\$14.8 million

- 5. The YongeSL LPs represent approximately two-thirds (by value and number) of the Class A LPs. The Class A LPs collectively advanced the principal amount of \$14.8 million to YG Limited Partnership in exchange for their Class A Preferred Units.
- 6. Pursuant to the YG Limited Partnership partnership agreement, the Class A LPs are entitled to a preferred return from the proceeds of the YSL Project after its creditors are paid.

Background to this Proceeding

- 7. In April 2021, the Debtors filed Notices of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*.

8. KSV Restructuring Inc. was appointed as the Debtors' proposal trustee (in that capacity, the "**Proposal Trustee**").
9. The Debtors made their proposal in May 2021, which they amended twice in June 2021. The proposal, as amended, was approved by the Debtors' creditors in June 2021.
10. The Class A LPs opposed the approval of the Debtors' amended proposal on the basis that it was not made in good faith and was designed to prefer the interests of the Cresford Group.
11. Justice Dunphy agreed and refused to approve the proposal (*YG Limited Partnership and YSL Residences (Re)*, 2021 ONSC 4178). His Honour did, however, permit the Debtors to file a further amended proposal that addressed the concerns he identified in his reasons for refusing to allow the proposal. The Debtors did file such a further amended proposal (the "**Proposal**"), which Justice Dunphy approved (*YG Limited Partnership and YSL Residences (Re)*, 2021 ONSC 5206).
12. Generally, the Proposal provided for the transfer of the YSL Project lands to another developer, Concord (the "**Proposal Sponsor**"), the payment in full or assumption of secured and other priority claims, and the payment by the Proposal Sponsor of \$30.9 million. The Proposal provided that those funds would be distributed to the Debtors' unsecured creditors. If, after distribution of such amount to the unsecured creditors, there remains a surplus ("**Surplus**"), that Surplus will be distributed to the Class A LPs.
13. I understand that subject to the resolution of 3 outstanding claims (including CBRE's claim) in a manner favourable to the Debtors' estates, there will be amounts available to distribute to the Class A LPs. Depending on the resolution of these claims, such amounts

may be sufficient to repay the capital contributions of the Class A LPs in full, plus some return on investment.

14. The YongeSL LPs support the disallowance of CBRE's claim against the Debtors in this proceeding.

SWORN before me via videoconference by CHRIS WAI, stated as being located in the City of Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, this 19th day of August, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



Commissioner for Taking Affidavits, etc.

Alexander Sautler
Barrister & Solicitor



CHRIS WAI

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