



**Report to Creditors of
YG Limited Partnership and
YSL Residences Inc.
By KSV Restructuring Inc.
as Proposal Trustee**

June 4, 2021

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COURT FILE NO.: 31-2734090

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

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

JUNE 4, 2021

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee (the "Proposal Trustee") in connection with Notices of Intention to Make a Proposal ("NOIs") filed on April 30, 2021 (the "Filing Date") by YG Limited Partnership (the "Partnership") and YSL Residences Inc. ("Residences", and together with the Partnership, the "Companies"), pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").
2. On May 14, 2021, the Ontario Superior Court of Justice (Commercial List) (the "Court") issued an order (the "Consolidation Order") procedurally and substantively consolidating the NOI proceedings of the Partnership and Residences (the "NOI Proceedings") for the purpose of simplifying the administration of the NOI Proceedings, including the filing of a joint proposal and convening a single meeting of creditors. A copy of the Consolidation Order is attached as Appendix "A".
3. The principal purpose of these proceedings is to create a stabilized environment to allow the Companies to present a proposal that provides creditors with a recovery greater than they would receive in a bankruptcy or alternative insolvency process.
4. On May 27, 2021, the Companies filed a proposal with the Official Receiver in accordance with Section 62(1) of the BIA (the "Proposal"). A Certificate of Filing a Proposal (the "Certificate") was issued by the Office of the Superintendent of Bankruptcy (Canada) ("OSB") on May 28, 2021. On June 3, 2021, the Companies filed an amended proposal to include Conditional Claims (as defined below) and make other clarifications to the Proposal (the "Amended Proposal"). Copies of the Amended Proposal and the Certificate are attached as Appendices "B" and "C", respectively.

1.1 Meeting to Consider the Amended Proposal

1. The creditors' meeting to consider and vote on the Amended Proposal pursuant to Section 51(1) of the BIA (the "Meeting") will be held on:

Date: June 15, 2021
Time: 2:00 p.m. (EST)
Location: Due to COVID-19, the meeting will be convened virtually via
Zoom:
<https://zoom.us/j/93541423177?pwd=eU1oQkh5a3o5QWtWbzhhM0lzaDYyUT09>
2. As discussed below, to vote on the Amended Proposal, a creditor of the Companies (other than a Convenience Creditor, as defined in the Amended Proposal) must file a proof of claim with the Proposal Trustee prior to the Meeting. Creditors can vote at the Meeting by attending in person (virtually) or by submitting voting letters to the Proposal Trustee by no later than 5:00 pm on June 14, 2021. Creditors can also vote by way of proxy and may identify the Proposal Trustee as their proxy.
3. A proof of claim form, proxy, voting letter and instruction letter are provided in Appendix "D". Creditors should read the instruction letter carefully to understand the voting procedures, including the procedure to properly submit claims to the Proposal Trustee.
4. The Proposal Trustee's Notice of Proposal to Creditors, a summary of the Companies' Statement of Affairs and a list of creditors based on the Companies' books and records as at the current date, with interest projected on secured creditor claims to June 30, 2021 are attached as Appendices "E", "F" and "G", respectively.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies;
 - b) summarize the terms of the Amended Proposal;
 - c) provide the Proposal Trustee's opinion, as required pursuant to Section 50(10) (b) of the BIA, as to the reasonableness of the provision in the Amended Proposal that sections 95 to 101 of the BIA do not apply to the Amended Proposal;
 - d) compare the recovery for creditors if the Amended Proposal is implemented to the likely outcome for creditors if the Amended Proposal fails and the Companies become bankrupt and an alternative restructuring process is commenced; and
 - e) provide the Proposal Trustee's rationale for its recommendation that creditors should vote to accept the Amended Proposal.

1.3 Currency

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

1.4 Definitions

1. Capitalized terms not defined in the Report have the meanings provided to them in the Amended Proposal.

1.5 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 representatives of the Companies and Concord Properties Developments Corp., the sponsor of the Amended Proposal (the "Sponsor") and Concord Adex Inc. ("Concord"), an entity related to the Sponsor.
2. 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 Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Companies' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon by the Proposal Trustee in its preparation of this Report.
3. Any sale, restructuring and/or realization process for the YSL Project (as defined in Section 2.1 (4) below) could be affected by the Covid-19 pandemic and the effect of the pandemic on any such process cannot be predicted or projected at this time.

2.0 Background

2.1 Overview

1. The Partnership was formed on February 3, 2016 under *The Partnership Act*, C.C.S.M. c. P30 (Manitoba). 9615334 Canada Inc. (the "GP") is the Partnership's general partner. The GP has not filed an NOI. Residences was incorporated on January 28, 2016 under the *Business Corporations Act* (Ontario).
2. The Companies are part of the Cresford Group of Companies ("Cresford"), a real estate developer and builder. A corporate organization chart for Cresford is attached as Appendix "H".
3. Residences is the registered owner of the real properties municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto, Ontario (the "Real Property"), acting as a bare trustee and nominee of, for and on behalf of the Partnership.

4. The Partnership is the beneficial owner of the Real Property and was formed for the purpose of developing the Real Property into a mixed-use office, retail and residential condominium development comprised of approximately 1,100 residential units, 190,000 square feet of commercial/retail/institutional space and 242 parking spaces known as Yonge Street Living Residences (the "YSL Project"). As of the Filing Date, approximately 800 residential condominium units had been pre-sold, with such contracts executed by Residences and each respective purchaser (each, a "Condo Purchase Agreement").
5. On May 11, 2021, the Companies disclaimed 56 Condo Purchase Agreements. The Companies advised that the purchase agreements disclaimed were under market and, therefore, the disclaimers served to improve the value of the YSL Project and enhance the prospects of a viable proposal being made by the Companies. The Proposal Trustee consented to the disclaimers.
6. Construction of the YSL Project has been suspended for more than a year and it is presently part way through the excavation and shoring stage, with no ongoing work being completed on the site at this time, other than certain ongoing dewatering and monitoring work that is required to be completed by the City of Toronto.
7. Pursuant to an agreement dated April 30, 2021 between the Companies, certain Cresford entities and the Sponsor (the "Sponsor Agreement"), the Sponsor agreed to sponsor the Amended Proposal by way of, *inter alia*, agreeing to fund the distributions contemplated by the Amended Proposal. In consideration for the payments contemplated under the Amended Proposal, if the Amended Proposal is implemented, the Sponsor or another Concord-affiliate will become the owner of the Real Property and developer of the YSL Project, with a view to resuming construction work expeditiously. A copy of the Sponsor Agreement is attached as Appendix "I".
8. The Companies' mortgagees consented to the Sponsor Agreement.

2.2 Applications by the Limited Partners

1. Certain of the Partnership's limited partners (the "LPs") have commenced separate applications (collectively, the "Applications") before the Court seeking Orders declaring that, among other things: a) the GP is terminated as general partner of the Partnership; b) any agreements entered into by the GP with the Sponsor are null and void; and c) the GP breached its duty of good faith to the LPs. Additionally, certain of the LPs are seeking the appointment of an equitable receiver.

2. Timbercreek Mortgage Servicing Inc. (“Timbercreek”) is the Companies’ senior mortgagee. The Proposal Trustee is advised that the Companies defaulted on their obligations to Timbercreek in early 2020. Pursuant to an agreement dated March 26, 2020 among Timbercreek, the Companies and two Cresford entities (the “Forbearance Agreement”), Timbercreek agreed to, among other things, forbear from enforcing its security against the Real Property. Timbercreek subsequently brought a motion to appoint a receiver on November 13, 2020. Pursuant to amendments to the Forbearance Agreement, the receivership application was adjourned several times and remains pending. In the event that the NOI proceedings are discontinued, or if the Amended Proposal is not approved by creditors or sanctioned by the Court, Timbercreek has scheduled an application for the appointment of a receiver on July 12, 2021.
3. Timbercreek takes the position that the granting of any of the relief sought in the LPs’ applications would trigger a Forbearance Termination Event (as defined in the Forbearance Agreement), and that Timbercreek will seek to be in a position to resume its application for appointment of a court-appointed receiver (as noted, currently scheduled for July 12, 2021), with such relief being in priority to any of the relief being sought by the LPs. Accordingly, if the Amended Proposal is not implemented, Timbercreek has indicated that it intends to immediately proceed with its application for the appointment of a receiver.
4. On June 1, 2021, the Court heard motions by the LPs to, among other things, lift the stay of proceedings pursuant to Section 69(1) of the BIA and to authorize the LPs to bring their Applications. Pursuant to an endorsement made on the same day (the “June 1st Endorsement”), the Court, among other things, set a litigation timetable in respect of a hearing on June 23, 2021 where the LPs’ arguments could be made at the same time as Court approval of the Amended Proposal, should the Amended Proposal be accepted by the Affected Creditors voting at the Meeting. A copy of the June 1st Endorsement is provided as Appendix “J”.
5. The Proposal Trustee engaged Finnegan-Marshall Inc. (“FM”), a real estate and development cost consulting firm, to, among other things, prepare a report (the “FM Report”) that opines on:
 - a) the sales price for the project on an as-is basis after assessing the project budget, project revenue and resultant profitability;
 - b) the sales price for the project if the purchaser disclaimed all existing Condo Purchase Agreements and re-marketed all the units¹; and
 - c) two appraisals for the YSL Project prepared by CBRE Limited dated August 8, 2019 and April 30, 2021 in order to explain the differences between the two appraisals and provide an opinion on the appraised values contained therein.

¹ This was to be considered under the assumption that the purchaser could obtain a higher price per square foot for the units based on market rates.

6. The FM Report is discussed further below in Section 6.
7. Additional information about these proceedings, including the LPs' applications, is included in the Proposal Trustee's First Report to Court dated May 6, 2021 and its Second Report to Court dated May 14, 2021 and, accordingly, that information is not repeated in this Report.
8. Certain of the Court materials in these proceedings are available on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/yq-limited-partnership>.

3.0 Financial Position

1. A summary of the of the Companies' current financial position, at book value², is included in the table below:

(\$000s)	As at May 27, 2021	
		Book Value
Assets		
Cash		16
Letters of Credit	1	4,290
Real Property and Development Costs		325,742
Total Assets		330,048
Total Liabilities		
	2	314,021
Notional Surplus		16,027

Notes

1. Represents two Letters of Credit held by The Toronto-Dominion Bank in favour of the City of Toronto. The funds which collateralize the Letters of Credit may be returned to the Companies if the project is completed, which the Companies estimate to be in 2027, and meets all required approvals by the City of Toronto.
2. A breakdown of the liabilities is provided in the table below.

2. As reflected in the table above, the Companies' primary asset is the Real Property and related development costs that have been capitalized in connection with the YSL Project.

² The book value of the assets is based on the values in the Statement of Affairs sworn on May 27, 2021. The Statement of Affairs summary is provided in Appendix "F".

- A summary of the Companies' liabilities based on its books and records is presented below. The table includes all claims as of the current date, with interest projected on secured creditor claims to June 30, 2021. The table is reflected as at June 30, 2021, which is the approximate implementation date if the Amended Proposal is approved by the Court.

(\$000s)	
Creditors	Amounts
Secured Creditors/Mortgagees	
Timbercreek	106,799
Westmount	112,446
2576725 Ontario	30,865
City of Toronto – property taxes	729
Total Secured Creditors	250,839
Other Creditors and Related Party Creditors	
Construction Lien Claimants	11,865
Third party unsecured creditors	13,043
Related Party Creditors	38,274
Other Creditors and Related Party Creditors	63,182
Total	314,021

3.1 Secured Creditors

- Timbercreek, the Companies' senior mortgagee, is projected to be owed approximately \$106.8 million including interest to June 30, 2021. Timbercreek is secured by, among other things, a mortgage, charge, lien or other security charging or encumbering the Real Property.
- Westmount Guarantee Services Inc. ("Westmount") is projected to be owed approximately \$112.5 million as at June 30, 2021. Westmount provides, among other things, condominium deposit insurance to the Companies. Westmount has a mortgage, charge, lien or other security charging or encumbering the Real Property.
- 2576725 Ontario Inc. ("257 Ontario") provided a loan in the principal amount of \$20 million to the Companies, which loan provides for a preferred return due on completion of the YSL Project calculated at an interest rate of 12.5% per annum (the "Fei Han Loan"). The Fei Han Loan is secured by, among other things, an equitable mortgage encumbering the Real Property. The outstanding amount under the Fei Han Loan is estimated to be approximately \$30.9 million as at June 30, 2021, including projected interest to that date.
- Davies Ward Phillips & Vineberg LLP ("Davies"), the Proposal Trustee's counsel, has reviewed the Timbercreek, Westmount and 257 Ontario security. Davies has issued opinions that, subject to standard assumptions and qualifications, the security held by each of Timbercreek, Westmount and 257 Ontario is valid and enforceable as against a licensed insolvency trustee. Copies of the security opinions will be made available to the Court upon request.

3.2 Related Party Creditors

1. Cresford (Rosedale) Developments Inc. (“Cresford Rosedale”), East Downtown Redevelopment Partnership (“EDRP”) and Oakleaf Consulting Ltd. (“Oakleaf” and together with Cresford Rosedale and EDRP, the “Related Party Creditors”) are entities within the Cresford Group that are related to the Companies. In aggregate, the Companies’ books and records reflect that the Related Party Creditors are presently owed approximately \$38.3 million in respect of amounts that they have advanced to the Companies or expenses that they funded on the Companies’ behalf (the “Related Party Claims”).
2. The Related Party Creditors have provided support for the Related Party Claims to the Proposal Trustee for its review.
3. As at the date of the Report, the Proposal Trustee has not completed its review of the Related Party Claims and accordingly, has not yet determined their treatment under the Amended Proposal.
4. The LPs have raised concerns related to the Related Party Claims, including that the amounts owing to the Related Party Creditors should be treated as equity rather than debt owing by the Companies.

3.3 Other Creditors

1. Pursuant to the Companies’ creditor listing provided in Appendix “G”, the Companies’ unsecured claims total approximately \$24.9 million, excluding the Related Party Claims. This includes certain claims where the balance owing is listed as \$1, meaning that the amount owing is unknown or has not yet been quantified.
2. The Proposal Trustee understands that certain trade creditors have registered liens against title to the Real Property in accordance with the *Construction Act* (Ontario) (the “Construction Lien Claimants”), with such amounts included in the \$24.9 million balance referenced above.
3. The Companies are of the view that, pursuant to the terms of the Condo Purchase Agreements, the claims of the 56 condo purchasers whose Condo Purchase Agreements were disclaimed are limited to the return of their deposit. As these deposits are held in trust with the Companies’ legal counsel, their return does not affect the recoveries under the Amended Proposal.

4.0 The Amended Proposal

1. This section provides an overview of the terms of the Amended Proposal. Review of this section is not a substitute for reading the Amended Proposal. Creditors are strongly encouraged to carefully read the Amended Proposal in its entirety prior to voting on the Amended Proposal. Creditors are encouraged to discuss the terms of the Amended Proposal with their legal counsel. A copy of the Amended Proposal is provided in Appendix “B”.

4.1 Purpose and Effect

1. The overall purpose of the Amended Proposal is to:
 - a) provide for payment in full of the Secured Claims³; and
 - b) make a distribution of up to 58% of the amounts owing to each Affected Creditor.
2. In consideration for, among other things, the Sponsor's sponsorship of the Amended Proposal, including the satisfaction of all Secured Claims, Preferred Claims and the establishment of the Proposal Fund in the maximum amount of \$37.7 million (discussed further below in Section 4.6), on the Proposal Implementation Date, title to the Real Property, subject only to the Permitted Encumbrances, as well as the Companies' interests and obligations under the Assumed Contracts and Condo Purchase Agreements, shall be acquired by the Sponsor, or its nominee.
3. As discussed further in Section 4.9 below, as of the date of this Report, subject to the approval of the Amended Proposal by creditors and its sanctioning by the Court, the Sponsor has entered into agreements to obtain an assignment of claims owing to certain creditors totalling more than \$16 million (inclusive of claims where registered liens have been filed).

4.2 Classes of Creditors

1. For the purpose of voting on the Amended Proposal, there is only one class of creditors, being the Affected Creditor Class. The Amended Proposal includes a Convenience Creditor concept (discussed further below in Section 4.4) and a Convenience Creditor shall be deemed to vote in favour of the Amended Proposal as part of the Affected Creditor Class.

4.3 Treatment of Claims

1. The Amended Proposal is being made to the holders of Affected Claims against the Companies (the "Affected Creditors").
2. Unaffected Claims include:
 - a) the Claims of Timbercreek;
 - b) the Claims of Westmount;
 - c) the Claims of 257 Ontario;
 - d) any Claim by the City of Toronto;
 - e) all Condo Purchaser Claims;

³ The treatment of Construction Lien Claimants under the Amended Proposal is addressed in Section 4.3.

- f) all Construction Lien Claims, but only to the extent such Claims are valid in accordance with the *Construction Act* (Ontario) and have been perfected by the Proposal Implementation Date;
- g) Administrative Fees and Expenses, including the fees, expenses and legal fees and disbursements incurred by or on behalf of the Proposal Trustee and the solicitors of the Companies; and
- h) such other Claims as the Companies and Sponsor may agree with the consent of the Proposal Trustee.

4.4 Convenience Creditors

1. A Convenience Creditor is an Affected Creditor with a Convenience Creditor Claim, being:
 - a) any Proven Claims of an Affected Creditor in an amount less than or equal to \$15,000; and
 - b) any Proven Claim of an Affected Creditor in an amount greater than \$15,000 if the relevant Creditor has submitted a valid Convenience Creditor Election Form prior to 5:00 pm (Toronto time) on June 14, 2021 (the "Convenience Creditor Election Deadline"). A copy of the Convenience Creditor Election Form is provided in Schedule "B" of the Amended Proposal.
2. A Convenience Creditor will be deemed to have voted the full amount of its Proven Claim in favour of the approval of the Amended Proposal.

4.5 Conditional Claims

1. Conditional Claims include, but are not limited to, any Claim of an Affected Creditor that is not a Proven Claim as at the Filing Date because one or more conditions precedent to establish such Affected Creditor's entitlement to payment by the Companies had not been completed in accordance with any applicable contractual terms as at the Filing Date, and such Affected Creditor has indicated in its proof of claim that the Claim should be treated as a Conditional Claim.
2. If an Affected Creditor's claim is a Conditional Claim based on one or more of the pre-conditions to such Affected Creditor's right to payment by the Companies not being satisfied as at the Filing Date due to acts or omissions of such Affected Creditor, then:
 - a) such Affected Creditor shall have until 5:00 pm (Toronto Time) on September 13, 2021 (the "Conditional Claim Completion Deadline") to complete or otherwise satisfy all outstanding pre-conditions to payment in accordance with the terms of the applicable agreement between such Affected Creditor and the Companies (the "Conditional Claim Conditions"), and provide proof of such completion to the Proposal Trustee;

- b) if proof of completion of the Conditional Claim Conditions is provided and accepted by the Proposal Trustee prior to the Conditional Claim Completion Deadline, then such Affected Creditor's Conditional Claim shall be deemed to be a Proven Claim, and such Affected Creditor shall be entitled to its share of the distribution to Affected Creditors; and
- c) if the Affected Creditor has not satisfied one or more Conditional Claim Conditions prior to the Conditional Claim Completion Deadline, then, effective immediately upon the Conditional Claim Completion Deadline, such Affected Creditor's Conditional Claim shall be irrevocably and finally extinguished, and such Affected Creditor shall have no further right, title or interest in and to its Conditional Claims.

4.6 Proposed Distributions

1. On the Proposal Implementation Date, the Sponsor shall transfer to the Proposal Trustee, in trust, the Proposal Fund Amount, being the lesser of:
 - a) the amount necessary to pay each Affected Creditor 58% of the face value of its Affected Creditor Claim (the "Affected Creditor Share"); and
 - b) if aggregate Proven Claims exceed the Maximum Proposal Claims amount of \$65,000,000, an amount sufficient to satisfy the Affected Creditor Pro Rata Share distribution, being, in respect of an Affected Creditor Claim, the face value of such Affected Creditor Claim multiplied by the formula $0.58 \times (X/Y)$ where "X" equals the Maximum Proposal Claims Amount and "Y" equals the aggregate total amount of Proven Claims.
2. As soon as practicable after the Proposal Implementation Date, and after taking an adequate reserve in respect of any Disputed Claims and Conditional Claims, in exchange for the release of each Affected Creditor Claim:
 - a) each Affected Creditor (other than a Convenience Creditor and Affected Creditors holding Conditional Claims where one or more Conditional Claim Conditions have not been completed) shall receive the lesser of the Affected Creditor Share and the Affected Creditor Pro Rata Share:
 - b) all Convenience Creditors shall receive in respect of such Convenience Creditor Claims, the Convenience Creditor Consideration, being the lesser of:
 - i. the amount of its Proven Claim; and
 - ii. \$15,000.

3. In order to receive a distribution from the Amended Proposal, an Affected Creditor must submit a valid Proof of Claim prior to the time the Proposal Trustee distributes the funds in accordance with the Amended Proposal.
4. Except as expressly provided in the Proposal, the Proposal Trustee's determination of claims pursuant to the Amended Proposal and the BIA shall only apply for the purposes of the Amended Proposal, and such determination shall be without prejudice to a Creditor's right to submit a revised proof of claim in any subsequent proceeding in respect of the Companies should the Amended Proposal not be implemented.

4.7 Voting on the Amended Proposal

1. To vote at the Meeting, each Affected Creditor shall have filed a valid Proof of Claim with the Proposal Trustee no later than 5:00 pm (Toronto time) on June 14, 2021 and thereafter the Proposal Trustee shall determine the claims in accordance with the provisions of Section 135 of the BIA. The Proof of Claim form is attached as Appendix "D".
2. Any Person asserting a Construction Lien Claim that has not been perfected in accordance with the *Construction Act* (Ontario) is required to file a Proof of Claim in order to vote at the Meeting.
3. Each Convenience Creditor is deemed to have voted the full amount of its Proven Claim in favour of the Amended Proposal.
4. Pursuant to Section 54(3) of the BIA, a creditor who is related to the debtor may vote against but not for the acceptance of the Amended Proposal.

4.8 Dividend Amount

1. Based on the list of known creditors attached in Appendix "G", at the date the Amended Proposal was filed, Affected Creditors (including Related Party Creditors) were owed approximately \$63.2 million. If the total Proven Claims are under \$65 million, Affected Creditors are to receive a distribution of their Affected Creditor Share, being 58% of the face value of their Affected Creditor Claims. If the total Proven Claims exceed the Maximum Proposal Claims Amount, Affected Creditors are to receive their Affected Creditor Pro Rata Share, as described above in section 4.6 (1)(b) above.
2. The estimated Affected Creditor Claims do not include a provision for Conditional Claims, litigation claims or other unknown claims. Amounts filed in the claims process may be materially different from the amounts as recorded in the Companies' books and records and could exceed \$65 million. Accordingly, the dividend to Affected Creditors may be less than 58% of the face value of the Affected Creditor Claims.

3. The quantum of Affected Creditor Claims may be affected by:
 - a) claims being filed as Construction Lien Claims. The Proposal Trustee understands that certain Construction Lien Claimants have agreed to assign their claims to Concord or a Concord affiliate, subject to the terms of the Amended Proposal. The Construction Lien Claimants which have agreed to assign their claims are expected to file Affected Claims rather than Construction Lien Claims, meaning that they would receive the same consideration under the Amended Proposal as all other Affected Creditors rather than be treated as Unaffected Creditors. The Proposal Trustee understands that this assignment is conditional upon the implementation of the Amended Proposal and does not bar the Construction Lien Claimants from asserting lien claims in a bankruptcy or any subsequent insolvency proceeding;
 - b) the claims of real estate brokers in relation to commissions on condo sales. An estimated \$6 million of such claims are not recorded as liabilities on the Companies' books and records as the Companies do not have records to support whether brokers have satisfied the Companies' criteria for their commissions to be payable. In most cases, the contractual criteria for commission approval includes, among other things, that the condo purchaser is required to pay the deposit as per the Condo Purchase Agreement and provide evidence of a mortgage approval from a Tier 1 bank in respect of the purchased unit. Under the Amended Proposal, broker claimants may elect to be treated as Conditional Claimants by so indicating on the Conditional Claim Addendum appended to the proof of claim form. By so electing, the claimant will have until Conditional Claim Completion Deadline (being 5:00 pm on September 13, 2021) to provide the Proposal Trustee with proof of the completion of any Conditional Claim Conditions, as discussed more fully in section 4.5 of this Report; and
 - c) potential litigation or other unknown claims, including from former employees of entities related to the Companies who have advised the Proposal Trustee that they may file claims in these proceedings.

4.9 Participation of the Sponsor

1. Concord has advised the Proposal Trustee that certain of the Companies' creditors, which as of the date of the Report were owed approximately \$16 million in respect of unsecured or lien claims, have conditionally agreed to assign their claims to the Sponsor or an affiliate of the Sponsor (the "Claim Assignment Agreement"). The Claim Assignment Agreement is subject to implementation of the Amended Proposal and provides for an upfront payment to these creditors in exchange for the respective creditors:
 - a) assigning their Claim to the Sponsor or a Sponsor affiliate; and
 - b) agreeing to:
 - i. file their Claim as an Affected Claim under the Amended Proposal;
 - ii. vote to approve the Amended Proposal; and
 - iii. name a representative of the Sponsor as their proxy.

2. The Related Party Claims are not subject to the Claim Assignment Agreement.
3. As a result of the Claim Assignment Agreement, the Sponsor is bearing the risk in respect of the assigned claims that the Maximum Proposal Claims Amount is exceeded and therefore that the distributions under the Amended Proposal are less than 58% of Proven Claims.

4.10 Proposal Conditions

1. Implementation of the Amended Proposal is conditional upon:
 - a) acceptance of the Amended Proposal by the statutory majority of the Affected Creditors as required under the BIA (described in Section 4.12 below);
 - b) the Approval Order being issued by the Court in a form and substance satisfactory to the Sponsor;
 - c) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Authority, no application shall have been made to any Governmental Authority, and no action or investigation shall have been announced, threatened or commenced by any Governmental Authority, in consequence or in connection with the Amended Proposal or the YSL Project that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit), the Amended Proposal or any part thereof or the Project or any part thereof or requires or purports to require a variation of the Amended Proposal or the Project;
 - d) registrations in respect of all encumbrances, including without limitation any registrations in respect of Construction Lien Claims, but excluding the Permitted Encumbrances, shall have been deleted from title to the Real Property, provided that, should the Implementation of the Amended Proposal not occur following the deletion of an Affected Creditor's encumbrance pursuant to this provision, such Affected Creditor shall have the right to renew such registration;
 - e) the Sponsor, or its nominee, shall have entered into assignment and assumption agreements in respect of all Assumed Contracts, or an assignment order pursuant to section 84.1 of the BIA shall have been issued, in each case in form and substance satisfactory to the Sponsor;
 - f) sufficient financing for the acquisition of the Real Property by the Sponsor, or its nominee, shall have been provided by Otera Capital Inc., on terms satisfactory to the Sponsor, and all material conditions precedent to such financing shall be capable of completion by the Sponsor prior to the Proposal Implementation Date;
 - g) the Proposal Implementation Date occurring on June 30, 2021, or any such other date prior to July 31, 2021 as may be agreed by the Sponsor;
 - h) the Sponsor Agreement shall not have been terminated by the Sponsor; and

- i) the Companies shall have delivered a certificate to the Proposal Trustee that the conditions precedent to the Implementation of the Amended Proposal have been satisfied or waived (the "Implementation Certificate").

4.11 Other Amended Proposal Terms

1. Other Amended Proposal terms are summarized below:
 - a) upon Implementation, each of the Released Parties⁴ shall be released and discharged from all present and future actions, causes of action, damages, judgement, executions, obligations, liabilities and Claims arising on or prior to the Proposal Implementation Date, including in connection with the Amended Proposal and any proceedings commenced with respect to or in connection with the Amended Proposal, the YSL Project, the transactions contemplated by the Amended Proposal, and any other actions or matters related directly or indirectly to the foregoing, provided that this release shall not apply to: i) any of the Released Parties in relation to their obligations under the Amended Proposal or any order issued by the Court in connection with this Amended Proposal or any ancillary document to the foregoing; ii) any Released Party for any liabilities or claims which cannot be released pursuant to Section 50(14) of the BIA; and iii) any Released Party from any Secured Claim of Timbercreek;
 - b) upon Implementation, any registration on title of the Real Property in respect of a Secured Claim shall be discharged from the Real Property;
 - c) the Companies, with the consent of the Proposal Trustee and the Sponsor, may propose an alteration or modification to the Amended Proposal prior to the Meeting;
 - d) pursuant to Section 147 of the BIA, distributions to Affected Creditors and other payments under the Amended Proposal are subject to a levy payable to the Superintendent of Bankruptcy⁵;
 - e) the Proposal Trustee shall be entitled to apply for its discharge upon the Companies completing all Distributions and paying any other amounts provided for in the Amended Proposal;
 - f) administrative Fees and Expenses will be paid in cash by the Companies on the Proposal Implementation Date together with a reserve in respect of the discharge of the Proposal Trustee;

⁴ Released Parties means, collectively, (i) the Companies, (ii) each affiliate or subsidiary of the Companies, (iii) the Sponsor, (iv) the Proposal Trustee, and (v) subject to Section 7.01 of the Amended Proposal, each of the foregoing Persons' respective former and current officers, directors, principals, members, affiliates, limited partners, general partners, managed accounts or funds, fund advisors, employees, financial and other advisors, legal counsel, and agents.

⁵ The rate of the Levy is 5% of the first \$1 million of distributions and 1.25% of the second \$1 million. No Levy is payable on amounts in excess of \$2 million.

- g) the Companies shall continue to pay in the ordinary course of business the following amounts prior to and after the Court Approval Date:
 - i. all Persons who advance monies, or provide goods and services to the Companies after the Filing Date;
 - ii. any outstanding or current source deductions, and other amounts payable pursuant to Section 60(1.2) of the BIA; and
 - iii. any outstanding or current goods and services tax, and all amounts owing on account of provincial sales tax;
- h) holders of Equity Claims shall not be entitled to vote in respect of their Equity Claims at the Meeting and shall not receive any distribution under the Proposal on account of their Equity Claims. Upon Implementation, all Equity Claims shall, and shall be deemed to be, irrevocably and finally extinguished and all Existing Equityholders shall have no further right, title or interest in and to their respective Equity Claims; and
- i) prior to making a Distribution to Affected Creditors, the Proposal Trustee shall set aside in the Proposal Fund sufficient funds to pay all Affected Creditors with Disputed Claims or Conditional Claims the amounts such Affected Creditors would be entitled to receive if their Disputed Claim or Conditional Claim, as the case may be, had been a Proven Claim at the time of the Distribution. Upon resolution of each Disputed Claim or Conditional Claim, any funds in the reserve held by the Proposal Trustee shall become available for further Distribution to Affected Creditors. Residual funds, if any, in the Proposal Fund which are not required for Distribution shall be returned to the Sponsor.

4.12 Acceptance and Approval of the Proposal

1. In order for the Amended Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Affected Creditors present and voting, in person or by proxy, must vote in favour of the Amended Proposal.
2. Rejection of the Amended Proposal by the creditors would result in the Companies being deemed to have made an assignment in bankruptcy. Should that occur, the Proposal Trustee understands that Timbercreek intends to bring on its application for the appointment of a receiver, which is scheduled to be heard on July 12, 2021.
3. If creditors vote to accept the Amended Proposal, the Amended Proposal must be approved by the Court. A motion has been scheduled to be heard on June 23, 2021 at 10:00 am (EST) for this purpose. If the Court does not approve the Amended Proposal, the Companies will be deemed to have made an assignment in bankruptcy.

5.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee conducted a review of the Companies' bank statements and cancelled cheques for the twelve-month period immediately preceding the commencement of the NOI proceedings (the "Review Period") to identify transactions that could be considered preferences or transfers at undervalue. The focus of the Review Period was transactions above \$25,000. The Proposal Trustee's review did not identify any transaction that could be considered a preference or transfer at undervalue⁶.
2. A summary of the transactions during the Review Period is provided in the table below:

(\$000s, unaudited)	
Receipts and Disbursements	Amounts
Receipts	
Cresford Rosedale	1,455
Oakleaf	1,814
HST refund	458
Other miscellaneous receipts	162
Total Receipts	3,889
Disbursements	
Timbercreek – interest	3,021
Cresford Rosedale	180
Oakleaf	300
Property tax	171
Other operating disbursements	210
Total Disbursements	3,882
Net	7

3. The Proposal Trustee identified that of the payments totalling \$480,000 identified above to Cresford Rosedale and Oakleaf, each a Related Party Creditor, \$400,000 was made in or prior to June 2020. However, approximately \$2.6 million of an aggregate \$3.3 million advanced to the Companies by Cresford Rosedale and Oakleaf during the Review Period occurred subsequent to those payments, primarily to service interest on the Timbercreek mortgage and to pay other YSL Project operating expenses. As the Related Party Creditors advanced more than \$2.8 million to the Companies on a net basis, and based on the timing of the advances compared to the payments, the Proposal Trustee is of the view that these payments are not properly characterized as a preference.

⁶ The Companies made payments totalling \$48,507 to Strada Aggregates ("Strada") during the Review Period as a result of a judgment that Strada obtained in connection with a lien registered against the Real Property.

4. Section 14.02 of the Amended Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA dealing with transactions that may be challenged by a Proposal Trustee, do not apply to the Amended Proposal and may not be relied upon by the creditors or by the Proposal Trustee. Therefore, by voting in favour of the Amended Proposal, creditors will be foregoing their right to pursue any of the remedies under these sections of the BIA.
5. The Proposal Trustee did not identify any transactions that could be considered a preference or transfer at undervalue during the Review Period or that, in the Proposal Trustee's view, would justify the expense of pursuing such transactions. Accordingly, the Proposal Trustee is of the view that Section 14.02 of the Amended Proposal is reasonable as creditors are not foregoing possible recoveries under these sections.

6.0 Estimated Distribution in the Event of a Bankruptcy

1. As described above in Section 2.2, the Proposal Trustee engaged FM, a prominent real estate and development cost consulting firm based in Toronto with extensive experience overseeing and consulting on projects similar to the YSL Project. FM was retained to, among other things, prepare the FM Report so that the Proposal Trustee could provide a recommendation to the Companies' creditors with respect to the Proposal.
2. The key findings from the FM Report are summarized in Section 6.2 below.
3. The FM Report has not been included in this Report as it contains sensitive financial and other information that could negatively impact realizations on the YSL Project should the Amended Proposal not be implemented and a sale process be undertaken. If the Amended Proposal is accepted by the Affected Creditors, the Proposal Trustee intends to include a copy of the FM Report and a waterfall analysis as confidential appendices to its report to Court in connection with a motion seeking Court approval of the Amended Proposal.

6.1 Realizations in a Bankruptcy/Receivership

1. The Amended Proposal implicitly pays \$188,057,000 for the YSL Project, as detailed below.

(\$000s; unaudited)		
Implied Purchase Price Calculation		Amounts
Payments in full:		
Secured Creditors		250,110
City of Toronto		729
Construction Lien Claimants	1	2,600
Total of payments in full		253,439
Payments to Affected Creditors:		
Proposal Fund Amount	2	37,700
		291,139
Less: Foregone deposits	3	(103,082)
Implied Purchase Price		188,057

Profit Percentage Calculation

Projected Revenue	4	1,092,185
Budgeted Costs	5	<u>(986,619)</u>
Profit		105,566
Profit as a % of Budgeted Costs		10.7%

Notes

1. Represents Construction Lien Claimants that, as of the date of this Report, have not agreed to be treated as Affected Creditors.
2. Represents the Proposal Fund Amount assuming Affected Creditor Claims total \$65 million.
3. Represents a reduction in the implied purchase price for condo purchaser deposits that have been spent by the Companies, as the Sponsor will not get the benefit of these deposits upon acquisition. This amount excludes the 56 disclaimed Condo Purchase Agreements, as the Sponsor will get the benefit of the proceeds of sale once it re-sells those units.
4. Represents the projected revenue that the YSL Project is expected to generate, excluding the spent deposits.
5. Represents the budgeted costs to complete the YSL Project, including the Implied Purchase Price, per above.

-
2. The Proposal Trustee asked FM to consider the purchase price that a purchaser would pay for the Real Property in a sale process if:
 - a) all existing Condo Purchase Agreements were assumed by the purchaser (excluding the 56 Condo Purchase Agreements that were disclaimed) (the "As-Is Scenario"); or
 - b) all existing Condo Purchase Agreements were disclaimed and all of the units marketed for sale, on the assumption that the purchaser can obtain a higher price per square foot by re-selling the condominium units based on current market prices (the "Re-Sell Scenario").
 3. The FM Report provides detailed projections of the revenues and costs for both scenarios in order to estimate an implied purchase price, considering developers require a target profit of at least 15%, per FM.
 4. The FM Report concludes that the recoveries to creditors in the As-Is and Re-Sell Scenarios would be materially inferior to the Amended Proposal, and it is possible that under these scenarios, there would be no recovery for unsecured creditors.
 5. FM's conclusions are based on the following:

As-Is Scenario

- a) the projected revenue of the project would be largely unchanged - all existing purchase agreements would be retained (except for the 56 disclaimed during these proceedings) and the balance of the units would be sold at current market prices, which are largely consistent with the price at which the YSL Project condominiums were sold;
- b) the projected costs to complete the YSL Project, which have increased significantly in recent years;

- c) the extended duration of the project, which is not expected to be completed for at least six years;
- d) the financing risks associated with the YSL Project;
- e) the standard purchaser deposit minimums which have, with some exceptions, declined from 20% to 15%;
- f) lien claimants, who would likely require payment in full, as the conditions to the Claim Assignment Agreements will not have been met;
- g) incremental debt service costs on senior secured debt while a sale process is carried out⁷; and
- h) professional costs to carry out a sale process.

Re-Sell Scenario

In addition to the factors summarized above, the following was considered:

- a) the risks associated with a full sales program re-launch of 1,100 residential units in order to prevent a potential “flooding” of the market;
 - b) the risks associated with financing the project, including financing condo deposits;
 - c) the potential for additional claims and costs of litigation that may result from disclaiming all existing Condo Purchase Agreements;
 - d) the possibility that a developer might not be able to secure financing, or might be delayed in securing financing for the project due to the high level of risk and uncertainty associated with a re-launch; and
 - e) the rate of return that a developer would require in light of the foregoing, which is at least 15% and likely more given the above enumerated and other risks.
6. Accordingly, the FM Report indicates that the value of the YSL Project under the Amended Proposal exceeds the value of the YSL Project if it was sold through the As-Is Scenario or the Re-Sell Scenario.
 7. Additionally, the FM Report indicates that in a sale of the YSL Project under the As-Is and the Re-Sell Scenarios, there would be no value for the LPs, even if the Related Party Claims were excluded.

⁷ Interest costs on the Companies senior secured debt (Timbercreek) is estimated to be \$ 604,167 per month.

7.0 Conclusion and Recommendation

1. The FM Report reflects that the value of the YSL Project under the Amended Proposal exceeds the value of the YSL Project under the As-Is and Re-Sell Scenarios. In the Proposal Trustee's opinion, these are the only two reasonable options for the YSL Project if the Amended Proposal is not approved.
2. Affected Creditors will have an opportunity for a recovery of up to 58¢ on the dollar value of their claims should the Amended Proposal be accepted and approved by the Court.
3. If the Amended Proposal is not accepted by creditors or approved by the Court, the Companies will be deemed to have made an assignment in bankruptcy. In such a case, Timbercreek's receivership application will be heard on or before July 12, 2021.
4. Based on the FM Report, distributions to Affected Creditors may be nil if the YSL Project is marketed for sale.
5. **Based on the foregoing, the Proposal Trustee recommends that the Companies' creditors vote in favour of the Amended Proposal.**
6. If the Amended Proposal is accepted by the Affected Creditors at the Meeting, the Companies will seek the Court's approval on June 23, 2021 at 10:00 am EST.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
YG LIMITED PARTNERSHIP AND
YSL RESIDENCES INC.,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

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

THE HONOURABLE MADAM) FRDAY, THE 14TH
)
JUSTICE GILMORE) DAY OF MAY, 2021
)

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF YG LIMITED PARTNERSHIP, A
LIMITED PARTNERSHIP ESTABLISHED UNDER THE
LAWS OF MANITOBA CARRYING ON BUSINESS IN THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

AND

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF YSL RESIDENCES INC., A
CORPORATION FORMED UNDER THE LAWS OF
ONTARIO CARRYING ON BUSINESS IN THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

**ORDER
(Consolidation)**

THIS MOTION made by YSL Residences Inc. ("**YSL Inc.**"), and YG Limited Partnership ("**YG LP**", and together with YSL Inc., "**YSL**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (the "**BIA**"), was heard in writing in accordance with the endorsement of Justice Gilmore dated May 7, 2021 and Rule 37.12.1(1) of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.

ON READING the Second Report of KSV Restructuring Inc. (the "**Proposal Trustee**") in its capacity as proposal trustee of YSL dated May 14, 2021 and the written submissions of counsel for YSL, no one else appearing although duly served as appears from the affidavit of Daphne Porter dated May 14, 2021;

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record be and is hereby abridged so that the Motion is properly returnable today, and that further service thereof be and it is hereby dispenses with further service thereof.

CONSOLIDATION OF ESTATES

2. **THIS COURT ORDERS** that with respect to:

- (a) The matter of the notice of intention to make a proposal of YG LP, Estate number 31-459200, and
- (b) The matter of the notice of intention to make a proposal of YSL Inc., Estate number 31-2734090, (collectively, the "**Proposal Proceedings**"),

the Proposal Proceedings shall be procedurally and substantively consolidated and the Proposal Trustee shall be directed to administer the Proposal Proceedings on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as trustee under the *BIA*.

3. **THIS COURT ORDERS** that the single court file number 31-2734090 (the "Consolidated Court File") and the following title of proceeding shall be assigned to the Proposal Proceedings:

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

"

4. **THIS COURT ORDERS** that a copy of this Order shall be filed by YSL in the court file for each of the Proposal Proceedings, but that any other document required to be filed in any of the Proposal Proceedings shall hereafter only be required to be filed in Court file number 31-2734090.

5. **THIS COURT ORDERS** that the substantive consolidation of the Proposal Proceedings shall not: (i) affect the separate legal status and corporate structures of YG LP or YSL Residences Inc.; (ii) cause YG LP or YSL Inc. to be liable for any claim for which it is not

otherwise liable; and (iii) affect the Proposal Trustee's right to disallow any claim, in whole or in part, including on the basis that such claim is a duplicative claim.

GENERAL

6. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, partnerships, governmental, municipal and regulatory authorities against whom it may be enforceable.



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF YG LIMITED PARTNERSHIP,
A LIMITED PARTNERSHIP ESTABLISHED UNDER THE LAWS OF MANITOBA CARRYING ON BUSINESS IN
THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

AND

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF YSL RESIDENCES INC., A
CORPORATION FORMED UNDER THE LAWS OF ONTARIO CARRYING ON BUSINESS IN THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

Estate/Court File Nos.: 31-459200, 31-2734090

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

Proceedings commenced in Toronto

ORDER
(Consolidation)

AIRD & BERLIS LLP

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Lawyers for the Applicants

Appendix “B”

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

**IN THE MATTER OF THE PROPOSAL OF YG LIMITED PARTNERSHIP
AND YSL RESIDENCES INC. PURSUANT TO THE
*BANKRUPTCY AND INSOLVENCY ACT***

AMENDED PROPOSAL

WHEREAS, pursuant to Notices of Intention to Make a Proposal dated April 30, 2021, YSL Residences Inc. and YG Limited Partnership (collectively, "YSL" or the "**Company**") initiated proceedings under the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, B-3 as amended (the "**BIA**"), pursuant to Section 50(1) thereof;

AND WHEREAS a creditor proposal was filed in accordance with section 50(2) of the BIA on May 27, 2021 (the "**Original Proposal**");

AND WHEREAS the Company and the Proposal Sponsor wish to amend the Original Proposal on the terms and conditions set out herein;

NOW THEREFORE the Company hereby submits the following amended proposal under the BIA to its creditors (the "**Amended Proposal**").

**ARTICLE I
DEFINITIONS**

1.01 Definitions

In this Proposal:

"**Administrative Fees and Expenses**" means the fees, expenses and disbursements incurred by or on behalf of the Proposal Trustee, the solicitors for the Proposal Trustee, the solicitors of the Company both before and after the Filing Date;

"**Affected Creditor Claim**" means a Proven Claim, other than an Unaffected Claim;

"**Affected Creditor Share**" means, subject to section 2.02(a)(i), the amount that is equal to 58% of the face value of an Affected Creditor Claim, subject to the Maximum Proposal Claims Amount which, if exceeded shall result in Affected Creditors receiving the Affected Creditor Pro Rata Share;

"**Affected Creditor Pro Rata Share**" means, in respect of an Affected Creditor Claim, (i) the face value of the Affected Creditor Claim, multiplied by (ii) the formula: $0.58 \times (X/Y)$ where "X" = the Maximum Proposal Claims Amount and "Y" = the aggregate total amount of Proven Claims;

"**Affected Creditors**" means all Persons having Affected Creditor Claims, but only with respect to and to the extent of such Affected Creditor Claims;

"**Affected Creditors Class**" means the class consisting of the Affected Creditors established under and for the purposes of this Proposal, including voting in respect thereof;

"**Amended Proposal**" has the meaning ascribed to it in the recitals;

"**Approval Order**" means an order of the Court, among other things, approving the Proposal;

"**Assumed Contracts**" means, subject to section 8.02(e), those written contracts entered into by or on behalf of the Company in respect of the Project to be identified by the Proposal Sponsor prior to the Creditors' Meeting, which are to be assumed by the Proposal Sponsor upon Implementation with the consent of the applicable counterparty or otherwise pursuant to an order issued in pursuant to section 84.1 of the BIA;

"**BIA**" has the meaning ascribed to it in the recitals;

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;

"**Claim**" means any right or claim of any Person against the Company in connection with any indebtedness, liability, or obligation of any kind whatsoever in existence on the Filing Date (or which has arisen after the Filing Date as a result of the disclaimer or repudiation by the Company on or after the Filing Date of any lease or executory contract), and any interest accrued thereon to and including the Filing Date and costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against the Company with respect to any matter, cause or chose in action, but subject to any counterclaim, set-off or right of compensation in favour of the Company which may exist, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts that existed prior to the Filing Date, (B) relates to a period of time prior to the Filing Date, or (C) is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA;

"**Company**" has the meaning ascribed to it in the recitals;

"**Conditional Claim**" means any Claim of an Affected Creditor that is not a Proven Claim as at the Filing Date because one or more conditions precedent to establish such Affected Creditor's entitlement to payment by the Company had not been completed in accordance with any applicable

contractual terms as at the Filing Date, and such Affected Creditor has indicated in its proof of claim that the Claim should be treated as a Conditional Claim;

"Conditional Claim Completion Deadline" means 5:00pm (Toronto time) on September 13, 2021;

"Conditional Claim Condition" has the meaning ascribed to it in Section 2.03(a);

"Conditions Precedent" shall have the meaning given to such term in section 8.02 hereof;

"Condo Purchase Agreement" means an agreement of purchase and sale in respect of a residential condominium unit in the Project between the Company and a Condo Purchaser;

"Condo Purchaser" means a purchaser of a residential condominium unit in the Project pursuant to a Condo Purchase Agreement;

"Condo Purchaser Claim" means any Claim of a Condo Purchaser in respect of its Condo Purchase Agreement;

"Construction Lien Claim" means any Proven Claim in respect of amounts secured by a perfected lien registered against title to the Property and are valid in accordance with the *Construction Act* (Ontario);

"Convenience Creditor" means an Affected Creditor with a Convenience Creditor Claim;

"Convenience Creditor Claim" means (a) any Proven Claims of an Affected Creditor in an amount less than or equal to \$15,000, and (b) any Proven Claim of an Affected Creditor in an amount greater than \$15,000 if the relevant Creditor has made a valid election for the purposes of this Proposal in accordance with this Proposal prior to the Convenience Creditor Election Deadline;

"Convenience Creditor Consideration" has the meaning ascribed to it in Section 3.04;

"Convenience Creditor Election Deadline" means 5:00 p.m. (Toronto time) on June 14, 2021;

"Convenience Creditor Election Form" means the form, substantially in the form attached hereto as Schedule "B", pursuant to which an Affected Creditor that is not a Convenience Creditor may elect to be treated as a Convenience Creditor, in accordance with Section 3.04 herein;

"Court" means the Ontario Superior Court of Justice (Commercial List);

"Court Approval Date" means the date upon which the Court makes the Approval Order;

"Creditors' Meeting" means the meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;

"Creditors' Meeting Date" means such date and time for the Creditors' Meeting as may be called by the Proposal Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;

"**Crown**" means Her Majesty in Right of Canada or of any Province of Canada and their agents;

"**Crown Claims**" means the Claims of the Crown set out in Section 60(1.1) of the BIA outstanding as at the Filing Date against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of the Ordinary Claims, and specifically excludes any other claims of the Crown;

"**Disputed Claim**" means any Claim which has not been finally resolved as a Proven Claim in accordance with the BIA as at the Proposal Implementation Date;

"**Distributions**" means a distribution of funds made by the Proposal Trustee from the Proposal Fund to Affected Creditors in respect of Affected Creditor Claims, in accordance with Article V;

"**Effective Time**" means 12:00 p.m. (Toronto time) on the Proposal Implementation Date;

"**Equity Claim**" has the meaning ascribed to it in Section 2 of the BIA;

"**Existing Equity**" means the limited partnership units of YG LP;

"**Existing Equityholders**" means the holders of the Existing Equity immediately prior to the Effective Time;

"**Filing Date**" means April 30, 2021, being the date upon which Notices of Intention to Make a Proposal were filed by the Company with the Official Receiver in accordance with the BIA;

"**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Implementation**" means the completion and implementation of the transactions contemplated by this Proposal;

"**Implementation Certificate**" has the meaning ascribed to it in Section 8.02(j);

"**Maximum Proposal Claims Amount**" means \$65,000,000;

"**Maximum Proposal Fund Amount**" means the amount necessary to pay each Affected Creditor its Affected Creditor Pro Rata Share;

"**Official Receiver**" shall have the meaning ascribed thereto in the BIA;

"**Original Proposal**" has the meaning ascribed to it in the recitals;

"**Outside Date**" means July 31, 2021;

"Permitted Encumbrances" means those encumbrances on the Property listed in Schedule "A" hereto;

"Person" means any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority and a natural person in such person's capacity as trustee, executor, administrator or other legal representative;

"Preferred Claim" means a Claim enumerated in Section 136(1) of the BIA outstanding as at the Filing Date against the Company, if any, the payment of which will be made in priority to distributions in respect of Affected Creditor Claims;

"Project" means the mixed-used office, retail and residential condominium development to be constructed on the Property currently consisting of approximately 1,100 residential condominium units and 170 parking units and known as Yonge Street Living Residences;

"Property" means the real property owned by the Company and municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto, Ontario, and legally described by PIN numbers 21101-0042 (LT) to 21101-0049 (LT), inclusive;

"Proposal" means this Amended Proposal of the Company, and any amendments, modifications and/or supplements hereto made in accordance with the terms hereof;

"Proposal Fund" means the fund established by the Proposal Sponsor pursuant to and as described in Section 5.01;

"Proposal Fund Amount" means the amount necessary to pay each Affected Creditor its Affected Creditor Share;

"Proposal Implementation Date" means the date on which Implementation occurs, which shall occur following the satisfaction of the Conditions Precedent, and no later than the Outside Date;

"Proposal Sponsor" means Concord Properties Development Corp.;

"Proposal Sponsor Agreement" means that agreement entered into among the Proposal Sponsor and the Company as of April 30, 2021, as amended from time to time;

"Proposal Trustee" means KSV Restructuring Inc. in its capacity as trustee in respect of this Proposal, or its duly appointed successor;

"Proposal Trustee's Website" means the following website: www.ksvadvisory.com/insolvency-cases/case/yg-limited-partnership;

"Proven Claim" means in respect of an Affected Creditor, the amount of a Claim as finally determined in accordance with the provisions of the BIA, provided that the Proven Claim of an Affected Creditor with a Claim in excess of \$15,000 that has elected to be a Convenience Creditor by submitting a Convenience Creditor Election Form shall be valued for voting purposes as \$15,000;

"Released Claims" means, collectively, the matters that are subject to release and discharge pursuant to Section 7.01;

"Released Parties" means, collectively, (i) the Company, (ii) each affiliate or subsidiary of the Company; (iii) the Proposal Sponsor, (iv) the Proposal Trustee, and (v) subject to section 7.01, each of the foregoing Persons' respective former and current officers, directors, principals, members, affiliates, limited partners, general partners, managed accounts or funds, fund advisors, employees, financial and other advisors, legal counsel, and agents, each in their capacity as such;

"Required Majority" means an affirmative vote of a majority in number and two-thirds in value of all Proven Claims in the Affected Creditors Class entitled to vote, who are present and voting at the Creditors' Meeting (whether online, in-person, by proxy or by voting letter) in accordance with the voting procedures established by this Proposal and the BIA;

"Secured Claims" means:

- (a) The Claim of Timbercreek which is secured by, among other things a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (b) The Claim of 2576725 Ontario Inc. which is secured by, among other things, a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (c) All Construction Lien Claims but only to the extent of such Construction Lien Claims;

"Secured Creditor" means a Person holding a Secured Claim, with respect to, and to the extent of such Secured Claim;

"Superintendent's Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to sections 60(4) and 147 of the BIA;

"Timbercreek" means, collectively, Timbercreek Mortgage Servicing Inc. and 2292912 Ontario Inc.;

"Unaffected Claim" means:

- (a) the Administrative Fees and Expenses;
- (b) the Claims of Timbercreek;
- (c) the Claim of Westmount Guarantee Services Inc. which is secured by, among other things, a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (d) the Claim of 2576725 Ontario Inc., which is secured by, among other things, an equitable mortgage encumbering the Property;

- (e) any Claim of the City of Toronto;
- (f) all Condo Purchaser Claims;
- (g) all Construction Lien Claims, but only to the extent such Claims are valid in accordance with the *Construction Act* (Ontario) and have been perfected by the Proposal Implementation Date; and
- (h) such other Claims as the Company and Proposal Sponsor may agree with the consent of the Proposal Trustee;

"**Unaffected Creditor**" means a creditor holding an Unaffected Claim, with respect to and to the extent of such Unaffected Claim;

"**Undeliverable Distributions**" has the meaning ascribed to it in Section 5.04; and

"YSL" has the meaning ascribed to it in the recitals.

1.02 Intent of Proposal

This Proposal is intended to provide all Affected Creditors a greater recovery than they would otherwise receive if the Company were to become bankrupt under the BIA. More specifically, the Proposal will provide for a payment in full of Secured Claims and will provide a significant recovery in respect of Affected Creditor Claims. While the exact recovery cannot be determined until all Claims have been determined, the Company expects Affected Creditors to receive a significant, albeit not a full recovery, on their Claims and, in any event, a greater recovery than would occur if the Company were to become a bankrupt under the BIA.

In consideration for, among other things, its sponsorship of this Proposal, including the satisfaction of all Secured Claims, Preferred Claims and the establishment of the Proposal Fund, on the Proposal Implementation Date, title to the Property, subject only to the Permitted Encumbrances, as well as the Company's interests and obligations under the Assumed Contracts and Condo Purchase Agreements shall be acquired by the Proposal Sponsor, or its nominee in accordance with the terms hereof.

1.03 Date for Any Action

In the event that any date on which any action is required to be taken under this Proposal by any of the parties is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.04 Time

All times expressed in this Proposal are local time in Toronto, Ontario, Canada unless otherwise stipulated. Time is of the essence in this Proposal.

1.05 Statutory References

Except as otherwise provided herein, any reference in this Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.06 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors, and assigns of any Person named or referred to in the Proposal.

1.07 Currency

Unless otherwise stated herein, all references to currency and to "\$" in the Proposal are to lawful money of Canada.

1.08 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.09 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.10 Numbers

In this Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

ARTICLE II CLASSIFICATION AND TREATMENT OF AFFECTED PARTIES

2.01 Classes of Creditors

For the purposes of voting on the Proposal, there will only be one class of creditors, being the Affected Creditors Class. For the purposes of voting on the Proposal, each Convenience Creditor shall be deemed to be in and shall be deemed to vote in and as part of, the Affected Creditors Class.

2.02 Treatment of Affected Creditors

- (a) As soon practicable after the Proposal Implementation Date, and after taking an adequate reserve in respect of any Disputed Claims and Conditional Claims:
 - (i) all Affected Creditor Claims (other than Convenience Creditors and Affected Creditors holding Conditional Claims where one or more Conditional Claim Conditions have not been completed) shall receive, in respect of such Affected Creditor Claim, its Affected Creditor Share, net of the Superintendent's Levy, made by the Proposal Trustee from the Proposal Fund from time to time in accordance with Article V hereof; provided, however if the aggregate Affected Creditor Share amount payable to all Affected Creditors exceeds the Maximum Proposal Claims Amount, then Affected Creditors with Proven Claims shall receive, in respect of such Proven Claim, its Affected Creditor Pro Rata Share; and
 - (ii) all Convenience Creditors shall receive in respect of such Convenience Creditor Claims, the Convenience Creditor Consideration, net of the Superintendent's Levy;
- (b) Subject to Section 2.03, on the Proposal Implementation Date, each Affected Creditor Claim shall, and shall be deemed to have been irrevocably and finally extinguished, discharged and released, and each Affected Creditor shall have no further right, title or interest in or to its Affected Creditor Claim.

2.03 Conditional Claims Protocol

If an Affected Creditor submits a proof of claim to the Proposal Trustee indicating that its Claim against the Company is a Conditional Claim due to the fact that one or more pre-conditions to such Affected Creditor's right to payment by the Company had not been satisfied as at the Filing Date due to the acts or omissions of such Affected Creditor, then:

- (a) such Affected Creditor shall have until the Conditional Claim Completion Deadline to complete or otherwise satisfy all outstanding pre-conditions to payment in accordance with the terms of the applicable agreement between such Affected Creditor and the Company (all such conditions, "**Conditional Claim Conditions**"), and provide notice of such completion to the Proposal Trustee along with reasonable proof thereof;
- (b) if such Affected Creditor provides the Proposal Trustee with proof of the completion of all applicable Conditional Claim Conditions prior to the Conditional Claim Completion Deadline, then, subject to the Proposal Trustee's confirmation of same, such Affected Creditor's Conditional Claim shall be deemed to be a Proven Claim, and such Affected Creditor shall be entitled to a distribution in accordance with Section 2.02(a)(i), and, effective immediately upon issuance of such distribution to the Affected Creditor by the Proposal Trustee, the releases set out in Section 7.01 shall become effective; and

- (c) if such Affected Creditor has not satisfied one or more Conditional Claim Conditions by the Conditional Claim Completion Deadline, then, effective immediately upon the Conditional Claim Completion Deadline, such Affected Creditor's Conditional Claim shall be irrevocably and finally extinguished and such Affected Creditor shall have no further right, title or interest in and to its Conditional Claim and the releases set out in Section 7.01 shall become effective in respect of such Conditional Claim.

2.04 Existing Equityholders and Holders of Equity Claims

Holders of Equity Claims shall not be entitled to vote in respect of their Equity Claims at the Creditors Meeting and shall not receive any distribution under this Proposal on account of their Equity Claims. Subject to Section 7.01, all Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred for no consideration on the Proposal Implementation Date in accordance with Section 6.01(h).

2.05 Application of Proposal Distributions

All amounts paid or payable hereunder on account of the Affected Creditor Claims (including, for greater certainty, any securities received hereunder) shall be applied as follows: (i) first, in respect of the principal amount of the Affected Creditor Claim, and (ii) second, in respect of the accrued but unpaid interest on the Affected Creditor Claim.

2.06 Full Satisfaction of All Affected Creditor Claims

All Affected Creditors shall accept the consideration set out in Section 2.02 hereof in full and complete satisfaction of their Affected Creditor Claims, and all liens, certificates of pending litigation, executions, or other similar charges or actions or proceedings in respect of such Affected Creditor Claims will have no effect in law or in equity against the Property, or other assets and undertaking of the Company. Upon the Implementation of the Proposal, any and all such registered liens, certificates of pending litigation, executions or other similar charges or actions brought, made or claimed by Affected Creditors will be and will be deemed to have been discharged, dismissed or vacated without cost to the Company and the Company will be released from any and all Affected Creditor Claims of Affected Creditors, subject only to the right of Affected Creditors to receive Distributions as and when made pursuant to this Proposal.

2.07 Undeliverable Distributions

Undeliverable Distributions shall be dealt with and treated in the manner provided for in the BIA and the directives promulgated pursuant thereto.

ARTICLE III
MEETING OF AFFECTED CREDITORS

3.01 Meeting of Affected Creditors

On the Creditors' Meeting Date, the Company shall hold the Creditors' Meeting in order for the Affected Creditors to consider and vote upon the Proposal.

3.02 Time and Means of Creditors' Meeting

The Creditors' Meeting shall take place at 2:00 p.m. (Toronto time) on June 15, 2021. Due to COVID-19, the Creditors' Meeting shall be held online and may be accessed at the following website:

<https://zoom.us/j/93541423177?pwd=eU1oQkh5a3o5QWtWbzhhM0IzaDYyUT09>

Meeting ID: 935 4142 3177

Passcode: 912017

3.03 Quorum and Conduct of Creditors' Meeting

A quorum shall be constituted for the Creditors' Meeting or any adjournment thereof if there is one Affected Creditor, entitled to vote, present in person (virtually) or by proxy, or if one Affected Creditor, entitled to vote, has submitted a voting letter in accordance with the provisions of the BIA and this Proposal. If the requisite quorum is not present at the Creditors' Meeting or if the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Proposal Trustee to such date, time and place or online meeting platform as determined by the Proposal Trustee. For greater certainty, the Creditors' Meeting may be adjourned one or more times.

3.04 Voting at the Meeting

Each Affected Creditor will be required to submit a proof of claim to the Proposal Trustee. Each Affected Creditor shall be entitled to a single vote valued in the full amount of its Proven Claim. In order to vote at the Creditors' Meeting, the proof of claim must be submitted to the Proposal Trustee no later than 5:00 p.m. (Toronto time) on the day that is one (1) Business Day prior to the commencement of the Creditors' Meeting. Any Person asserting a Construction Lien Claim that has not been perfected in accordance with the *Construction Act* (Ontario) is required to file a proof of claim in accordance with this paragraph.

The only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Company and its legal counsel and advisors, the Proposal Sponsor and its legal counsel and advisors, the Proposal Trustee and its legal counsel and advisors, and all other Persons entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Proposal Trustee.

The provisions of section 135 of the BIA will apply to all proofs of claim submitted by Affected Creditors, including in respect of Disputed Claims. In the event that a duly submitted proof of claim has been disallowed or revised for voting purposes by the Proposal Trustee, and such disallowance has been disputed by the applicable Affected Creditor in accordance with Section 135(4) of the BIA, or in the case of any Claim that is a Conditional Claim as at the time of the Creditors' Meeting, then the dollar value for voting purposes at the Creditors' Meeting shall be the dollar amount of such disputed claim or Conditional Claim, as the case may be, set out in the proof of claim submitted by such Affected Creditor, without prejudice to the determination of the dollar value of such Affected Creditor's disputed claim or Conditional Claim for distribution purposes.

Notwithstanding the foregoing, each Convenience Creditor with a Proven Claim of \$15,000 or less is irrevocably deemed to have voted the full amount of its Proven Claims in favour of the approval of the Proposal without requirement for such Convenience Creditor to file a proxy to vote in favour of the Proposal, in consideration for the Proposal providing for the full payment of their Proven Claim. An Affected Creditor with a Proven Claim in excess of \$15,000 that wishes to be treated as a Convenience Creditor under the Proposal must deliver a duly completed and executed Convenience Creditor Election Form to the Proposal Trustee by no later than the Convenience Creditor Election Deadline, and upon doing so such Affected Creditor: (i) is irrevocably deemed to have voted the full amount of its Proven Claim in favour of the Proposal as a member of the Affected Creditors Class; and (ii) shall be treated as a Convenience Creditor for all purposes and shall receive the lesser of (x) \$15,000, and (y) the amount of its Proven Claim (either (x) or (y), being the applicable “**Convenience Creditor Consideration**”).

Except as expressly provided herein, the Proposal Trustee's determination of claims pursuant to this Proposal and the BIA shall only apply for the purposes of this Proposal, and such determination shall be without prejudice to a Creditor's right to submit a revised proof of claim in subsequent proceedings in respect of the Company should this Proposal not be implemented.

3.05 Approval by Affected Creditors

In order to be approved, this Proposal must receive the affirmative votes of the Required Majority.

3.06 Modification to Proposal

Subject to the consent of the Proposal Trustee and the Proposal Sponsor, the Company reserves the right at any time prior to the Creditors' Meeting to file any modification of, amendment or supplement to the Proposal by way of supplementary proposal. Any such amended or supplementary proposal shall forthwith be posted on the Proposal Trustee's Website and filed with the Official Receiver as soon as practicable, in which case any such amended or supplementary proposal or proposals shall, for all purposes, be and be deemed to be a part of and incorporated in to this Proposal. At the Creditors' Meeting, the Company and/or the Proposal Trustee shall provide all Affected Creditors in attendance with details of any modifications or amendments prior to the vote being taken to approve the Proposal. Subject to the provisions of the BIA, after the Creditors' Meeting (and both prior to and subsequent to the Approval Order) and subject to the consent of the Proposal Trustee and the Proposal Sponsor, the Company may at any time and from time to time vary, amend, modify or supplement the Proposal.

ARTICLE IV
PREFERRED CLAIMS AND MANDATORY PAYMENTS

4.01 Crown Claims

Within thirty (30) Business Days following the granting of the Approval Order, the Crown Claims, if any, will be paid by the Proposal Trustee, in full with related interest and penalties as prescribed by the applicable laws, regulations and decrees.

4.02 Preferred Claims

Within thirty (30) Business Days following the granting of the Approval Order, the Preferred Claims, if any, will be paid in full by the Proposal Trustee.

ARTICLE V
ESTABLISHMENT OF PROPOSAL FUND AND DISTRIBUTIONS

5.01 Establishment of Proposal Fund

On the Plan Implementation Date, in accordance with the sequence set out in section 6.01 hereof, the Proposal Sponsor shall transfer to the Proposal Trustee, in trust, the Proposal Fund Amount, provided that such amount shall not exceed the Maximum Proposal Fund Amount, which funds shall be held in a specific trust account by the Proposal Trustee and used for the specific purposes set out in this Proposal, plus a reasonable reserve on account of Administrative Fees and Expenses, and, subject to section 5.03, a reserve in respect of Disputed Claims and Conditional Claims (if any). All such cash transferred to the Proposal Trustee shall be held in trust by the Proposal Trustee in the Proposal Fund for the benefit of such Persons who are entitled to receive Distributions (including all Affected Creditors to the extent of their Proven Claims) pursuant to this Proposal. Any excess funds remaining in the Proposal Fund following the distribution of all amounts contemplated by the Proposal to those parties entitled to such disbursements shall be remitted directly to the Proposal Sponsor, or as it may direct.

5.02 Distributions

As soon as possible after the Proposal Implementation Date and the payments contemplated by Sections 4.01 and 4.02, the Proposal Trustee shall make a Distribution to Affected Creditors with Proven Claims as follows:

- (a) If the aggregate amount necessary to satisfy the Affected Creditor Share payable to all Affected Creditors with Proven Claims does not exceed the Maximum Proposal Fund Amount, the Proposal Trustee shall make a Distribution to each Affected Creditor with a Proven Claim in the amount of its Affected Creditor Share, net of the Superintendent's Levy; or
- (b) If the aggregate amount necessary to satisfy the Affected Creditor Share payable to all Affected Creditors with Proven claims exceeds the Maximum Proposal Fund Amount, then, after reserving an amount necessary in respect of unresolved

Disputed Claims in accordance with Section 5.03, the Proposal Trustee shall make a Distribution of all funds available for distribution in the Proposal Fund to each Affected Creditor with a Proven Claim in the amount of its Affected Creditor Pro Rata Share, net of the Superintendent's Levy. The Proposal Trustee may make more than one distribution to Affected Creditors of the Affected Creditor Pro Rata Share amount as Disputed Claims are resolved.

5.03 Reserves for Unresolved Claims

Prior to making any Distribution to Affected Creditors pursuant to Section 5.02, the Proposal Trustee shall set aside in the Proposal Fund sufficient funds to pay all Affected Creditors with Disputed Claims or Conditional Claims the amounts such Affected Creditors would be entitled to receive in respect of that particular Distribution pursuant to this Proposal, in each case as if their Disputed Claim or Conditional Claim, as the case may be, had been a Proven Claim at the time of such Distribution. Upon the resolution of each Disputed Claim in accordance with the BIA, or upon final resolution of any Conditional Claim, any funds which have been reserved by the Proposal Trustee to deal with such Disputed Claim or such Conditional Claim, as applicable, but which are not required to be paid to the Affected Creditor shall remain in the Proposal Fund and become available for further Distributions to Affected Creditors in respect of their Proven Claims.

5.04 Method of Distributions

Unless otherwise agreed to by the Proposal Trustee and an Affected Creditor, all Distributions made by the Proposal Trustee pursuant to this Proposal shall be made by cheque mailed to the address shown on the proof of claim filed by such Affected Creditor or, where an Affected Creditor has provided the Trustee with written notice of a change of address, to such address set out in that notice. If any delivery or distribution to be made pursuant to Article IV hereof in respect of an Affected Creditor Claim is returned as undeliverable, or in the case of a distribution made by cheque, the cheque remains uncashed (each an "**Undeliverable Distribution**"), no other crediting or delivery will be required unless and until the Proposal Trustee is notified of the Affected Creditor's then current address. The Proposal Trustee's obligations to the Affected Creditor relating to any Undeliverable Distribution will expire six months following the date of delivery or mailing of the cheque or other distribution, after which date the Proposal Trustee's obligations under this Proposal in respect of such Undeliverable Distribution will be forever discharged and extinguished, and the amount that the Affected Creditor was entitled to be paid under the Proposal shall be distributed to the Proposal Sponsor.

5.05 Residue After All Distributions Made

Residual funds, if any, in the Proposal Fund which are not required for Distribution under this Proposal shall be returned to the Proposal Sponsor, or as it may direct, by the Proposal Trustee immediately prior to the filing of the certificate by the Proposal Trustee referenced in section 13.02 hereof.

ARTICLE VI
IMPLEMENTATION

6.01 Proposal Implementation Date Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments (unless otherwise indicated) and at the times and in the order set out in this Section 6.01 (or in such other manner or order or at such other time or times as the Company and the Proposal Sponsor may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

- (a) Either the Proposal Sponsor will, at its election, but subject to obtaining the consent of the applicable Secured Creditor, assume the Secured Claims, or on behalf of the Company, the Proposal Sponsor will make payment in full to Secured Creditors in respect of their Secured Claims;
- (b) the releases in respect of Secured Claims referenced in section 7.01 shall become effective, and any registrations on title to the Property in respect of such Secured Claims shall be discharged from title to the Property;
- (c) the Proposal Sponsor shall provide the Proposal Fund Amount to the Proposal Trustee in accordance with section 5.01 in full and final settlement of all Affected Creditor Claims;
- (d) the Proposal Sponsor shall provide the Proposal Trustee with an amount necessary to satisfy the Administrative Fees and Expenses, including a reserve in respect of the reasonably estimated additional Administrative Fees and Expenses anticipated to be incurred in connection with the administration of Distributions, resolution of any Disputed Claims, and the Proposal Trustee's discharge;
- (e) title to the Property shall be registered in the name of the Proposal Sponsor, or its nominee, together with any charges applicable to security held by the lenders to the Proposal Sponsor in respect of the purchase of the Property and construction of the Project;
- (f) the assumption of the Assumed Contracts by the Proposal Sponsor, or its nominee, shall become effective;
- (g) all Affected Creditor Claims (including without limitation all Convenience Creditor Claims) shall, and shall be deemed to be, irrevocably and finally extinguished and the Affected Creditors shall have no further right, title or interest in and to their respective Affected Creditor Claims, except with respect to their right to receive a Distribution, if applicable, and in such case, only to the extent of such Distribution;
- (h) subject to Section 7.01, all Equity Claims shall, and shall be deemed to be, irrevocably and finally extinguished and all Existing Equityholders shall have no further right, title or interest in and to their respective Equity Claims; and

- (i) the releases in respect of Affected Creditor Claims (other than Conditional Claims with Conditional Claim Conditions not satisfied as at the Effective Time) referred to in Section 7.01 shall become effective.

ARTICLE VII **RELEASES**

7.01 Release of Released Parties

At the applicable time pursuant to Section 6.01(b), in the case of Secured Claims, and Section 6.01(i), in respect of Affected Creditor Claims, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Proposal Implementation Date, including without limitation in connection with this Proposal and any proceedings commenced with respect to or in connection with this Proposal, the Project, the transactions contemplated hereunder, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge (i) any of the Released Parties from or in respect of their respective obligations under this Proposal or any order issue by the Court in connection with this Proposal or any document ancillary to any of the foregoing, (ii) any Released Party from liabilities or claims which cannot be released pursuant to s. 50(14) of the BIA, as determined by the final, non-appealable judgment of the Court, or (iii) any Released Party from any Secured Claim of Timbercreek. The foregoing release shall not be construed to prohibit a party in interest from seeking to enforce the terms of this Proposal, including with respect to Distributions, or any contract or agreement entered into pursuant to, in connection with or contemplated by this Proposal. Notwithstanding the foregoing, the directors and officers of the Company shall not be released in respect of any Equity Claim as defined in section 2 of the BIA or any analogous claim in respect of a partnership interest.

7.02 Injunctions

All Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Proposal Implementation Date, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever of any Person against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, guarantee, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Proposal or the transactions contemplated hereunder; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal or any document, instrument or agreement executed to implement this Proposal.

ARTICLE VIII
CONDITIONS PRECEDENT

8.01 Confirmation of Proposal

Provided that the Proposal is approved by the Required Majority, the Proposal Trustee shall apply for the Approval Order no later than five (5) days following the Creditors' Meeting.

8.02 Conditions Precedent

This Proposal will take effect on the Proposal Implementation Date. The Implementation of this Proposal on the Proposal Implementation Date is subject to the satisfaction of the following conditions precedent (collectively, the "**Conditions Precedent**"):

- (a) the Proposal is approved by the Required Majority;
- (b) the Approval Order, in form and substance satisfactory to the Proposal Sponsor, has been issued, has not been stayed and no appeal therefrom is outstanding;
- (c) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Authority, no application shall have been made to any Governmental Authority, and no action or investigation shall have been announced, threatened or commenced by any Governmental Authority, in consequence or in connection with the Proposal or the Project that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit), the Proposal or any part thereof or the Project or any part thereof or requires or purports to require a variation of the Proposal or the Project;
- (d) registrations in respect of all encumbrances, including without limitation any registrations in respect of Construction Lien Claims, but excluding the Permitted Encumbrances, shall have been deleted from title to the Property, provided that, should the Implementation of the Proposal not occur following the deletion of an Affected Creditor's encumbrance pursuant to this provision, such Affected Creditor shall have the right to renew such registration;
- (e) the Proposal Sponsor, or its nominee, shall have entered into assignment and assumption agreements in respect of all Assumed Contracts, or an assignment order pursuant to section 84.1 of the BIA shall have been issued, in each case in form and substance satisfactory to the Proposal Sponsor, provided that it shall be a condition of the assumption of each Assumed Contract that the written agreements set out in the list of Assumed Contracts provided by the Proposal Sponsor (as amended from time to time) represent the totality of the contractual arrangements between the Company and each applicable counterparty, and no verbal or extra-contractual arrangements will be recognized by the Proposal Sponsor;
- (f) sufficient financing for the acquisition of the Property by the Proposal Sponsor, or its nominee, shall have been provided by Otera Capital Inc., on terms satisfactory to the Proposal Sponsor, and all material conditions precedent to such financing

shall be capable of completion by the Proposal Sponsor prior to the Proposal Implementation Date;

- (g) the Proposal Implementation Date shall occur on June 30, 2021, or such other date prior to the Outside Date as may be agreed by the Proposal Sponsor;
- (h) any required resolutions authorizing the Company to file this Proposal and any amendments thereto will have been approved by the board of directors of the Company;
- (i) the Proposal Sponsor Agreement shall not have been terminated by the Proposal Sponsor; and
- (j) the Company shall have delivered a certificate to the Proposal Trustee that the conditions precedent to the Implementation of the Proposal have been satisfied or waived (the "**Implementation Certificate**").

Upon written confirmation of receipt from the Proposal Trustee of the Implementation Certificate, the Implementation of the Proposal shall have been deemed to have occurred and all actions deemed to occur upon Implementation of the Proposal shall occur without the delivery or execution of any further documentation, agreement or instrument.

ARTICLE IX **EFFECT OF PROPOSAL**

9.01 Binding Effect of Proposal

After the issuance of the Approval Order by the Court, subject to satisfaction of the Conditions Precedent, the Proposal shall be implemented by the Company and shall be fully effective and binding on the Company and all Persons affected by the Proposal. Without limitation, the treatment of Affected Creditor Claims under the Proposal shall be final and binding on the Company, the Affected Creditors, and all Persons affected by the Proposal and their respective heirs, executors, administrators, legal representatives, successors, and assigns. For greater certainty, this Proposal shall have no effect upon Unaffected Creditors.

9.02 Amendments to Agreements and Paramountcy of Proposal

Notwithstanding the terms and conditions of all agreements or other arrangements with Affected Creditors entered into before the Filing Date, for so long as an event of default under this Proposal has not occurred, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern and be paramount.

9.03 Deemed Consents and Authorizations of Affected Creditors

At the Effective Time each Affected Creditor shall be deemed to have:

- (a) executed and delivered to the Company all consents, releases, assignments, and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) waived any default by the Company in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Company that has occurred on or prior to the Proposal Implementation Date; and
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Company as at the date and time of Court approval of the Proposal (other than those entered into by the Company on, or with effect from, such date and time) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly.

ARTICLE X
ADMINISTRATIVE FEES AND EXPENSES

10.01 Administrative Fees and Expenses

Administrative Fees and Expenses will be paid in cash by the Company on the Proposal Implementation Date together with a reserve in respect of the discharge of the Proposal Trustee.

ARTICLE XI
INDEMNIFICATION

11.01 Indemnification of Proposal Trustee

The Proposal Trustee shall be indemnified in full by the Company for all personal liability arising from fulfilling any duties or exercising any powers or duties conferred upon it by this Proposal or under the BIA, except for any willful misconduct or gross negligence.

ARTICLE XII
POST FILING GOODS AND SERVICES

12.01 Payment of Payroll Deductions and Post Filing Claims

The following shall continue to be paid in the ordinary course by the Company prior to and after the Court Approval Date and shall not constitute Distributions or payments under this Proposal:

- (a) all Persons, who may advance monies, or provide goods or services to the Company after the Filing Date shall be paid by the Company in the ordinary course of business;

- (b) current source deductions and other amounts payable pursuant to Section 60(1.2) of the BIA, if applicable, shall be paid to Her Majesty in Right of Canada in full by the Company as and when due; and
- (c) current goods and services tax (GST), and all amounts owing on account of provincial sales taxes, if applicable, shall be paid in full by the Company as and when due.

ARTICLE XIII

TRUSTEE, CERTIFICATE OF COMPLETION, AND DISCHARGE OF TRUSTEE

13.01 Proposal Trustee

KSV Restructuring Inc. shall be the Proposal Trustee pursuant to this Proposal and upon the making of the Distributions and the payment of any other amounts provided for in this Proposal, the Proposal Trustee will be entitled to be discharged from its obligations under the terms of this Proposal. The Proposal Trustee is acting in its capacity as Proposal Trustee under this Proposal, and not in its personal capacity and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business, liabilities or obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto.

The Proposal Trustee shall not incur, and is hereby released from, any liability as a result of carrying out any provisions of this Proposal and any actions related or incidental thereto, save and except for any gross negligence or willful misconduct on its part (as determined by a final, non-appealable judgment of the Court).

13.02 Certificate of Completion and Discharge of Proposal Trustee

Upon the Proposal Trustee receiving confirmation in writing from the Company that the transactions contemplated in Section 6.01 have been completed in the order and manner contemplated therein, and all Distributions to Affected Creditors have been administered in accordance with Article IV, the terms of the Proposal shall be deemed to be fully performed and the Proposal Trustee shall provide a certificate to the Company, the Proposal Sponsor and to the Official Receiver pursuant to Section 65.3 of the BIA and the Proposal Trustee shall be entitled to be discharged.

ARTICLE XIV

GENERAL

14.01 Valuation

For purposes of voting and Distributions, all Claims shall be valued as at the Filing Date.

14.02 Preferences, Transfers at Undervalue

In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal. As a result, all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Proposal Trustee or any Affected Creditors against the Company, the Property, or any other Person whatsoever; and
- (b) the Proposal Trustee and all of the Affected Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Property any other Person.

14.03 Governing Law

The Proposal shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

[remainder of page left intentionally blank]

Dated at Toronto, this 3rd day of June, 2021.

YSL RESIDENCES INC.

Per: 

Name: Daniel Casey

Title: Resident

I have the authority to bind the Corporation.

**YG LIMITED PARTNERSHIP, by its
general partner 9615334 CANADA INC.**

Per: 

Name: Daniel Casey

Title: President

I have the authority to bind the Corporation.

SCHEDULE A

PERMITTED ENCUMBRANCES

<u>Instrument Number</u>	<u>Description</u>
EP138153	- Canopy Agreement with the City of Toronto
EP146970	- Encroachment Agreement with the City of Toronto
CT114131	- Encroachment Agreement with the City of Toronto
CT169812	- Canopy Agreement with the City of Toronto
CA11215	- Development Agreement with the City of Toronto
CA231470	- Encroachment Agreement with the City of Toronto
AT5142530	- Heritage Easement Agreement with the City of Toronto
AT5154721	- Heritage By-Law
AT5154722	- Heritage By-Law
AT5157423	- Heritage By-Law
AT5157424	- Heritage By-Law
AT5246455	- Section 37 Agreement
AT5473163	- Application to Register a Court Order (Equitable Mortgage)

SCHEDULE B

CONVENIENCE CREDITOR ELECTION FORM

TO: KSV RESTRUCTURING INC., in its capacity as Proposal Trustee of YG Limited Partnership and YSL Residences Inc. (collectively, "YSL")

In connection with the Amended Proposal of YSL pursuant to the *Bankruptcy and Insolvency Act* (Canada) dated June 3, 2021 (as amended, restated, modified and/or supplemented from time to time, the "**Proposal**"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as a Convenience Creditor and thereby to receive the lesser of (i) \$15,000, and (ii) the amount of its Proven Claim in full and final satisfaction of the Proven Claim(s) of the undersigned, and hereby acknowledges that the undersigned shall be deemed to vote the full amount of its Proven Claim(s) in favour of the Proposal at the Creditors' Meeting.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at _____ this ____ day of _____, 2021.

AFFECTED CREDITOR'S SIGNATURE:

(Print Legal Name of Affected Creditor)

(Print Legal Name of Assignee, if applicable)

(Signature of the Affected Creditor/Assignee or an
Authorized Signing Officer of the Affected
Creditor/Assignee)

(Print Name and Title of Authorized Signing Officer of
the Affected Creditor/Assignee, if applicable)

(Mailing Address of the Affected Creditor/Assignee)

(Telephone Number and E-mail of the Affected
Creditor/Assignee or Authorized Signing Officer of the
Affected Creditor/Assignee)

Appendix “C”



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

District of ONTARIO
Division No. 09 - Toronto
Court No. 31-2734090
Estate No. 31-2734090

Industrie Canada

Bureau du surintendant
des faillites Canada

In the Matter of the Proposal of:
YSL Residences Inc.
YG Limited Partnership
DEBTORS

KSV RESTRUCTURING INC.
Licensed Insolvency Trustee

Security: \$*,***

Date of Proposal: May 27, 2021
Meeting of Creditors: June 15, 2021, 14:00
Meeting to be held by Zoom
Meeting ID: 935 4142 3177
Passcode: 912017, ONTARIO

Chair: Trustee

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify, that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the Bankruptcy and Insolvency Act.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: June 3, 2021

E-File / Dépôt électronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, ONTARIO, M5C 2W7, 877/376-9902

Appendix “D”

Bankruptcy and Insolvency Act ("Act")

Proof of Claim

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

Creditor Name: _____ Telephone: _____
Address: _____ Fax: _____
Account No.: _____ Email: _____

In the matter of the bankruptcy (or the proposal, or the receivership) of _____ (name of debtor) of _____ (city and province) and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy, (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the 30th day of April, 2021, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
4. (Check and complete appropriate category.)

A. UNSECURED CLAIM (AFFECTED CLAIM) OF \$ _____
(other than as a customer contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____ I do not claim a right to a priority.

Regarding the amount of \$ _____ I claim a right to a priority under Section 136 of the Act.
(Set out on an attached sheet details to support priority claim.)

B. SECURED CLAIM OF \$ _____
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

C. CONSTRUCTION LIEN CLAIM OF \$ _____
That in respect of this debt I have registered a lien on title to the Debtors' real property in accordance with the *Construction Act* (Ontario), particulars of which are as follows:

(Give full particulars of the lien, including the date on which the lien was registered and the value secured by such lien, and attach a copy of any relevant documents, including any statement of claim).

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of Section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of Subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of Section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Subsection 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)

Dated at _____, this _____ day of _____, _____.

Witness

Creditor Authorized Signatory

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to Subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

DIRECTIONS FOR COMPLETION OF THIS FORM ARE ON THE REVERSE SIDE

CONDITIONAL CLAIM ADDENDUM

By checking the box below, you are electing for your Claim to be treated as a Conditional Claim (as defined in the Proposal). By electing for your claim to be treated as a Conditional Claim, you are recognizing that:

- a) One or more contractual conditions in your arrangements with the Company were not satisfied as at April 30, 2021 (referred to in the Proposal as "Conditional Claim Conditions");
- b) You are undertaking to complete all Conditional Claim Conditions and provide proof of such completion by no later than the Conditional Claim Completion Deadline; and
- c) You understand that the failure to complete all Conditional Claim Conditions by the Conditional Claim Completion Deadline will result in your Claim being fully, finally and irrevocably disallowed.

I hereby elect for my Claim to be treated as a Conditional Claim:

Creditor Authorized Signatory

CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the *Bankruptcy and Insolvency Act* only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

General

- The signature of a witness is required;
- The claim must be signed personally by the individual completing this declaration;
- Provide the complete address and email address where all notices or correspondence are to be forwarded;
- The amount of the statement of account must correspond to the amount indicated on the proof of claim.

Notes:

- It is permissible to file a proof of claim by email.
- A creditor may vote either in person (be videoconference) or by proxy at any meeting of creditors if the proof of claim is filed with the trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

Paragraph 1

- Creditor must state full and complete legal name of company or firm;
- If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

Paragraph 3

- The amount owing must be set out in paragraph 3.
- A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

Paragraph 4

- **Paragraph A** applies to ordinary unsecured claims, referred to as Affected Claims in the Proposal. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to Section 136 of the Act.

- **Paragraph B** applies to secured claims. Please indicate the dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate.
- **Paragraph C** applies to builders lien claims, referred to as Construction Lien Claims in the Proposal. Please indicate the dollar value of the claim.

Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in Section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

Paragraph 6

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) Within the three (3) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor are not related;
 - b) Within the twelve (12) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor were not dealing at arm's length.

Conditional Claim Addendum

- All claimants who want their claim to be treated as a Conditional Claim (as defined in the proposal) must complete the Addendum by checking the box and signing where indicated.
- Conditional Claims apply where the claimant has not completed one or more conditions precedent to establishing its entitlement to payment from the Company prior to April 30, 2021 (referred to as Conditional Claim Conditions in the Proposal).
- If the Conditional Claim Addendum is completed, the claimant will have until the Conditional Claim Completion Deadline to provide the Proposal Trustee with proof of completion of all Conditional Claim Conditions. If the Conditional Claim Addendum is not completed, the claimant's claim will be treated as an ordinary claim.

APPOINTING PROXY

Note: The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as the proxyholder of the creditors.

General

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Notes:

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed by no later than one Business Day prior to the meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

**IN THE MATTER OF THE PROPOSAL OF YG LIMITED PARTNERSHIP AND YSL
RESIDENCES INC. PURSUANT TO THE *BANKRUPTCY AND INSOLVENCY ACT***

**INSTRUCTIONS TO HOLDERS OF AFFECTED CLAIMS FOR COMPLETION OF
PROXY AND VOTING LETTER**

This instruction form should be read in conjunction with the proposal (as amended, restated, modified and/or supplemented from time to time, the "**Proposal**") filed by YSL Residences Inc. and YG Limited Partnership (collectively, the "**Company**") pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**"), and the accompanying Report of KSV Restructuring Inc., in its capacity as proposal trustee (the "**Proposal Trustee**"), filed pursuant to the BIA. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Proposal.

Each affected creditor (each an "**Affected Creditor**") has the right to appoint a person (described herein as a proxy) to attend, act and vote for and on behalf of the Affected Creditor at the meeting to consider and vote on the Proposal. The enclosed Proxy and Voting Letter lists as the designated proxy a representative of Concord Properties Developments Corp., but an Affected Creditor may designate a proxy of his/her/its choice by filling out the form where so indicated.

The Proxy and Voting Letter must be signed by the Affected Creditor or by a person duly authorized (by power of attorney) to sign on the Affected Creditor's behalf or, if the Affected Creditor is a corporation, partnership or trust, by a duly authorized officer or attorney of the corporation, partnership or trust.

If this instruction form was delivered with a return envelope, the Proxy and Voting Letter should be returned in the envelope provided. The completed form must be sent to:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, Ontario M5H 1J9
Attention: Murtaza Tallat

or by email to mtallat@ksvadvisory.com

ALL PROXY AND VOTING LETTERS MUST BE RECEIVED BY THE PROPOSAL TRUSTEE BY NO LATER THAN 5:00 P.M. (Toronto Time) ON THE DAY THAT IS ONE BUSINESS DAY PRIOR TO THE CREDITORS MEETING.

Copies of documents related to the Proposal are also available from the Proposal Trustee's website (<https://www.ksvadvisory.com/insolvency-cases/case/yg-limited-partnership>). Any questions with respect to this process can be directed to Murtaza Tallat of KSV Restructuring Inc. at (416) 932-6031 or mtallat@ksvadvisory.com.

IN THE MATTER OF THE PROPOSAL OF YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC. PURSUANT TO THE *BANKRUPTCY AND INSOLVENCY ACT*

PROXY AND VOTING LETTER FOR HOLDERS OF AFFECTED CLAIMS

The undersigned affected creditor (in such capacity, an "**Affected Creditor**") hereby revokes all proxies previously given and hereby appoints Cliff McCracken of Concord Properties Developments Corp. to be his/her/its proxyholder in the above-noted matter, with the power to appoint another proxyholder in his/her/its place, or instead of the foregoing, appoints _____ of _____ (name of town or city), with the power to appoint another proxyholder in his or her place.

The undersigned Affected Creditor hereby requests that the proxyholder record his/her/its vote:

- FOR THE ACCEPTANCE OF THE PROPOSAL, as made on the 28th day of May 2021, as amended, restated, modified and/or supplemented from time to time.

- AGAINST THE ACCEPTANCE OF THE PROPOSAL, as made on the 28th day of May, 2021, as amended, restated, modified and/or supplemented from time to time.

If neither box is marked, a vote in favour of the Proposal will be deemed to have been selected.

A. Amount of Affected Claim to be Voted

The undersigned certifies that he/she/it holds an Affected Claim in the aggregate amount as of April 30, 2021

Amount of Affected Claim: \$ _____

DATED at _____, this ____ day of June, 2021.

(Signature of individual creditor or person signing on behalf of corporate creditor)

(Print name of individual creditor or name and title of person signing on behalf of corporate creditor)

Appendix “E”



ksv advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

T +1 416 932 6262

F +1 416 932 6266

ksvadvisory.com

Estate File No: 31-2734090

**IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF PROPOSAL TO CREDITORS
(Subsection 51)**

Take notice that:

1. YG Limited Partnership and YSL Residences Inc. (the "Companies") have lodged with KSV Restructuring Inc. (the "Proposal Trustee") a Proposal, as amended on June 3, 2021, (the "Amended Proposal") pursuant to the *Bankruptcy and Insolvency Act*.
2. A general meeting of creditors to consider the Amended Proposal will be held on the 15th day of June, 2021 at 2 p.m. (EST), to be convened via Zoom at: <https://zoom.us/j/93541423177?pwd=eU1oQkh5a3o5QWtWbzhhM0lzaDYyUT09>.
3. Enclosed are copies of:
 - The Amended Proposal;
 - A condensed statement of the Companies' assets and liabilities;
 - A list of the creditors affected by the Amended Proposal whose claims amount to \$250 or more;
 - A Proof of Claim form and proxy; and
 - A voting letter.
4. To be entitled to vote at the meeting, proofs of claim, proxies (where necessary) and voting letters intended to be used at the meeting must be lodged with the Proposal Trustee prior to the commencement of the meeting.
5. Creditors must prove their claims against the Companies in order to share in any distribution of the proceeds realized from the estate.

DATED at Toronto, Ontario, this 4th day of June, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE**

Appendix “F”

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2734090
 Estate No. 31-2734090

Original Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
 YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC., OF THE CITY OF TORONTO,
 IN THE PROVINCE OF ONTARIO


To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 27th day of May 2021. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

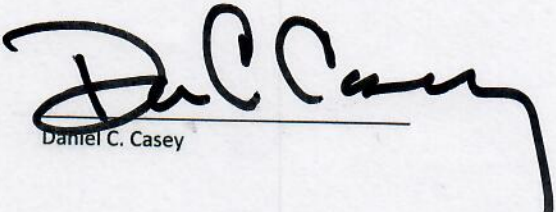
LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	63,181,751.06	1. Inventory	0.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	63,181,751.06	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	250,839,561.00	Good	0.00
3. Preferred creditors as per list "C"	0.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00	Bad	0.00
Total liabilities	314,021,312.06	Estimated to produce	0.00
Surplus	16,027,219.72	4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
		5. Deposits in financial institutions	0.00
		6. Cash	15,829.78
		7. Livestock	0.00
		8. Machinery, equipment and plant	0.00
		9. Real property or immovable as per list "G"	325,742,466.00
		10. Furniture	0.00
		11. RRSPs, RRIFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	4,290,236.00
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	330,048,531.78*
		Deficiency	NIL

I, Daniel C. Casey, Officer of YG Limited Partnership and YSL Residences Inc., do swear (or solemnly declare) that the above statement and the attached lists are to the best of my knowledge, based on the information available to me, a full, true and complete statement of the affairs of YG Limited Partnership and YSL Residences Inc., on May 27, 2021, and fully disclose all of its property of every description in its possession or that may devolve on it in accordance with Section 67 of the *Bankruptcy and Insolvency Act*.

Sworn (or solemnly declared) before me at
 the City of Toronto, in the Province of Ontario,
 this 27th day of May, 2021.



A Commissioner, etc.


 Daniel C. Casey

*Note: The net realizable value may be less than the book value.

Appendix “G”

Creditors List - Proposal

(\$; unaudited)

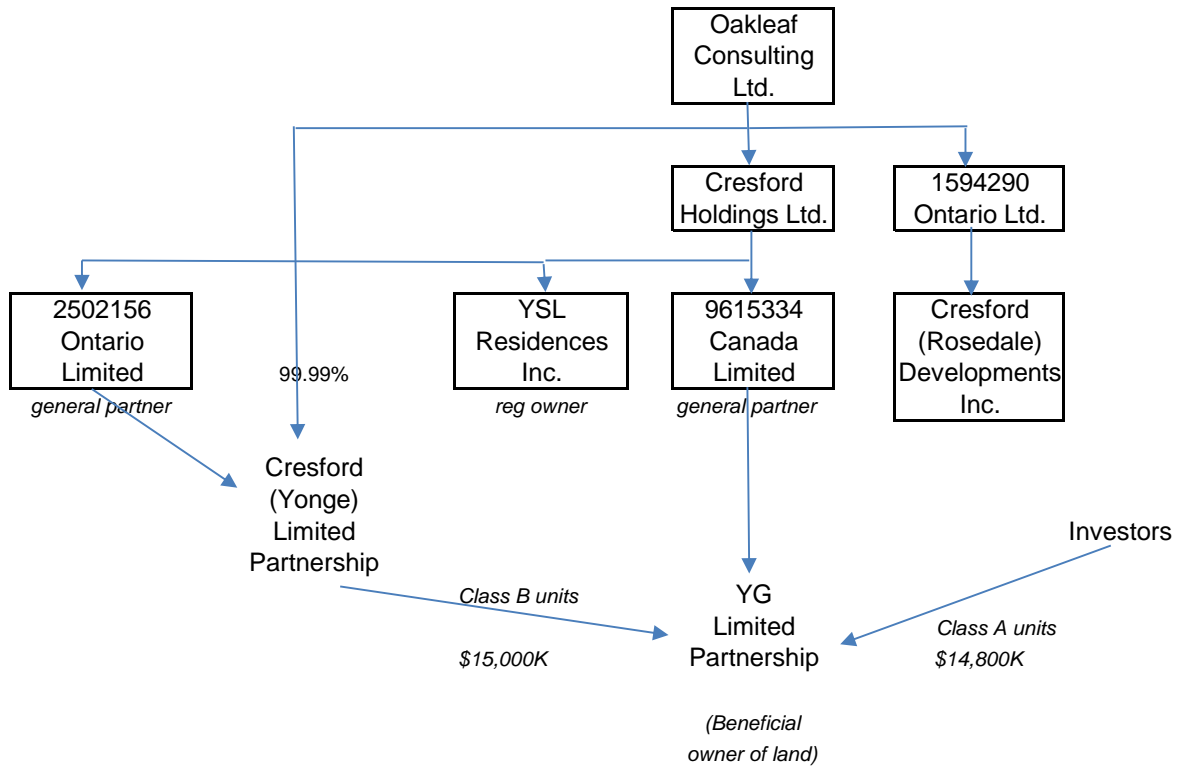
Creditor	Amount	Address
Secured		
2576725 Ontario Inc	30,865,424	35 Wembley Avenue, Markham, ON L3R 1Z1
Timbercreek Mortgage Servicing Inc.	106,798,989	25 Price Street, Toronto, Ontario M4W 1Z1
Westmount Guarantee	112,445,730	600 Cochrane Drive, Ste 205, Markham, Ontario L3R 5K3
The Treasurer, City of Toronto	729,418	55 John Street, 26th Floor, Metro Hall Toronto, Ontario M5V 3C6
Total - Secured	<u>250,839,561</u>	
Unsecured and Other		
2600924 Ontario Inc.	67,800	18 Leone Lane, Brampton, Ontario L6P 0K9
1st Choice Disposal	8,917	2117 Codlin Crescent, Rexdale, Ontario M9W 5K7
AEC Paralegal Corporation	593	640 - 10 Carlson Crt, Etobicoke, Ontario M9W 6L2
Aim Home Realty Inc	15,018	2175 Sheppard Avenue E, #106, Toronto, Ontario M2J 1W8
Aird & Berlis LLP	16,583	181 Bay Street, Ste 1800, Box 754 Toronto, Ontario M5J 2T9
Altus Group Limited	20,960	126 Don Hillock Drive, Aurora, Ontario L4G 0G9
AlumaSafway, Inc	46,505	c/o Lockbox 919760, PO Box 4090 STN A Toronto, Ontario M5B 1S1
Architects Alliance	1,008,915	317 Adelaide Street West, 2nd Floor, Toronto, Ontario M5V 1P9
Arthur J. Gallagher Canada Li	105,288	P.O. Box 57194, Station A,, Toronto, Ontario M5W 5M5
BA Consulting Group Ltd.	7,845	45 St. Clair Avenue West, Suite 300, Toronto, Ontario M4V 1K9
Baaron Group Inc.	20,398	51 Adirondack Drive, Vaughan, Ontario L6A 2V7
Bay Street Group Inc	97,278	8300 Woodbine Avenue, Ste 500, Markham, Ontario L3R 9Y7
Beck Taxi	4,037	1 Credit Union Drive, Toronto, Ontario M4A 2S6
Bell Canada	456	1 Carrefour Alexandre-Graham-Bell, Aile E 3, Verdun, QC H3E 3B3
Bennett Jones LLP	20,813	3400 One First Canadian Place, P.O. Box 130 Toronto, Ontario M5X 1A4
Blaney McMurtry LLP	100,057	2 Queen Street East, Suite 1500, Toronto, Ontario M5C 3G5
BVDA Group Ltd.	1,130	107 Toronto St South, Suite 1, Uxbridge, Ontario L9P 1H4
Canon Canada Inc.	38	Lockbox 914820, PO Box 4090, Stn A Toronto, Ontario M5W 0E9
CBSC Capital Inc.	6,126	c/o T9649, PO Box 9649, STN A, Toronto, Ontario M5W 1P8
Century 21 Kennect Realty	53,036	7780 Woodbine Avenue, U#15, Markham, Ontario L3R 2N7
Century 21 King's Quay Real E	37,594	7300 Warden Avenue, Suite 401, Markham, Ontario L3R 9Z6
Century 21 Leading Edge Real	10,878	165 Main Street North, Markham, Ontario L3P 0E7
Cityscape Real Estate Ltd.	246,999	25 Waitline Avenue, Suite 402, Mississauga, Ontario L4Z 2Z1
Citywide Door & Hardware Inc.	1,130	80 Vinyl Court, Woodbridge, Ontario L4L 4A3
Cresford (Rosedale) Developments Inc.	13,100,000	203 - 250 Merton Street, Toronto, ON M4S 1B1
Dale & Lessmann LLP	5,322	181 University Avenue, Suite 2100, Toronto, Ontario M5H 3M7
Dekla Corporation	25,000	288 Judson Street, Unit 8, Toronto, Ontario M8Z 5T6
E.R.A. Architects Inc.	46,764	600-625 Church St., Toronto, Ontario M4Y 2G1
East Downtown Redevelopment Part.	5,810,053	203 - 250 Merton Street, Toronto, ON M4S 1B1
Entuitive Corporation	5,509	200 University Avenue, 7th FL, Toronto, Ontario M5H 3C6
Federal Wireless Communicatio	4,292	5250 Finch Avenue East, #11, Scarborough, Ontario M1S 5A5
Forest Hill Real Estate Inc	30,876	441 Spadina Road, Toronto, Ontario M5P 2W3
Former Employees	1	c/o Naymark Law, Attn: James Gibson, 171 John St, Suite 101, Toronto ON M5T 1X3
Foster Interactive Inc.	1,627	80 Ward St. Office #213, Toronto, Ontario M6H 4A6
Four Seasons Hotel Toronto	97,938	60 Yorkville Avenue, Toronto, Ontario M4W 0A4
GFL Infrastructure Goup Inc.	4,356,940	100 New Park Place, # 500, Vaughan, Ontario L4K 0H9
Heritage Restoration Inc	393,006	14 Paisley Lane, Stouffville, ON L4A7X4
Home Standards Brickstone Rea	207,880	#30 - 180 Steeles Ave. West, Thornhill, Ontario L4J 2L1
Homelife/Bayview Realty Inc	1	505 Hwy. 7 East, Unit#201, Thornhill, Ontario L3T 7T1
Homelife Classic Realty Inc	12,478	1600 Steeles Ave. W., #36, Vaughan, Ontario L4K 4M2
HomeLife Frontier Realty Inc.	25,376	7620 Yonge Street, Suite 400, Toronto, Ontario L4J 1V9
HomeLife Landmark Realty Inc.	1,669,032	7240 Woodbine Ave, Suite 103, Markham, Ontario L3R 1A4
HomeLife New World Realty Inc	544,356	201 Consumers Road, Suite 205, Willowdale, Ontario M2J 4G8
Howe Gastmeier Chapnik Limite	15,343	Suite 203-2000 Argentia Rd, Plaza One, Mississauga, Ont L5N 1P7
Hunter & Associates Ltd.	2,924	1133 Yonge Street. 3rd Floor, (The Exchange) Toronto, Ontario M4T 1W1
Innocon Partnership	50,239	T10094, PO Box 10094, Stn A, Toronto, Ontario M5W 2B1
Investments Hardware Limited	15,091	250 Rowntree Dairy Road, Woodbridge, Ontario L4L 9J7
Isherwood	131,669	3100 Ridgeway Drive, Unit 3, Mississauga, Ontario L5L 5M5
Jablonsky, Ast and Partners	349,632	1129 Leslie Street, Don Mills, Ontario M3C 2K5
JanetRosenberg&Studio Inc.	16,690	148 Kenwood Avenue, Toronto, Ontario M6C 2S3
JDL Realty Inc.	48,154	95 Mural Street, Ste 105, Richmond Hill, Ontario L4B 3G2
Jensen Hughes Consulting Cana	53,889	C/O T56207C, PO Box 56207, Station A Toronto, Ontario M5W 4L1
Keller Williams Referred	39,174	Urban Realty, Brokerage, 156 Duncan Mill Rd., Unit 1 Toronto, Ontario M3B 3N2
Kohn Pedersen Fox Associates	2,149,015	11 West 42nd Street, New York, NY 10036

Kramer Design Associates Limi	74,185	103 Dupont Street, Toronto, Ontario M5R 1V4
Lam & Associates Ltd.	129,925	160 Applewood Crescent, #25, Concord, Ontario L4K 4H2
LandpowerReal Estate Ltd.	2,256,549	3621 Highway 7 E., Ste. 403, Markham, Ontario L3R 0G6
Lerch Bates	11,900	9780 S. Meridian Blvd., #450, Englewood, Colorado USA 80112
Live Patrol Inc.	16,781	2645 Skymark Avenue, #205, Mississauga, Ontario L4W 4H2
Living Realty Inc.	88,588	8 Steelcase Road West, Markham, Ontario L3R 1B2
Maria Athansoulis, c/o Goodmans LLP, Attn: Mark Dunn	1.00	333 Bay Street, Suite 3400, Toronto, ON, M5H 2S7
Master's Choice Realty, Inc.	379,298	3190 Steeles Avenue E. #110, Markham, Ontario L3R 1G9
McIntosh Perry	218	200-6240 Highway 7, Woodbridge, Ontario L4H 4G3
Michael Bros. Excavating	1,758,732	240 Toryork Drive, Weston, Ontario M9L 1Y1
Mike Catsiliras	1	62 Presteign Avenue, Toronto, Ontario M4B 3B2
Montana Steele	73,928	5255 Yonge Street Ste 1050, Toronto, Ontario M2N 6P4
Mulvey & Banani Lighting Inc.	29,979	44 Mobile Drive, Toronto, Ontario M4A 2P2
Municipal Mechanical Contract	11,303	9418 The Gore Road, Brampton, Ontario L6P 0A8
Myles Burke	53,698	10 Planchet Road, #29, Vaughan, Ontario L4K 2C8
Naf-Muk Contracting Inc	2,440	23 Gillingham Street, Scarborough, Ontario M1B 5X1
Nelligan O'Brien Payne LLP	103,599	50 O'Connor, Suite 300, Ottawa ON K1P 6L2
North American Sign Company I	2,825	499 Edgeley Boulevard, Unit 3, Concord, Ontario L4K 4H3
Oakleaf Consulting Ltd.	19,363,566	203 - 250 Merton Street, Toronto, ON M4S 1B1
Otis Canada Inc.	4,912,110	PO Box 57445 Station A, Toronto, Ontario M4Y 0E7
PETRA Consultants Ltd.	185,969	104-93 Dundas Street E., Mississauga, Ontario L5A 1W7
PM Sheetmetal & Ventilation	29,042	140 Bowes Road, Unit B, Concord, Ontario L4K 1J6
Powerland Realty, Brokerage	10,678	160 West Beaver Creek Rd., #2A, Richmond Hill, Ontario L4B 1B4
PricewaterhouseCoopers LLP	19,267	18 York Street, Suite 2600, Toronto, Ontario M5J 0B2
Priestly Demolition Inc.	660,123	3200 Loydowntown-Aurora Rd., King, Ontario L7B 0G3
R. Avis Surveying Inc.	53,758	235 Yorkland Boulevard, Suite 203, Toronto, Ontario M2J 4Y8
Rapid Equipment Rental Limite	4,520	5 St. Regis Crescent, N. U# 2, Toronto, Ontario M3J 1Y9
Re/Max Condo Plus Corp	16,358	45 Harbour Square, Toronto, Ontario M5J 2G4
RE/MAX Crossroads Realty Inc. Brokerage	1.00	8901 Woodbine Ave, Suite 208, Markham, ON L3R 9Y4
RE/MAX Goldenway Realty Inc.	125,424	15 Wertheim Court, Suite 309, Richmond Hill, Ontario L4B 3H7
RE/MAX Realtron Realty Inc.	42,576	88 Konrad Crescent, Markham, Ontario L3R 8T7, Attn: Wanda Ellins
RE/MAX Realty Enterprises Inc	72,090	125 Lakeshore Road East, Mississauga, Ontario L5G 1E5
Real One Realty Inc.	284,955	15 Wertheim Crt., Unit 302, Richmond Hill, Ontario L4B 3H7
Reco Cleaning Services	74,482	260 Spinnaker Way, Unit 9&10, Concord, Ontario L4K 4P9
ReMax Ultimate Realty Inc.	16,718	1739 Bayview Avenue, Toronto, Ontario M4G 3C1
Reprodux Limited	724	1120 Brevik Place, Mississauga, Ontario L4W 3Y5
Right At Home Realty Inc.	10,678	895 Don Mills Rd., Ste 202, Toronto, Ontario M3C 1W3
Right at Home Realty Inc. Brokerage	1.00	480 Eglinton Ave W., Unit 30, Mississauga, ON L5R 1Y5
Rosa Trading Ltd.	1	552 Wellington Street W #1203, Toronto, Ontario M5V 2V5
Royal Elite Realty Inc.,Broke	16,198	7050 Woodbine Ave Unit101, Markham, Ontario L3R 4G8
Royal LePage - New Concept	85,770	1993 Leslie Street, Toronto, Ontario M3B 2M3
Royal LePage - Signature Real	14,678	8 Sampson Mews #201, Toronto, Ontario M3C 0H5
Ryan Property Tax Paralegal C	5,360	640 - 10 Carlson Crt, Etobicoke, Ontario M9W 6L2
Safeline Management Systems I	8,724	260 Spinnaker Way, Unit 9&10, Concord, Ontario L4K 4P9
Sebba Steel Construction Ltd.	86,075	PO Box 27, Gormley, Ontario L0H 1G0
Soberman Engineering Inc	1,271	55 St Clair Avenue W Ste 205, Toronto, Ontario M4V 2Y7
Stantec Consulting Ltd.	9,023	c/o Lockbox 310260, PO Box 578, Stn M Calgary, Alberta T2P 2J2
Stephenson's Rental Services	13,202	6895 Columbus Road, Mississauga, Ontario L5T 2G9
Strada Aggregates	36,999	30 Floral Parkway, Suite 400, Concord, Ontario L4K 4R1
The Odan/Detech Group Inc.	6,526	5230, South Service Rd, U#107, Burlington, Ontario L7L 5K2
Tradeworld RealtyInc.	67,770	411 Dundas Street W., #202, Toronto, Ontario M5T 1G6
V.A. Siu Design Consultants	96,050	596 Queen Street W., #301, Toronto, Ontario M6J 1E3
Verdi Structures Inc	775,180	91 Parr Blvd., Bolton, Ontario L7E 4E3
WSP Canada Inc.	76,063	c/o TX4022 C PO Box 4590 Stn A, Toronto, Ontario M5W 7B1
You-Go Rental & Sales	2,809	9418 The Gore Road, Brampton, Ontario L6P 0A8
Total - Unsecured and Other	<u>63,285,351</u>	

Appendix “H”

Cresford Group

Organization Chart - Yonge/Gerrard



Appendix “I”

PROPOSAL SPONSOR AGREEMENT

THIS PROPOSAL SPONSOR AGREEMENT is dated as of April 30, 2021

AMONG:

YSL RESIDENCES INC., a corporation incorporated under the laws of the Province of Ontario ("**YSL Residences**")

– and –

YG LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Manitoba ("**YG LP**")

– and –

CRESFORD HOLDINGS LTD., a corporation incorporated under the laws of the Province of Ontario ("**CHL**")

– and –

2574733 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario ("**257 Ontario**" and, together with YSL Residences, YG LP, 961 Canada, and CHL, collectively, "**YSL**")

– and –

CONCORD PROPERTIES DEVELOPMENT CORP. a corporation incorporated under the laws of the Province of Ontario (the "**Proposal Sponsor**")

RECITALS:

- A. YSL Residences is the registered owner of the real properties municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto, Ontario (collectively, the "**Property**") acting as a bare trustee and nominee of for an on behalf of YG LP;
- B. YG LP is the beneficial owner of the Property, and was formed for the purpose of developing the Property into a mixed-use office, retail and residential condominium development comprised of approximately 1,100 residential units, 190,000 square feet of commercial/retail/institutional space and 242 parking spaces, and known as Yonge Street Living Residences (the "**Project**");
- C. CHL and 257 Ontario are entities within the Cresford Group of companies, a condominium development group involved in the development and financing of the Project;
- D. The Proposal Sponsor is prepared to sponsor a court supervised restructuring of YSL which will result in the Proposal Sponsor or its affiliate acquiring the Property and the rights to the Project and the parties have therefore entered into this Proposal Sponsor Agreement.

SECTION 1
THE TRANSACTION AND BIA PROPOSAL

- 1.1 Subject to the terms hereof and as further described in Section 1.5, the parties agree to use commercially reasonable efforts to effect a financial restructuring of YSL that will result in the acquisition of the Property by the Proposal Sponsor together with YSL's rights, title and interests in and to such Project-related contracts as may be stipulated by the Proposal Sponsor (the "**Transaction**"), pursuant to a proposal substantially in the form attached hereto as Schedule "A" (as may be amended from time to time, the "**Proposal**"), in proceedings under the *Bankruptcy and Insolvency Act* (the "**BIA**"), and on the terms set out in and consistent in all material respects with this Agreement.
- 1.2 It is agreed that KSV Restructuring Inc. shall act as trustee in respect of the Proposal (in such capacity, the "**Proposal Trustee**").
- 1.3 The agreement of the parties is conditional upon the following procedural steps occurring on the following dates (and, in the case of court orders, not thereafter being appealed or if appealed, the appeal being disposed of on terms satisfactory to the parties):
- (a) By April 30, 2021, YSL shall file a Notice of Intention to Make a Proposal with the Official Receiver;
 - (b) by May 4, 2021, the Proposal Trustee shall cause the Proposal and prescribed statement of affairs to be filed with the Official Receiver;
 - (c) by May 5, 2021, the Proposal Trustee shall deliver or cause to be delivered to affected creditors the materials contemplated by Section 51(1) of the BIA, all in form and substance satisfactory to the Proposal Trustee;
 - (d) by May 25, 2021, the Proposal Trustee shall convene a creditors' meeting for the purpose of voting on the Proposal;
 - (e) should the Proposal be accepted by creditors entitled to vote, by May 28, 2021, the Proposal Trustee shall serve an application pursuant to section 58 of the BIA, together with the Proposal Trustee's report in accordance with section 59 of the BIA, all in form and substance satisfactory to the Proposal Sponsor; and
 - (f) by June 9, 2021, the Proposal Trustee shall obtain an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), in form and substance satisfactory to the Proposal Sponsor, among other things, approving the Proposal pursuant to and in accordance with the BIA.
- 1.4 The obligations of the Proposal Sponsor to fund or continue funding its commitments are subject to following conditions precedent for the benefit of the Proposal Sponsor:
- (a) the Proposal Sponsor shall have secured the support of the holders of at least two-thirds (2/3) in value of the aggregate unsecured debt of YSL as at the date of the filing of the Proposal;
 - (b) the execution of an agreement between the Proposal Sponsor (or its nominee) and Westmount Guarantee Services Inc. (or its nominee) providing for, among other things, the

maintenance of Westmount Guarantee Services Inc.'s existing security in respect of the Property, in form and substance satisfactory to the Proposal Sponsor;

- (c) the Proposal Sponsor (or its nominee) shall have acquired the claims and security of 2576725 Ontario Inc. and 2574733 Ontario Limited;
- (d) implementation of the Proposal ("**Closing**") will have occurred by no later than July 31, 2021 (the "**Outside Date**")
- (e) upon Closing, the assignment of such agreements of purchase and sale in respect of residential condominium units in the Project as may be specified by the Proposal Sponsor to the Proposal Sponsor, or as it may direct;
- (f) the disclaimer by YSL, without objection (or where objected to, such disclaimer is approved by the Court), of such contracts relating to the Project or otherwise to which YSL is a party as may be requested by the Proposal Sponsor;
- (g) the Proposal Sponsor's sponsorship of the Proposal and continued support of YSL as set out in this Agreement and in the Proposal shall not cause or result in any event of default under any other agreement to which the Proposal Sponsor is a party;
- (h) there shall have been no material adverse change to the Property or the Project prior to Closing;
- (i) the business of YSL will be operated in the normal course, consistent with past practice, until Closing;
- (j) all third-party approvals or consents or government or regulatory filings, permits or approvals required to implement the Proposal and the Project are received in a form satisfactory to the Proposal Sponsor;
- (k) there shall be no material adverse change to the market conditions for the sale and construction of residential condominium developments in the Greater Toronto Area prior to Closing; and
- (l) management of YSL will meet regularly with the Proposal Sponsor to ensure that YSL complies with the terms and conditions of this Agreement and conducts its day-to-day operations in collaboration with the Proposal Sponsor's dedicated restructuring team in order to ensure the successful completion of the Transaction and ultimate completion of the Project.

1.5 Subject to the terms set out herein and the satisfaction or waiver, in the Proposal Sponsor's sole discretion, of the conditions set out herein, the Proposal Sponsor agrees to:

- (a) provide YSL with such funds necessary to implement the Proposal proceedings, including with respect to the fees and disbursements of (i) legal counsel to YSL, (ii) the Proposal Trustee, and (iii) legal counsel to the Proposal Trustee, subject to the provision to the Proposal Sponsor of duly issued invoices in respect of same;
- (b) provide YSL with an amount of money to be determined, to settle or acquire all Secured Claims and security, Crown Claims and Preferred Claims (as such terms are defined in the

Proposal), including without limitation the secured claims of Timbercreek Mortgage Servicing Inc. and 2292912 Ontario Inc.;

- (c) provide YSL with an amount of money sufficient to fund the Proposal Fund up to the Maximum Proposal Fund Amount (as such terms are defined in the Proposal) to settle the unsecured claims against YSL pursuant the Proposal, which unsecured claims will be compromised and extinguished upon implementation of the Proposal. This funding will be provided by the Proposal Sponsor or its affiliate in consideration for the acquisition of the Property upon implementation of the Proposal;
 - (d) cooperate with YSL in good faith and use commercially reasonable efforts to complete, and to assist YSL in completing, the transactions and steps described in Sections 1.3 and 1.4 by the deadlines associated with those steps (where applicable);
 - (e) facilitate the payment of reasonably incurred construction costs necessary for the maintenance of the Property and the Project during the pendency of the Proposal proceedings, provided that invoices related to all such costs shall be furnished to the Proposal Sponsor for its review prior to any payment in respect thereof.
- 1.6 The Proposal Sponsor shall have the right to require that an approval and vesting order be obtained in respect of the acquisition of the Property by the Proposal Sponsor or its nominee, such order to be in form and substance satisfactory to the Proposal Sponsor.
- 1.7 If the Proposal fails because the required creditor approval is not obtained or if it is determined by the Proposal Sponsor that for any other reason it is no longer viable to implement the Transaction pursuant to the Proposal, then the Proposal Sponsor may, at its election, terminate this Agreement.
- 1.8 The Proposal Sponsor acknowledges and agrees that it is acquiring the Property pursuant to the Proposal on an “as is, where is” basis and on the basis that the Proposal Sponsor has conducted to its satisfaction an independent inspection, investigation and verification of the Property and all other relevant matters and has determined to proceed with the Transaction (subject to the conditions set out in this Agreement).
- 1.9 YSL covenants and agrees to take all steps as may be necessary or desirable to facilitate the Proposal and BIA proceedings in connection therewith, including executing such documents as may be reasonably requested by the Proposal Sponsor to give effect to the Proposal and the Transaction.

SECTION 2 TERMINATION

- 2.1 This Agreement may be terminated by notice given prior to the date of Closing:
- (a) by YSL or the Proposal Sponsor if a material breach of any representation, warranty, covenant obligation or other provision of this Agreement has been committed by the other party, unless such breach is capable of being cured by the Outside Date and the other party is proceeding diligently to cure such breach following notification of such breach;
 - (b) by the Proposal Sponsor if a condition in Section 1.3 or Section 1.4 becomes impossible to satisfy by the Outside Date (other than through the failure of the Proposal Sponsor to

comply with its obligations under this Agreement) and the Proposal Sponsor has not waived such condition;

(c) by the Proposal Sponsor pursuant to Section 1.7; or

(d) by written agreement of the Proposal Sponsor and YSL.

2.2 In the event of any termination of this Agreement, the obligations of the parties under this Agreement that have not been performed shall come to an end without any further obligation and the Proposal Sponsor may enforce any rights it may have against YSL or, if applicable, its affiliates, including any rights assigned to it by secured lenders to YSL (in accordance with the terms of any applicable agreement and subject to the orders in the Proposal proceeding). Nothing in this Agreement shall prevent the exercise by the Proposal Sponsor at any time of its rights assigned to it by secured lenders to any members of YSL (in accordance with the terms of this Agreement and any applicable agreement and subject to the orders in the Proposal proceeding).

SECTION 3 REPRESENTATIONS AND WARRANTIES

3.1 Each of the parties hereby represents and warrants to the other parties hereto that it has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.

3.2 Each of the parties hereto hereby represents and warrants to the other parties hereto that the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate action on its part.

3.3 YSL hereby represents and warrants, after making such investigations as it considers reasonably necessary to ensure its accuracy, that there is no matter, fact or event which is known to YSL which has not been disclosed to Proposal Sponsor in writing prior to execution of this Agreement which is likely to have a material adverse effect on the Project or the Proposal.

SECTION 4 EXCLUSIVITY

4.1 In consideration of the obligations of the Proposal Sponsor hereunder, YSL agrees that it will not, and shall not permit, to the extent legally possible, any officer, director, shareholder, affiliate, agent, representative or other person acting on its or their behalf to, directly or indirectly, continue, entertain, solicit or enter into any discussions, offers, agreements or negotiations with any other person (whether solicited or unsolicited), with respect to any offer or proposal from any person other than the Proposal Sponsor (or an affiliate of the Proposal Sponsor) relating to: (i) any sale or disposition (or any lease, license or other arrangement having the same economic effect as a sale of disposition) direct or indirect, through one more related transactions of the Property; (ii) any transaction, business arrangement or proposal the effect of which would be to modify the Project from its current conception as of the date of this Agreement; or (iii) any proposal, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, or other similar transaction or series of related transactions involving the Project or YSL, including any transaction similar to the Proposal, and shall suspend any existing activities or discussions with any parties other than the Proposal Sponsor and its representatives relating to a similar transaction unless such activities are contemplated by this Agreement.

**SECTION 5
GENERAL**

5.1 **Notices.** Any notice or communication to be delivered hereunder shall be in writing and shall reference this Agreement or, if filed, the Proposal, and may, subject as hereinafter provided, be made or given by registered mail, personal delivery or by means of electronic communication addressed to the recipient as follows:

(a) If to YSL Residences, YG LP, CHL or 257Ontario:

c/o Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Attention: Harry Fogul
hfogul@airdberlis.com

If to the Proposal Sponsor:

82 Queen's Wharf Road, 2nd Floor
Toronto, ON M5V 3Y2

Attention: Dennis Au-Yeung

And with a copy to:

Bennett Jones LLP
Suite 3400
One First Canadian Place
P.O. Box 130
Toronto, Ontario
M5X 1A4

Attention: David Gruber
gruberd@bennettjones.com
- and -
Jesse Mighton
mightonj@bennettjones.com

5.2 **Binding Obligation.** Each party hereto hereby represents and warrants to the other party that this Agreement is a legally valid and binding obligation of it, enforceable against it in accordance with the Agreement's terms, except as enforcement may be limited by applicable law.

5.3 **Further Assurances.** Each party hereto will from time to time at the request and expense of the other execute and deliver all such further documents and instruments and do all acts and things as the other parties may, either before or after the date of Closing, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.


5.4 **Time of the Essence.** Time is of the essence of this Agreement.

- 5.5 **Fees, Commissions and other Costs and Expenses.** Except as otherwise expressly provided in this Agreement, each party shall pay its respective legal and accounting costs and expenses and any real estate or other commissions incurred in connection with the preparation execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any claim resulting from any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.
- 5.6 **Entire Agreement.** This Agreement (including the agreements contemplated hereby) constitute the entire agreement between the parties with respect to the subject matter hereof and such agreements cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement (including the agreements contemplated hereby).
- 5.7 **Remedies Cumulative.** The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.
- 5.8 **Good Faith.** Each party hereto agrees to cooperate in good faith with each other to facilitate the performance by the parties of their respective obligations hereunder and the purposes of this Agreement.
- 5.9 **Amendments.** Except as otherwise expressly provided herein, this Agreement shall not be amended, modified or supplemented, except in writing signed by each of the parties' signatories hereto.
- 5.10 **Governing Law.** This Agreement shall be governed by the laws of the Province of Ontario, without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction.
- 5.11 **Specific Performance.** It is understood and agreed by the parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any party and the non-breaching party shall be entitled to specific performance and injunctive or other equitable relief as remedy for any such breach.
- 5.12 **Headings.** The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.
- 5.13 **Successors and Assigns.** This Agreement is intended to bind and inure to the benefit of the parties hereto and their respective successors and assigns. The agreements, representatives and obligations of the undersigned parties under this Agreement are, in all respects, several and not joint.
- 5.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page by electronic transmission shall be effective as delivery of a manually executed counterpart.


5.15 **Third Party Beneficiaries.** This Agreement shall be solely for the benefit of the parties hereto and, subject to Section 5.13 hereof, no other person or entity shall be a third-party beneficiary hereto.

[Signatures on next pages]

**CONCORD PROPERTIES
DEVELOPMENT CORP.**

Per: 
Name: Dennis Au-Yeung
Title:


YSL RESIDENCES INC.

Per: 
Name: Daniel Casey
Title: President

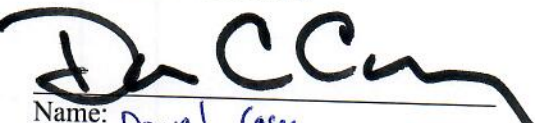
**YG LIMITED PARTNERSHIP, by its
general partner 9615334 CANADA INC.**

Per: 
Name: Daniel Casey
Title: President

CRESFORD HOLDINGS LTD.

Per: 
Name: Daniel Casey
Title: President

2574733 ONTARIO LIMITED

Per: 
Name: Daniel Casey
Title: President

SCHEDULE "A"
PROPOSAL

44239582.2

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

**IN THE MATTER OF THE PROPOSAL OF YG LIMITED PARTNERSHIP
AND YSL RESIDENCES INC. PURSUANT TO THE
*BANKRUPTCY AND INSOLVENCY ACT***

PROPOSAL

WHEREAS, upon delivery hereof, YSL Residences Inc. and 9615334 Canada Inc., as general partner of and on behalf of YG Limited Partnership (collectively, "YSL" or the "**Company**") have initiated proceedings under the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, B-3 as amended (the "**BIA**"), pursuant to Section 50(1) thereof;

NOW THEREFORE the Company hereby submits the following proposal under the BIA to its creditors (the "**Proposal**").

**ARTICLE I
DEFINITIONS**

1.01 Definitions

In this Proposal:

"**Administrative Fees and Expenses**" means the fees, expenses and disbursements incurred by or on behalf of the Proposal Trustee, the solicitors for the Proposal Trustee, the solicitors of the Company both before and after the Filing Date;

"**Affected Creditor Claim**" means a Proven Claim, other than an Unaffected Claim;

"**Affected Creditor Share**" means, subject to section 2.02(a)(i), the amount that is equal to 58% of the face value of an Affected Creditor Claim, subject to the Maximum Proposal Fund Amount which, if exceeded shall result in Affected Creditors receiving the Affected Creditor Pro Rata Share;

"**Affected Creditor Pro Rata Share**" means, in respect of an Affected Creditor Claim, (i) the face value of the Affected Creditor Claim, divided by (ii) the Maximum Proposal Fund Amount;

"**Affected Creditors**" means all Persons having Affected Creditor Claims, but only with respect to and to the extent of such Affected Creditor Claims;

"**Affected Creditors Class**" means the class consisting of the Affected Creditors established under and for the purposes of this Proposal, including voting in respect thereof;

"**Approval Order**" means an order of the Court, among other things, approving the Proposal;

"**Assumed Contracts**" means, subject to section 8.02(e), those written contracts entered into by or on behalf of the Company in respect of the Project listed in Schedule "B" hereto, which are to be assumed by the Proposal Sponsor upon Implementation with the consent of the applicable counterparty or otherwise pursuant to an order issued in pursuant to section 84.1 of the BIA;

"**BIA**" has the meaning ascribed to it in the recitals;

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;

"**Claim**" means any right or claim of any Person against the Company in connection with any indebtedness, liability, or obligation of any kind whatsoever in existence on the Filing Date (or which has arisen after the Filing Date as a result of the disclaimer or repudiation by the Company on or after the Filing Date of any lease or executory contract), and any interest accrued thereon to and including the Filing Date and costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against the Company with respect to any matter, cause or chose in action, but subject to any counterclaim, set-off or right of compensation in favour of the Company which may exist, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts that existed prior to the Filing Date, (B) relates to a period of time prior to the Filing Date, or (C) is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA;

"**Company**" has the meaning ascribed to it in the recitals;

"**Conditions Precedent**" shall have the meaning given to such term in section 8.02 hereof;

"**Condo Purchase Agreement**" means an agreement of purchase and sale in respect of a residential condominium unit in the Project between the Company and a Condo Purchaser;

"**Condo Purchaser**" means a purchaser of a residential condominium unit in the Project pursuant to a Condo Purchase Agreement;

"**Condo Purchaser Claim**" means any Claim of a Condo Purchaser in respect of its Condo Purchase Agreement;

"**Construction Lien Claim**" means any Proven Claim in respect of amounts secured by a perfected lien registered against title to the Property and are valid in accordance with the *Construction Act* (Ontario);

"**Convenience Creditor**" means an Affected Creditor with a Convenience Creditor Claim;

"**Convenience Creditor Claim**" means (a) any Proven Claims of an Affected Creditor in an amount less than or equal to **[\$10,000]**, and (b) any Proven Claim of an Affected Creditor in an amount greater than **[\$10,000]** if the relevant Creditor has made a valid election for the purposes of this Proposal in accordance with this Proposal prior to the Convenience Creditor Election Deadline;

"**Convenience Creditor Consideration**" has the meaning ascribed to it in Section 3.04;

"**Convenience Creditor Election Deadline**" means 5:00 p.m. (Toronto time) on **[May 24]**, 2021;

"**Convenience Creditor Election Form**" means the form, substantially in the form attached hereto as Schedule C, pursuant to which an Affected Creditor that is not a Convenience Creditor may elect to be treated as a Convenience Creditor, in accordance with Section 3.04 herein;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Court Approval Date**" means the date upon which the Court makes the Approval Order;

"**Creditors' Meeting**" means the meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;

"**Creditors' Meeting Date**" means such date and time for the Creditors' Meeting as may be called by the Proposal Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;

"**Crown**" means Her Majesty in Right of Canada or of any Province of Canada and their agents;

"**Crown Claims**" means the Claims of the Crown set out in Section 60(1.1) of the BIA outstanding as at the Filing Date against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of the Ordinary Claims, and specifically excludes any other claims of the Crown;

"**Disputed Claim**" means any Claim which has not been finally resolved as a Proven Claim in accordance with the BIA as at the Proposal Implementation Date;

"**Distributions**" means a distribution of funds made by the Proposal Trustee from the Proposal Fund to Affected Creditors in respect of Affected Creditor Claims, in accordance with Article V;

"**Effective Time**" means 12:00 p.m. (Toronto time) on the Proposal Implementation Date;

"**Equity Claim**" has the meaning ascribed to it in Section 2 of the BIA;

"**Existing Equity**" means the limited partnership units of YG LP;

"**Existing Equityholders**" means the holders of the Existing Equity immediately prior to the Effective Time;

"**Filing Date**" means [●], 2021, being the date upon which a Notice of Intention to Make a Proposal was filed by the Company with the Official Receiver in accordance with the BIA;

"**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Implementation**" means the completion and implementation of the transactions contemplated by this Proposal;

"**Implementation Certificate**" has the meaning ascribed to it in Section 8.02(j);

"**Maximum Proposal Fund Amount**" means [●\$];

"**Official Receiver**" shall have the meaning ascribed thereto in the BIA;

"**Outside Date**" means July 31, 2021;

"**Permitted Encumbrances**" means those encumbrances on the Property listed in Schedule "A" hereto;

"**Person**" means any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority and a natural person in such person's capacity as trustee, executor, administrator or other legal representative;

"**Preferred Claim**" means a Claim enumerated in Section 136(1) of the BIA outstanding as at the Filing Date against the Company, if any, the payment of which will be made in priority to distributions in respect of Affected Creditor Claims;

"**Project**" means the mixed-used office, retail and residential condominium development to be constructed on the Property currently consisting of approximately 1,100 residential condominium units and 170 parking units and known as Yonge Street Living Residences;

"**Property**" means the real property owned by the Company and municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto, Ontario, and legally described by PIN numbers 21101-0042 (LT) to 21101-0049 (LT), inclusive;

"**Proposal**" means this Proposal of the Company, and any amendments, modifications and/or supplements hereto made in accordance with the terms hereof;

"**Proposal Fund**" means the fund established by the Proposal Sponsor pursuant to and as described in Section 5.01;

"Proposal Fund Amount" means the amount necessary to pay each Affected Creditor its Affected Creditor Share, provided that such amount shall not exceed the Maximum Proposal Fund Amount;

"Proposal Implementation Date" means the date on which Implementation occurs, which shall occur following the satisfaction of the Conditions Precedent, and no later than the Outside Date;

"Proposal Sponsor" means Concord Properties Development Corp.;

"Proposal Sponsor Agreement" means that agreement entered into among the Proposal Sponsor and the Company as of April [●], 2021, as amended from time to time;

"Proposal Trustee" means KSV Restructuring Inc. in its capacity as trustee in respect of this Proposal, or its duly appointed successor;

"Proposal Trustee's Website" means the following website: [www.ksvadvisory.com/insolvency-cases/case/\[●\]](http://www.ksvadvisory.com/insolvency-cases/case/[●]);

"Proven Claim" means in respect of an Affected Creditor, the amount of a Claim as finally determined in accordance with the provisions of the BIA, provided that the Proven Claim of an Affected Creditor with a Claim in excess of \$10,000.00 that has elected to be a Convenience Creditor by submitting a Convenience Creditor Election Form shall be valued for voting purposes as \$10,000.00;

"Released Claims" means, collectively, the matters that are subject to release and discharge pursuant to Section 7.01;

"Released Parties" means, collectively, (i) the Company, (ii) each affiliate or subsidiary of the Company; (iii) the Proposal Sponsor, (iv) the Proposal Trustee, and (v) subject to section 7.01, each of the foregoing Persons' respective former and current officers, directors, principals, members, affiliates, limited partners, general partners, managed accounts or funds, fund advisors, employees, financial and other advisors, legal counsel, and agents, each in their capacity as such;

"Required Majority" means an affirmative vote of a majority in number and two-thirds in value of all Proven Claims in the Affected Creditors Class entitled to vote, who are present and voting at the Creditors' Meeting (whether online, in-person, by proxy or by voting letter) in accordance with the voting procedures established by this Proposal and the BIA;

"Secured Claims" means:

- (a) The Claim of Timbercreek which is secured by, among other things a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (b) The Claim of 2576725 Ontario Inc. which is secured by, among other things, a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (c) All Construction Lien Claims but only to the extent of such Construction Lien Claims;

"**Secured Creditor**" means a Person holding a Secured Claim, with respect to, and to the extent of such Secured Claim;

"**Superintendent's Levy**" means the levy payable to the Superintendent of Bankruptcy pursuant to sections 60(4) and 147 of the BIA;

"**Timbercreek**" means, collectively, Timbercreek Mortgage Servicing Inc. and 2292912 Ontario Inc.;

"**Unaffected Claim**" means:

- (a) the Administrative Fees and Expenses;
- (b) the Claims of Timbercreek;
- (c) the Claims of Westmount Guarantee Services Inc. which is secured by, among other things, a mortgage, charge, lien or other security validly charging or encumbering the Property;
- (d) the Claims of 2576725 Ontario Inc., which is secured by, among other things, an equitable mortgage encumbering the Property;
- (e) any Claim of the City of Toronto;
- (f) all Condo Purchaser Claims;
- (g) all Construction Lien Claims, but only to the extent such Claims are valid in accordance with the *Construction Act* (Ontario) and have been perfected by the Proposal Implementation Date; and
- (h) such other Claims as the Company and Proposal Sponsor may agree with the consent of the Proposal Trustee;

"**Unaffected Creditor**" means a creditor holding an Unaffected Claim, with respect to and to the extent of such Unaffected Claim;

"**Undeliverable Distributions**" has the meaning ascribed to it in Section 5.04; and

"**YSL**" has the meaning ascribed to it in the recitals.

1.02 Intent of Proposal

This Proposal is intended to provide all Affected Creditors a greater recovery than they would otherwise receive if the Company were to become bankrupt under the BIA. More specifically, the Proposal will provide for a payment in full of Secured Claims and will provide a significant recovery in respect of Affected Creditor Claims. While the exact recovery cannot be determined until all Claims have been determined, and subject to the claims of contingent Affected Creditors, the Company expects Affected Creditors to receive a significant, albeit not a full recovery, on their

Claims and, in any event, a greater recovery than would occur if the Company were to become a bankrupt under the BIA.

In consideration for, among other things, its sponsorship of this Proposal, including the satisfaction of all Secured Claims, Preferred Claims and the establishment of the Proposal Fund, on the Proposal Implementation Date, title to the Property, subject only to the Permitted Encumbrances, as well as the Company's interests and obligations under the Assumed Contracts and Condo Purchase Agreements shall be acquired by the Proposal Sponsor, or its nominee in accordance with the terms hereof.

1.03 Date for Any Action

In the event that any date on which any action is required to be taken under this Proposal by any of the parties is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.04 Time

All times expressed in this Proposal are local time in Toronto, Ontario, Canada unless otherwise stipulated. Time is of the essence in this Proposal.

1.05 Statutory References

Except as otherwise provided herein, any reference in this Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.06 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors, and assigns of any Person named or referred to in the Proposal.

1.07 Currency

Unless otherwise stated herein, all references to currency and to "\$" in the Proposal are to lawful money of Canada.

1.08 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.09 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.10 Numbers

In this Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

ARTICLE II
CLASSIFICATION AND TREATMENT OF AFFECTED PARTIES

2.01 Classes of Creditors

For the purposes of voting on the Proposal, there will only be one class of creditors, being the Affected Creditors Class. For the purposes of voting on the Proposal, each Convenience Creditor shall be deemed to be in and shall be deemed to vote in and as part of, the Affected Creditors Class.

2.02 Treatment of Affected Creditors

- (a) As soon practicable after the Proposal Implementation Date, and after taking an adequate reserve in respect of any Disputed Claims:
 - (i) all Affected Creditor Claims (other than Convenience Class Creditors) shall receive, in respect of such Affected Creditor Claim, its Affected Creditor Share, net of the Superintendent's Levy, made by the Proposal Trustee from the Proposal Fund from time to time in accordance with Article V hereof; provided, however if the aggregate Affected Creditor Share amount payable to all Affected Creditors exceeds the Maximum Proposal Fund Amount, then Affected Creditors with Proven Claims shall receive, in respect of such Proven Claim, its Affected Creditor Pro Rata Share; and
 - (ii) all Convenience Class Creditors shall receive in respect of such Convenience Creditor Claims, the Convenience Creditor Consideration, net of the Superintendent's Levy;
- (b) On the Proposal Implementation Date, each Affected Creditor Claim shall, and shall be deemed to have been irrevocably and finally extinguished, discharged and released, and each Affected Creditor shall have no further right, title or interest in or to its Affected Creditor Claim.

2.03 Existing Equityholders and Holders of Equity Claims

Holders of Equity Claims shall not be entitled to vote in respect of their Equity Claims at the Creditors Meeting and shall not receive any distribution under this Proposal on account of their Equity Claims. Subject to Section 7.01, all Equity Claims shall be fully, finally and irrevocably and forever compromised, released, discharged, cancelled, extinguished and barred for no consideration on the Proposal Implementation Date in accordance with Section 5.01(g).

2.04 Application of Proposal Distributions

All amounts paid or payable hereunder on account of the Affected Creditor Claims (including, for greater certainty, any securities received hereunder) shall be applied as follows: (i) first, in respect of the principal amount of the Affected Creditor Claim, and (ii) second, in respect of the accrued but unpaid interest on the Affected Creditor Claim.

2.05 Full Satisfaction of All Affected Creditor Claims

All Affected Creditors shall accept the consideration set out in Section 2.02 hereof in full and complete satisfaction of their Affected Creditor Claims, and all liens, certificates of pending litigation, executions, or other similar charges or actions or proceedings in respect of such Affected Creditor Claims will have no effect in law or in equity against the Property, or other assets and undertaking of the Company. Upon the Implementation of the Proposal, any and all such registered liens, certificates of pending litigation, executions or other similar charges or actions brought, made or claimed by Affected Creditors will be and will be deemed to have been discharged, dismissed or vacated without cost to the Company and the Company will be released from any and all Affected Creditor Claims of Affected Creditors, subject only to the right of Affected Creditors to receive Distributions as and when made pursuant to this Proposal.

2.06 Undeliverable Distributions

Undeliverable Distributions shall be dealt with and treated in the manner provided for in the BIA and the directives promulgated pursuant thereto.

ARTICLE III
MEETING OF AFFECTED CREDITORS

3.01 Meeting of Affected Creditors

On the Creditors' Meeting Date, the Company shall hold the Creditors' Meeting in order for the Affected Creditors to consider and vote upon the Proposal.

3.02 Time and Means of Creditors' Meeting

The Creditors' Meeting shall take place at 10 a.m. (Toronto time) on [May 25], 2021. Due to COVID-19, the Creditors' Meeting shall be held online at the following website: [●].

3.03 Quorum and Conduct of Creditors' Meeting

A quorum shall be constituted for the Creditors' Meeting or any adjournment thereof if there is one Affected Creditor, entitled to vote, present in person (virtually) or by proxy, or if one Affected Creditor, entitled to vote, has submitted a voting letter in accordance with the provisions of the BIA and this Proposal. If the requisite quorum is not present at the Creditors' Meeting or if the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Proposal Trustee to such date, time and place or online meeting platform as determined by the Proposal Trustee. For greater certainty, the Creditors' Meeting may be adjourned one or more times.

3.04 Voting at the Meeting

Each Affected Creditor will be required to submit a proof of claim to the Proposal Trustee. Each Affected Creditor shall be entitled to a single vote valued in the full amount of its Proven Claim. In order to vote at the Creditors' Meeting, the proof of claim must be submitted to the Proposal Trustee no later than 5:00 p.m. (Toronto time) on the day that is one (1) Business Day prior to the commencement of the Creditors' Meeting. Any Person asserting a Construction Lien Claim that has not been perfected in accordance with the *Construction Act* (Ontario) is required to file a proof of claim in accordance with this paragraph.

The only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Company and its legal counsel and advisors, the Proposal Sponsor and its legal counsel and advisors, the Proposal Trustee and its legal counsel and advisors, and all other Persons entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Proposal Trustee.

The provisions of section 135 of the BIA will apply to all proofs of claim submitted by Affected Creditors, including in respect of Disputed Claims. In the event that a duly submitted proof of claim has been disallowed or revised for voting purposes by the Proposal Trustee, and such disallowance has been disputed by the applicable Affected Creditor in accordance with Section 135(4) of the BIA, then the dollar value for voting purposes at the Creditors' Meeting shall be the dollar amount of such disputed claim set out in the proof of claim submitted by such Affected Creditor, without prejudice to the determination of the dollar value of such Affected Creditor's disputed claim for distribution purposes.

Notwithstanding the foregoing, each Convenience Creditor with a Proven Claim of \$10,000.00 or less is irrevocably deemed to have voted the full amount of its Proven Claims in favour of the approval of the Proposal without requirement for such Convenience Creditor to file a proxy to vote in favour of the Proposal, in consideration for the Proposal providing for the full payment of their Proven Claim. An Affected Creditor with a Proven Claim in excess of \$10,000.00 that wishes to be treated as a Convenience Creditor under the Proposal must deliver a duly completed and executed Convenience Creditor Election Form to the Proposal Trustee by no later than the Convenience Creditor Election Deadline, and upon doing so such Affected Creditor: (i) is irrevocably deemed to have voted the full amount of its Proven Claim in favour of the Proposal as a member of the Affected Creditors Class; and (ii) shall be treated as a Convenience Creditor for

all purposes and shall receive the lesser of (x) \$10,000.00, and (y) the amount of its Proven Claim (either (x) or (y), being the applicable “**Convenience Creditor Consideration**”).

3.05 Approval by Affected Creditors

In order to be approved, this Proposal must receive the affirmative votes of the Required Majority.

3.06 Modification to Proposal

Subject to the consent of the Proposal Trustee and the Proposal Sponsor, the Company reserves the right at any time prior to the Creditors' Meeting to file any modification of, amendment or supplement to the Proposal by way of supplementary proposal. Any such amended or supplementary proposal shall forthwith be posted on the Proposal Trustee's Website and filed with the Official Receiver as soon as practicable, in which case any such amended or supplementary proposal or proposals shall, for all purposes, be and be deemed to be a part of and incorporated in to this Proposal. At the Creditors' Meeting, the Company and/or the Proposal Trustee shall provide all Affected Creditors in attendance with details of any modifications or amendments prior to the vote being taken to approve the Proposal. Subject to the provisions of the BIA, after the Creditors' Meeting (and both prior to and subsequent to the Approval Order) and subject to the consent of the Proposal Trustee and the Proposal Sponsor, the Company may at any time and from time to time vary, amend, modify or supplement the Proposal.

ARTICLE IV PREFERRED CLAIMS AND MANDATORY PAYMENTS

4.01 Crown Claims

Within thirty (30) Business Days following the granting of the Approval Order, the Crown Claims, if any, will be paid by the Proposal Trustee, in full with related interest and penalties as prescribed by the applicable laws, regulations and decrees.

4.02 Preferred Claims

Within thirty (30) Business Days following the granting of the Approval Order, the Preferred Claims, if any, will be paid in full by the Proposal Trustee.

ARTICLE V ESTABLISHMENT OF PROPOSAL FUND AND DISTRIBUTIONS

5.01 Establishment of Proposal Fund

On the Plan Implementation Date, in accordance with the sequence set out in section 6.01 hereof, the Proposal Sponsor shall transfer to the Proposal Trustee, in trust, the Proposal Fund Amount, provided that such amount shall not exceed the Maximum Proposal Fund Amount, which funds shall be held in a specific trust account by the Proposal Trustee and used for the specific purposes set out in this Proposal, plus a reasonable reserve on account of Administrative Fees and Expenses,

and, subject to section 5.03, a reserve in respect of Disputed Claims (if any). All such cash transferred to the Proposal Trustee shall be held in trust by the Proposal Trustee in the Proposal Fund for the benefit of such Persons who are entitled to receive Distributions (including all Affected Creditors to the extent of their Proven Claims) pursuant to this Proposal. Any excess funds remaining in the Proposal Fund following the distribution of all amounts contemplated by the Proposal to those parties entitled to such disbursements shall be remitted directly to the Proposal Sponsor, or as it may direct.

5.02 Distributions

As soon as possible after the Proposal Implementation Date and the payments contemplated by Sections 4.01 and 4.02, the Proposal Trustee shall make a Distribution to Affected Creditors with Proven Claims as follows:

- (a) If the aggregate amount necessary to satisfy the Affected Creditor Share payable to all Affected Creditors with Proven Claims does not exceed the Maximum Proposal Fund Amount, the Proposal Trustee shall make a Distribution to each Affected Creditor with a Proven Claim in the amount of its Affected Creditor Share, net of the Superintendent's Levy; or
- (b) If the aggregate amount necessary to satisfy the Affected Creditor Share payable to all Affected Creditors with Proven claims exceeds the Maximum Proposal Fund Amount, then, after reserving an amount necessary in respect of unresolved Disputed Claims in accordance with Section 5.03, the Proposal Trustee shall make a Distribution of all funds available for distribution in the Proposal Fund to each Affected Creditor with a Proven Claim in the amount of its Affected Creditor Pro Rata Share, net of the Superintendent's Levy. The Proposal Trustee may make more than one distribution to Affected Creditors of the Affected Creditor Pro Rata Share amount as Disputed Claims are resolved.

5.03 Reserves for Unresolved Disputed Claims

Prior to making any Distribution to Affected Creditors pursuant to Section 5.02, the Proposal Trustee shall set aside in the Proposal Fund sufficient funds to pay all Affected Creditors with Disputed Claims the amounts such Affected Creditors would be entitled to receive in respect of that particular Distribution pursuant to this Proposal, in each case as if their Disputed Claim had been a Proven Claim at the time of such Distribution. Upon the resolution of each Disputed Claim in accordance with the BIA, any funds which have been reserved by the Proposal Trustee to deal with such Disputed Claim but which are not required to be paid to the Affected Creditor shall remain in the Proposal Fund and become available for further Distributions to Affected Creditors in respect of their Proven Claims.

5.04 Method of Distributions

Unless otherwise agreed to by the Proposal Trustee and an Affected Creditor, all Distributions made by the Proposal Trustee pursuant to this Proposal shall be made by cheque mailed to the address shown on the proof of claim filed by such Affected Creditor or, where an Affected Creditor has provided the Trustee with written notice of a change of address, to such address set out in that

notice. If any delivery or distribution to be made pursuant to Article IV hereof in respect of an Affected Creditor Claim is returned as undeliverable, or in the case of a distribution made by cheque, the cheque remains uncashed (each an "**Undeliverable Distribution**"), no other crediting or delivery will be required unless and until the Proposal Trustee is notified of the Affected Creditor's then current address. The Proposal Trustee's obligations to the Affected Creditor relating to any Undeliverable Distribution will expire six months following the date of delivery or mailing of the cheque or other distribution, after which date the Proposal Trustee's obligations under this Proposal in respect of such Undeliverable Distribution will be forever discharged and extinguished, and the amount that the Affected Creditor was entitled to be paid under the Proposal shall be distributed to the Proposal Sponsor.

5.05 Residue After All Distributions Made

Residual funds, if any, in the Proposal Fund which are not required for Distribution under this Proposal shall be returned to the Proposal Sponsor, or as it may direct, by the Proposal Trustee immediately prior to the filing of the certificate by the Proposal Trustee referenced in section 13.02 hereof.

ARTICLE VI IMPLEMENTATION

6.01 Proposal Implementation Date Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments (unless otherwise indicated) and at the times and in the order set out in this Section 6.01 (or in such other manner or order or at such other time or times as the Company and the Proposal Sponsor may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

- (a) Either the Proposal Sponsor will, at its election, but subject to obtaining the consent of the applicable Secured Creditor, assume the Secured Claims, or on behalf of the Company, the Proposal Sponsor will make payment in full to Secured Creditors in respect of their Secured Claims;
- (b) the releases in respect of Secured Claims referenced in section 7.01 shall become effective, and any registrations on title to the Property in respect of such Secured Claims shall be discharged from title to the Property;
- (c) the Proposal Sponsor shall provide the Proposal Fund Amount to the Proposal Trustee in accordance with section 5.01 in full and final settlement of all Affected Creditor Claims;
- (d) the Proposal Sponsor shall provide the Proposal Trustee with an amount necessary to satisfy the Administrative Fees and Expenses, including a reserve in respect of the reasonably estimated additional Administrative Fees and Expenses anticipated

to be incurred in connection with the administration of Distributions, resolution of any Disputed Claims, and the Proposal Trustee's discharge;

- (e) title to the Property shall be registered in the name of the Proposal Sponsor, or its nominee, together with any charges applicable to security held by the lenders to the Proposal Sponsor in respect of the purchase of the Property and construction of the Project;
- (f) the assumption of the Assumed Contracts by the Proposal Sponsor, or its nominee, shall become effective;
- (g) all Affected Creditor Claims (including without limitation all Convenience Creditor Claims) shall, and shall be deemed to be, irrevocably and finally extinguished and the Affected Creditors shall have no further right, title or interest in and to their respective Affected Creditor Claims;
- (h) subject to Section 7.01, all Equity Claims shall, and shall be deemed to be, irrevocably and finally extinguished and all Existing Equityholders shall have no further right, title or interest in and to their respective Equity Claims; and
- (i) the releases in respect of Affected Creditor Claims referred to in Section 7.01 shall become effective.

ARTICLE VII

RELEASES

7.01 Release of Released Parties

At the applicable time pursuant to Section 6.01(b), in the case of Secured Claims, and Section 6.01(i), in respect of Affected Creditor Claims, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Proposal Implementation Date, including without limitation in connection with this Proposal and any proceedings commenced with respect to or in connection with this Proposal, the Project, the transactions contemplated hereunder, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge (i) any of the Released Parties from or in respect of their respective obligations under this Proposal or any order issue by the Court in connection with this Proposal or any document ancillary to any of the foregoing, (ii) any Released Party from liabilities or claims which cannot be released pursuant to s. 50(14) of the BIA, as determined by the final, non-appealable judgment of the Court, or (iii) any Released Party from any Secured Claim of Timbercreek. The foregoing release shall not be construed to prohibit a party in interest from seeking to enforce the terms of this Proposal, including with respect to Distributions, or any contract or agreement entered into pursuant to, in connection with or contemplated by this Proposal. Notwithstanding the foregoing, the directors and officers of the Company shall not be released in respect of any Equity Claim as defined in section 2 of the BIA or any analogous claim in respect of a partnership interest.

7.02 Injunctions

All Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Proposal Implementation Date, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever of any Person against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, guarantee, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Proposal or the transactions contemplated hereunder; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal or any document, instrument or agreement executed to implement this Proposal.

ARTICLE VIII CONDITIONS PRECEDENT

8.01 Confirmation of Proposal

Provided that the Proposal is approved by the Required Majority, the Proposal Trustee shall apply for the Approval Order no later than five (5) days following the Creditors' Meeting.

8.02 Conditions Precedent

This Proposal will take effect on the Proposal Implementation Date. The Implementation of this Proposal on the Proposal Implementation Date is subject to the satisfaction of the following conditions precedent (collectively, the “**Conditions Precedent**”):

- (a) the Proposal is approved by the Required Majority;
- (b) the Approval Order, in form and substance satisfactory to the Proposal Sponsor, has been issued, has not been stayed and no appeal therefrom is outstanding;
- (c) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Authority, no application shall have been made to any Governmental Authority, and no action or investigation shall have been announced, threatened or commenced by any Governmental Authority, in consequence or in connection with the Proposal or the Project that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit), the Proposal or any part thereof or the Project or any part thereof or requires or purports to require a variation of the Proposal or the Project;
- (d) registrations in respect of all encumbrances, including without limitation any registrations in respect of Construction Lien Claims, but excluding the Permitted Encumbrances, shall have been deleted from title to the Property, provided that, should the Implementation of the Proposal not occur following the deletion of an

Affected Creditor's encumbrance pursuant to this provision, such Affected Creditor shall have the right to renew such registration;

- (e) the Proposal Sponsor, or its nominee, shall have entered into assignment and assumption agreements in respect of all Assumed Contracts, or an assignment order pursuant to section 84.1 of the BIA shall have been issued, in each case in form and substance satisfactory to the Proposal Sponsor, provided that it shall be a condition of the assumption of each Assumed Contract that the written agreements set out in Schedule "B" hereto (as amended from time to time) represent the totality of the contractual arrangements between the Company and each applicable counterparty, and no verbal or extra-contractual arrangements will be recognized by the Proposal Sponsor;
- (f) sufficient financing for the acquisition of the Property and completion of construction of the Project by the Proposal Sponsor, or its nominee, shall have been provided by Otera Capital Inc., on terms satisfactory to the Proposal Sponsor, and all material conditions precedent to such financing shall be capable of completion by the Proposal Sponsor prior to the Proposal Implementation Date;
- (g) the Proposal Implementation Date shall occur on **[June 21]**, 2021, or such other date prior to the Outside Date as may be agreed by the Proposal Sponsor;
- (h) any required resolutions authorizing the Company to file this Proposal and any amendments thereto will have been approved by the board of directors of the Company;
- (i) the Proposal Sponsor Agreement shall not have been terminated by the Proposal Sponsor; and
- (j) the Company shall have delivered a certificate to the Proposal Trustee that the conditions precedent to the Implementation of the Proposal have been satisfied or waived (the "**Implementation Certificate**").

Upon written confirmation of receipt from the Proposal Trustee of the Implementation Certificate, the Implementation of the Proposal shall have been deemed to have occurred and all actions deemed to occur upon Implementation of the Proposal shall occur without the delivery or execution of any further documentation, agreement or instrument.

ARTICLE IX

EFFECT OF PROPOSAL

9.01 Binding Effect of Proposal

After the issuance of the Approval Order by the Court, subject to satisfaction of the Conditions Precedent, the Proposal shall be implemented by the Company and shall be fully effective and binding on the Company and all Persons affected by the Proposal. Without limitation, the treatment of Affected Creditor Claims under the Proposal shall be final and binding on the Company, the

Affected Creditors, and all Persons affected by the Proposal and their respective heirs, executors, administrators, legal representatives, successors, and assigns. For greater certainty, this Proposal shall have no effect upon Unaffected Creditors.

9.02 Amendments to Agreements and Paramountcy of Proposal

Notwithstanding the terms and conditions of all agreements or other arrangements with Affected Creditors entered into before the Filing Date, for so long as an event of default under this Proposal has not occurred, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern and be paramount.

9.03 Deemed Consents and Authorizations of Affected Creditors

At the Effective Time each Affected Creditor shall be deemed to have:

- (a) executed and delivered to the Company all consents, releases, assignments, and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) waived any default by the Company in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Company that has occurred on or prior to the Proposal Implementation Date; and
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Company as at the date and time of Court approval of the Proposal (other than those entered into by the Company on, or with effect from, such date and time) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly.

ARTICLE X ADMINISTRATIVE FEES AND EXPENSES

10.01 Administrative Fees and Expenses

Administrative Fees and Expenses will be paid in cash by the Company on the Proposal Implementation Date together with a reserve in respect of the discharge of the Proposal Trustee.

ARTICLE XI
INDEMNIFICATION

11.01 Indemnification of Proposal Trustee

The Proposal Trustee shall be indemnified in full by the Company for all personal liability arising from fulfilling any duties or exercising any powers or duties conferred upon it by this Proposal or under the BIA, except for any willful misconduct or gross negligence.

ARTICLE XII
POST FILING GOODS AND SERVICES

12.01 Payment of Payroll Deductions and Post Filing Claims

The following shall continue to be paid in the ordinary course by the Company prior to and after the Court Approval Date and shall not constitute Distributions or payments under this Proposal:

- (a) all Persons, who may advance monies, or provide goods or services to the Company after the Filing Date shall be paid by the Company in the ordinary course of business;
- (b) current source deductions and other amounts payable pursuant to Section 60(1.2) of the BIA, if applicable, shall be paid to Her Majesty in Right of Canada in full by the Company as and when due; and
- (c) current goods and services tax (GST), and all amounts owing on account of provincial sales taxes, if applicable, shall be paid in full by the Company as and when due.

ARTICLE XIII
TRUSTEE, CERTIFICATE OF COMPLETION, AND DISCHARGE OF TRUSTEE

13.01 Proposal Trustee

KSV Restructuring Inc. shall be the Proposal Trustee pursuant to this Proposal and upon the making of the Distributions and the payment of any other amounts provided for in this Proposal, the Proposal Trustee will be entitled to be discharged from its obligations under the terms of this Proposal. The Proposal Trustee is acting in its capacity as Proposal Trustee under this Proposal, and not in its personal capacity and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business, liabilities or obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto.

The Proposal Trustee shall not incur, and is hereby released from, any liability as a result of carrying out any provisions of this Proposal and any actions related or incidental thereto, save and except for any gross negligence or willful misconduct on its part (as determined by a final, non-appealable judgment of the Court).

13.02 Certificate of Completion and Discharge of Proposal Trustee

Upon the Proposal Trustee receiving confirmation in writing from the Company that the transactions contemplated in Section 6.01 have been completed in the order and manner contemplated therein, and all Distributions to Affected Creditors have been administered in accordance with Article IV, the terms of the Proposal shall be deemed to be fully performed and the Proposal Trustee shall provide a certificate to the Company, the Proposal Sponsor and to the Official Receiver pursuant to Section 65.3 of the BIA and the Proposal Trustee shall be entitled to be discharged.

**ARTICLE XIV
GENERAL****14.01 Valuation**

For purposes of voting and Distributions, all Claims shall be valued as at the Filing Date.

14.02 Preferences, Transfers at Undervalue

In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal. As a result, all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Proposal Trustee or any Affected Creditors against the Company, the Property, or any other Person whatsoever; and
- (b) the Proposal Trustee and all of the Affected Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Property any other Person.

14.03 Governing Law

The Proposal shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

[remainder of page left intentionally blank]

Dated at Toronto, this [●] day of [●], 2021.

YSL RESIDENCES INC.

Per: _____

Name:

Title:

I have the authority to bind the Corporation.

**YG LIMITED PARTNERSHIP, by its
general partner 9615334 CANADA INC.**

Per: _____

Name:

Title:

I have the authority to bind the Corporation.

SCHEDULE A

PERMITTED ENCUMBRANCES

[NTD: SUBJECT TO CONFIRMATION]

- Instrument No. AT5018709 being a charge in favour of Westmount Guarantee Services Inc.
- Instrument No. AT5117887 being a Notice of Agreement Amending Charge in respect of Instrument No. AT5018709.
- Instrument No. AT5247886 being a Notice of Agreement Amending Charge in respect of Instrument No. AT5018709.
- Instrument No. AT5142532 being a Postponement of Charge in respect of Instrument No. AT5018709.
- Instrument No. AT5246457 being a Postponement of Charge in respect of Instrument No. AT5018709.
- Instrument No. AT5142530 being a S.71 Notice re Heritage Easement Agreement in favour of the City of Toronto.
- Instrument No. AT5246455 being a S.71 Notice re Section 37 Agreement in favour of the City of Toronto.

SCHEDULE B
ASSUMED CONTRACTS

[NTD: TO BE COMPLETED]

SCHEDULE C

CONVENIENCE CREDITOR ELECTION FORM

TO: KSV RESTRUCTURING INC., in its capacity as Proposal Trustee of YG Limited Partnership and YSL Residences Inc. (collectively, "YSL")

In connection with the Proposal of YSL pursuant to the *Bankruptcy and Insolvency Act* (Canada) dated [●], 2021 (as amended, restated, modified and/or supplemented from time to time, the "**Proposal**"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as a Convenience Creditor and thereby to receive the lesser of (i) [**\$10,000**], and (ii) the amount of its Proven Claim in full and final satisfaction of the Proven Claim(s) of the undersigned, and hereby acknowledges that the undersigned shall be deemed to vote the full amount of its Proven Claim(s) in favour of the Proposal at the Creditors' Meeting.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at _____ this ____ day of _____, 2021.

AFFECTED CREDITOR'S SIGNATURE:

(Print Legal Name of Affected Creditor)

(Print Legal Name of Assignee, if applicable)

(Signature of the Affected Creditor/Assignee or an
Authorized Signing Officer of the Affected
Creditor/Assignee)

(Print Name and Title of Authorized Signing Officer of
the Affected Creditor/Assignee, if applicable)

(Mailing Address of the Affected Creditor/Assignee)

(Telephone Number and E-mail of the Affected
Creditor/Assignee or Authorized Signing Officer of the
Affected Creditor/Assignee)

Appendix “J”

**SUPERIOR COURT OF JUSTICE – ONTARIO
(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. APPLICATION UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED**

BEFORE: S.F. Dunphy J.

COUNSEL: *Shaun Laubman and Sapna Thakker* Lawyers for the Moving Parties, 2504670
Canada Inc ., 8451761 Canada Inc ., and Chi Long Inc.

Alexander Soutter Lawyers for the Moving Parties Yonge SL et al.

Harry Fogul, Lawyers for YG Limited Partnership and YSL Residences Inc.

David Gruber Lawyers for Plan Sponsor Concord Properties Development Corp.

Bobby Kaufman and Mitch Vininsky for Proposal Trustee KSV Restructuring Inc.

Robin Schwill for KSV Restructuring Inc.

James W. MacLellan for Sureties Aviva et al and Westmount

Jane Dietrich for Timbercreek Mortgage Servicing Inc. et al.

HEARD at Toronto: June 1, 2021

REASONS FOR DECISION

[1] These two similar motions were brought by two applicants who between them represent all or substantially all of the limited partners of YG Limited Partnership. The LP is in turn the object of a *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended proposal which is scheduled to be voted upon at a June 15, 2021 meeting of creditors and, if approved by them, submitted to the court for approval on June 23, 2021 at a scheduled sanction hearing.

[2] The motions before me seek to declare the *BIA* stay of proceedings to be inapplicable to the two applications discussed below or, in the alternative, to lift the *BIA* stay of proceedings to enable the two applications to proceed on a parallel track for a full hearing on June 23, 2021.

[3] While I was invited to make a ruling on the applicability of the *BIA* stay of proceedings to the two applications, I declined to do so. I shall leave for another day the question of whether the addition of s. 140.1 and s. 54.1 to the *BIA* in 2005 and 2007 had the result of including holders of equity claims in the definition of “creditor” or merely clarified the status of debt claims such as class action misrepresentation claims or contractual rescission claims whose origin lies in an equity interest. Whether the stay of proceedings is found to be inapplicable as a matter of law or whether I conclude that it should be lifted as a matter of equity and judicial discretion is a matter of legal but not practical interest. In either event, it is plain to me that the two applicants’ arguments ought to be permitted a reasonable opportunity to be fleshed out and to be heard at the time the proposal is brought before the court for approval.

[4] The judge at a sanction hearing for a *BIA* proposal is always required to satisfy him or herself (i) that the application is procedurally sound in the sense that the statute and any relevant court orders relating to the approval process have been complied with; and (ii) that the proposal itself is fair and reasonable in all of the circumstances.

[5] The applicants raise grounds that – if established – would lead to the conclusion that either or both of the *BIA* Notice of Intention filed by the LP or the plan sponsorship agreement that forms the backbone of the proposed plan submitted to creditors for a vote were void. If true, there would be no proposal to approve. Further, they raise grounds that could lead to the conclusion that the plan itself is fundamentally unfair and unsound. Once again, if established, such grounds would be relevant to whether the judge at the sanction hearing can be satisfied that the proposed plan is fair and reasonable in all of the circumstances.

[6] The sanction hearing on June 23, 2021 is effectively the only opportunity the applicants will have to make their case. Deferring the hearing of their applications until after a potentially flawed or void proposal has been approved or implemented would be to deny them a hearing altogether. The arguments raised by them are neither spurious nor frivolous. I cannot purport to judge the merits of the claims at this early stage beyond concluding that they ought to be heard in the context of the sanction hearing on June 23, 2021.

[7] There is a difference between concluding that the two applicants need to be heard on June 23, 2021 and concluding that their applications ought to be heard in their entirety at the same time. A pragmatic approach is required to balance the competing interests, including those of creditors who may have a preference for even a flawed proposal over depending solely upon the tender mercies of a secured creditor initiating

its own realization process. There is only so much that can be accomplished in the time that is actually available. We must do the best we can do to be fair to all of the interests engaged in this process.

[8] The two applicants have initiated separate but largely identical proceedings against 9615334 Canada Inc. as general partner of the LP. At the risk of oversimplification, those two applications seek (i) an order that the general partner of the LP be removed from that role or a declaration that it has ceased to be general partner and can exercise none of the powers of a general partner over the LP; (ii) an order declaring that any agreements entered into by the general partner with the plan sponsor Concord are void; (iii) an order declaring the general partner to be in breach of the LP agreement; (iv) an order declaring the general partner to have breached its fiduciary obligations or its duty of good faith owed to the applicant limited partners; and (v) an order setting aside the NOI and the proposal as filed by the LP. One of the two applications (that of YongeSL et al) also has joined to it a request to appoint a Receiver on the grounds that it is just and convenient to do so.

[9] The primary relief sought on the two applications is (v) above. The applicants' position is that the NOI and the plan sponsorship agreement that underlies the proposal were filed or entered into by a general partner who had no authority to do so. The grounds for taking that position are the grounds for the relief sought in (i), (ii), (iii) and (iv). Those grounds are in turn based upon various provisions of the LP agreement that the applicants view as stripping the general partner of its authority to take certain steps (or to act as general partner) upon the happening of certain events including consenting to the appointment of a receiver or entering into the sponsorship agreement in relation to the plan.

[10] I am directing that the applicants should be entitled to seek to establish that the NOI is void or invalid by reason of the grounds alleged in support of the relief sought in (i) to (iv) above. In other words, the whole of both applications is not being heard on June 23, 2021 but so much of the grounds and evidence as are relevant to establish that the NOI and or plan sponsorship agreement are void shall be heard. Similarly, the alternative position of the applicants – that the grounds raised in support of invalidity are also grounds that justify exercising the discretion to reject the plan as unfair or unreasonable even if those grounds do not rise to the level of supporting a finding that the plan or the NOI itself are void – shall also be heard.

[11] I have passed over the claim of one of the applicants for a receiver purposefully. If the applicants are unable to establish that the NOI or the proposed plan are void and they are also unable to persuade the judge presiding over the sanction hearing to reject the proposed plan, the receivership application of YongeSL will be quite moot. If on the other hand the plan is not approved for any reason, then something of a vacuum would exist. The secured creditor Timbercreek has a pending application to enforce its security and to seek the appointment of a receiver that is currently scheduled for July

12, 2021. Timbercreek's counsel intends to file a short update affidavit for the June 23, 2021 sanction hearing and will be at the hearing for the purpose of alerting the court to its position should the plan not be approved for any reason. In that event, Timbercreek intends to ask the court to appoint a receiver either the same day or as soon after that date as is practicable. That position of course comes as a surprise to none of the parties nor should it. It is at least theoretically possible that the application by the LP unitholders for a receiver could have an object. In reality – given the volume of secured claims ahead of them – it is unlikely. That being said, I give them any necessary leave to proceed with that limited aspect of their application as well.

[12] In conclusion I am directing:

- a. that the prayer for relief in paragraph 1(d) of the 2504670 Canada Notice of Application shall be heard in connection with the scheduled Sanction Hearing of the BIA proposal and that in connection with that hearing, the grounds cited in support of the relief sought in paragraph 1(a), (b), (e) and (f) thereof may be referred to (the same direction applying to the analogous prayers for relief in the YongeSL application);
- b. both applicants shall also be heard on the question of whether the proposed plan is fair and reasonable having regard to their interests and to the grounds mentioned in the two Notices of Application; and
- c. the YongeSL application to appoint a receiver will only be considered in the event that the plan is not approved for any reason but the hearing judge may decide to defer the hearing of that application in favour of hearing the application of Timbercreek to be heard prior to July 12, 2021.

[13] The parties have conferred on a case timetable needed to have all of these arguments placed in a coherent and developed way in front of the judge on June 23, 2021. That timetable is as follows:

June 7 - Cresford's Record with respect to the LPs' Applications

June 10 - LPs' Reply Records with respect to the LPs' Applications

June 11 - Cross examinations

June 16 - LPs' Factums with respect to the LPs' Applications

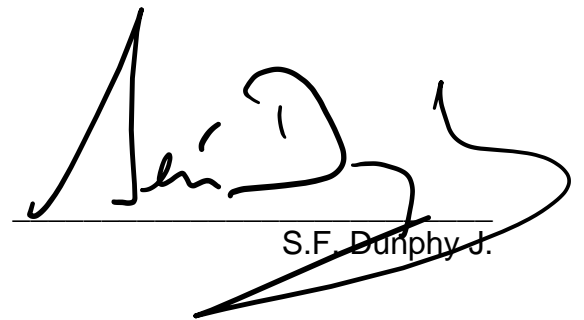
June 18 - Cresford's Factum re the LPs' Applications and Factum re BIA Proposal

June 21 - LPs' Reply Factums with respect to the LPs' Applications/Responding Factums with respect to the BIA Proposal

June 23 – Hearing

[14] I have given the parties directions regarding the conduct of the cross-examinations. Absent agreement to the contrary, the two applicants shall have a total of ½ day between them and the respondents to the applications (the GP) shall have ½ day.

[15] The parties are directed to adhere to the above timetable. Costs of these motions are reserved to be dealt with by the judge hearing these submissions on the merits at the sanction hearing.



S.F. Dunphy J.

Date: June 1, 2021