



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

May 14, 2021

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COURT FILE NOS.: 31-459200 AND 31-2734090

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

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP, A LIMITED PARTNERSHIP FORMED PURSUANT TO THE LAWS
OF THE PROVINCE OF MANITOBA

and

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

MAY 14, 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 by YSL Residences Inc. (“Residences”, and together with the Partnership, the “Companies”), a company related to the Partnership, pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”). Copies of the certificates of filing issued by the Office of the Superintendent of Bankruptcy are provided in Appendix “A”.
2. The principal purpose of these proceedings is to create a stabilized environment to allow the Companies to file a proposal (a “Proposal”) that provides creditors with a better result than they would realize in a bankruptcy.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies;
 - b) discuss the rationale to procedurally and substantively consolidate the NOI proceedings and estates of the Partnership and Residences (the “NOI Proceedings”) for the purpose of simplifying the administration of the NOI Proceedings (the “Consolidation”); and
 - c) recommend that the Court make an order approving the Consolidation.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' representatives, the Companies' books and records and discussions with representatives of Concord Adex Inc. ("Concord"), an entity related to Concord Properties Developments Corp., the sponsor of the Proposal (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. The Companies' business and operations may be affected by the Covid-19 pandemic and the effect of the pandemic on the Companies may be material.

2.0 Background

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 a NOI on its own behalf. 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 corporate organization chart for Cresford is attached as Appendix "B".
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 "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 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 known as Yonge Street Living Residences (the "YSL Project"). Approximately 800 residential condominium units have been pre-sold, with such contracts executed by Residences and each purchaser.
5. Based on the Partnership's records, the YSL Project is subject to three mortgages totaling approximately \$249 million. Other claims, including lien and unsecured claims, are estimated to be \$64 million, which amounts may change.

6. Due to the ongoing financial difficulties of the Companies and Cresford, construction of the YSL Project has been suspended for more than a year and it is presently at the excavation and shoring stage.
7. Pursuant to an agreement dated April 30, 2021 between the Companies, certain Cresford entities and the Sponsor, and with the consent of the Companies' mortgagees, the Sponsor has agreed to sponsor a Proposal to be made to the Companies' creditors. If the Proposal is implemented, the Sponsor or another Concord-affiliate would become the owner and developer of the YSL Project. The Proposal Trustee understands that the Proposal is in the process of being finalized and is expected to be filed in the near term.
8. Additional information about these proceedings is included in the Proposal Trustee's First Report to Court dated May 6, 2021 (the "First Report") and, accordingly, that information is not repeated in this Report. A copy of the First Report is attached as Appendix "C", without appendices.
9. Court materials in these proceedings are available on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/yg-limited-partnership>.

3.0 Consolidation of the NOI Proceedings

1. The Companies are seeking an order to procedurally and substantively consolidate the NOI Proceedings and estates of the Partnership and Residences, and authorizing and directing the Proposal Trustee of the consolidated proceedings to administer the NOI Proceedings as if they were a single proceeding for the purpose of carrying out its duties and obligations as a proposal trustee under the BIA.
2. The Companies were formed solely to develop the YSL Project. Pursuant to a nominee agreement dated February 16, 2016 (the "Nominee Agreement") between Residences (formerly known as 2502295 Ontario Inc.) and the Partnership, Residences is the nominee of the Partnership and as such holds title to the Property and condominium purchaser agreements on behalf of its beneficial owner, the Partnership. As a result of the Nominee Agreement, the assets and liabilities of Residences are assets and liabilities of the Partnership. A copy of the Nominee Agreement is attached as Appendix "D".

3.1 Recommendation

1. Based on the above, the Proposal Trustee believes that the Consolidation is appropriate for the following reasons:
 - a) The assets and liabilities of Residences are held in trust for the Partnership in accordance with the Nominee Agreement;
 - b) the only claims in the NOI Proceedings are ultimately against the Partnership;
 - c) the Companies were formed for the single purpose of completing the YSL Project;

- d) no party will suffer any prejudice as a result of consolidating these proceedings; and
 - e) consolidation would promote cost efficiency and avoid delays associated with having to separately administer the proceedings of the Partnership and Residences.
2. As reflected in the draft Order, a copy of which is provided as Appendix “E”, if the NOI Proceedings are consolidated, the Companies will be able to file a joint proposal and convene a single meeting of creditors for the purpose of voting on the Proposal. Additionally, the Proposal Trustee will be authorized to administer the proceedings as follows:
- a) issue consolidated reports on the Proposal;
 - b) prepare, file, advertise and distribute any and all filings and/or notices relating to the administration of the Proposal of the Companies on a consolidated basis;
 - c) reflect the assets and liabilities of Residences and the Partnership, which is consistent with the legal effect of the Nominee Agreement; and
 - d) bring motions to the Court on a consolidated basis.

4.0 Conclusion and Recommendation

1. For the reasons set out in this Report, the Proposal Trustee respectfully recommends that this Honourable Court make an Order granting the relief detailed in Section 1.1(1)(c) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC.,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-459200
Estate No. 31-459200

In the Matter of the Notice of Intention to make a proposal of:

YG Limited Partnership

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

April 30, 2021

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 30, 2021, 22:54

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada¹⁻⁸⁷⁷



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

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

In the Matter of the Notice of Intention to make a proposal of:

YSL Residences Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

April 30, 2021

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 30, 2021, 22:54

E-File/Dépôt Electronique

Official Receiver

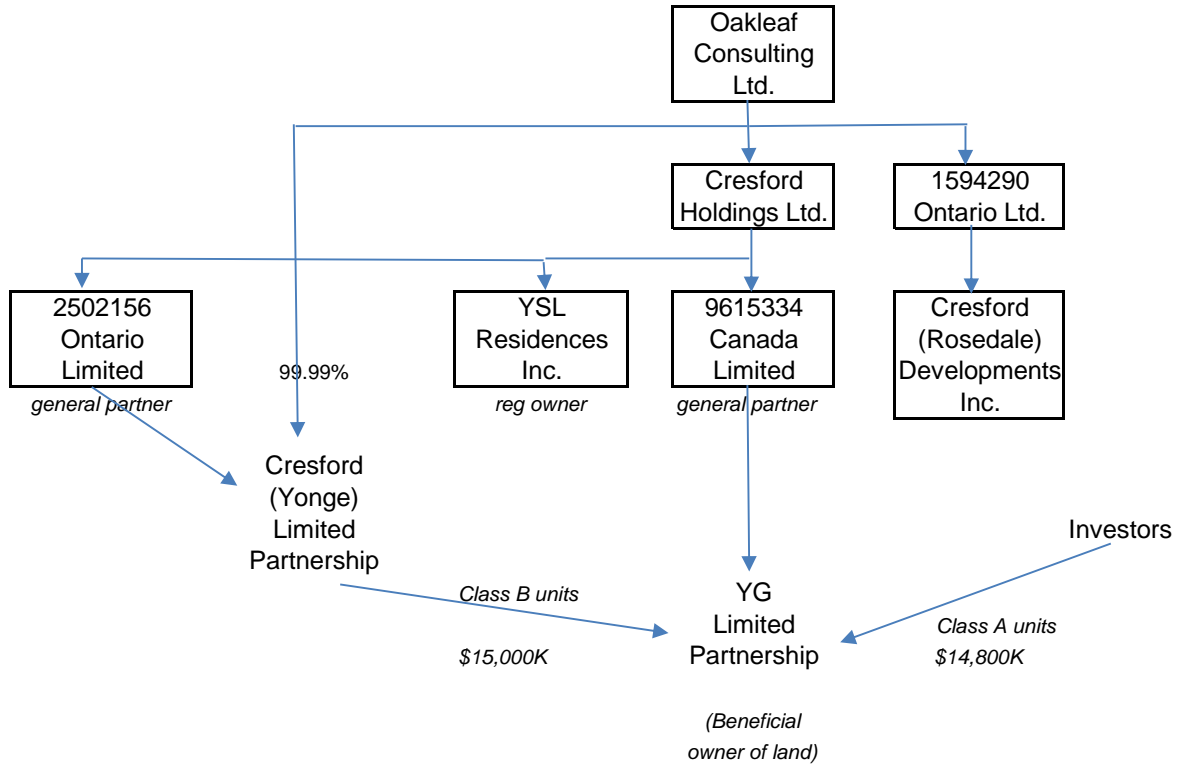
151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Appendix “B”

Cresford Group

Organization Chart - Yonge/Gerrard



Appendix “C”



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

May 6, 2021

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FM Engagement Letter	C

COURT FILE NO.: 31-459200 AND 31-2734090

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

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

MAY 6, 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 by YSL Residences Inc. (“YSL Inc.”, and together with the Partnership, the “Companies”), a company related to the Partnership, pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”). Copies of the certificates of filing issued by the Office of the Superintendent of Bankruptcy are provided in Appendix “A”.
2. The principal purpose of these proceedings is to create a stabilized environment to allow the Companies to file a proposal that provides creditors with a better result than they would realize in a bankruptcy (a “Proposal”).

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies;
 - b) comment on appraisals and analyses thereon to be performed of the YSL Project, as defined in Section 2 below; and
 - c) summarize the Proposal Trustee’s activities since the Filing Date.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' representatives, the Companies' books and records and discussions with representatives of Concord Adex Inc. ("Concord").
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. The Companies' business and operations may be affected by the Covid-19 pandemic and the effect of the pandemic on the Companies may be material.

2.0 Background

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 a NOI. YSL Inc. was incorporated on January 28, 2016 under the *Business Corporations Act* (Ontario).
2. The Companies are part of the Cresford Group of Companies ("Cresford"). YSL Inc. is the registered owner of the real properties municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto, Ontario (the "Property") acting as a bare trustee and nominee of, for and on behalf of the Partnership. The Partnership 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 "YSL Project"). Approximately 800 residential condominium units have been pre-sold.
3. Based on the Partnership's records, the YSL Project is subject to three mortgages totaling approximately \$249 million. Other claims, including lien and unsecured claims, are estimated to be \$64 million. A copy of the Proposal Trustee's notices to creditors dated May 5, 2021, which include creditor listings, is provided as Appendix "B".

4. Due to the ongoing financial difficulties of the Companies and Cresford, construction of the YSL Project has been suspended for more than a year and it is presently at the excavation stage.
5. Pursuant to an agreement dated April 30, 2021 between the Companies, certain Cresford entities and Concord Properties Development Corp. (the “Sponsor”), an affiliate of Concord (the “Agreement”), the Sponsor, with the consent and support of the Companies’ secured lenders, has agreed to sponsor a Proposal to be made to the Companies’ creditors. If the Proposal is implemented, the Sponsor or another Concord-affiliate would become the owner and developer of the YSL Project. The Proposal Trustee understands that the Proposal is in the process of being finalized and is intended to be filed in the near term.

2.1 Applications by Limited Partners

1. Certain of the Partnership’s limited partners (the “LPs”) have commenced separate applications before the Ontario Superior Court of Justice (Commercial List) (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; c) the GP breached its duty of good faith to the limited partners; and d) appointing a receiver.
2. Timbercreek Mortgage Servicing Inc. (“Timbercreek”), the Companies’ senior secured creditor, takes the position that the granting of any of the relief sought in the LPs’ applications would trigger a forbearance event, and that Timbercreek will seek to be in a position to bring on for hearing its application for appointment of a court-appointed receiver (currently scheduled for July 12, 2021) in preference to any such relief being granted.
3. In their materials, the LPs have filed with the Court three appraisals prepared by CBRE Limited (“CBRE”) of the YSL Project on “as is” and “as if complete” bases. The most recent CBRE appraisal included in the LP’s application is dated August 8, 2019 (the “2019 Appraisal”).
4. The 2019 Appraisal estimates the “as is” market value of the YSL Project to be \$375.5 million, reflecting the estimated Land Residual Value and the Costs Incurred to Date Beneficial to a Potential Purchaser (as those terms are defined in the 2019 Appraisal) and \$1.225 billion on an “as if complete” basis.
5. CBRE also prepared an appraisal of the YSL Project dated April 30, 2021 (the “2021 Appraisal”). The appraisal is addressed to Concord. Concord provided the appraisal to the Proposal Trustee on a confidential basis. The Proposal Trustee has been advised that Concord has offered to provide a copy of the 2021 Appraisal to each of the LPs upon execution of a confidentiality agreement.

6. As the value of the YSL Project is central to determining the reasonableness of the Proposal, the Proposal Trustee engaged Finnegan-Marshall Inc. (“FM”), a real estate and development cost consulting firm, to, among other things:
 - a) review CBRE’s most recent appraisal;
 - b) analyse the differences between the 2019 Appraisal and the 2021 Appraisal;
 - c) assess the value of the improvements and work performed to-date; and
 - d) prepare a report that will opine on “the sales price for the project on an as-is basis after assessing the project budget, project revenue and resultant profitability”.
7. A copy of the Proposal Trustee’s engagement letter with FM dated May 3, 2021 (the “FM Engagement Letter”) is provided as Appendix “C”. Pursuant to the FM Engagement Letter, FM estimates that its report will be completed in three weeks.
8. It is the Proposal Trustee’s intention, following the filing of a Proposal by the Companies, to report to the Companies’ creditors on the terms of the Proposal and provide a comparison of the recoveries under the Proposal to a bankruptcy. The Proposal Trustee’s report will include a recommendation as to whether the creditors should vote in favour of the Proposal. It is presently contemplated that the meeting of creditors would be convened on or around June 11, 2021.

3.0 Proposal Trustee’s Activities

1. In addition to the activities summarized in this Report, the Proposal Trustee’s activities since the Filing Date have included:
 - Corresponding with the Partnership, its counsel and Concord’s counsel regarding the pre-sold condominium units;
 - Assisting the Partnership to prepare a statement of projected cash flow pursuant to Section 50.4(2) of the BIA;
 - Considering an application to consolidate the BIA proceedings of the Partnership and YSL Inc.;
 - Dealing with notices of disclaimer which will be issued pursuant to Section 65.11 of the BIA;
 - Corresponding with Concord regarding funding for these proceedings;
 - Attending at Court, virtually, on May 3, 2021;

- Establishing the Proposal Trustee's website;
- Reviewing CBRE's appraisals; and
- Responding to creditor inquiries.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
YG LIMITED PARTNERSHIP AND YSL RESIDENCES INC.,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

NOMINEE AGREEMENT

THIS AGREEMENT (the “Agreement”) made as of February 16, 2016.

BETWEEN:

YG LIMITED PARTNERSHIP

(the “Beneficial Owner”)

- and -

2502295 ONTARIO INC.

(the “Nominee”)

WHEREAS:

- A. Pursuant to an agreement of purchase and sale dated July 31, 2013 between The Yonge Street Mission, as vendor, and 2380991 Ontario Inc., as purchaser, (as amended by agreements dated August 29, 2013 and January 20, 2016, and as further restated, modified, and supplemented from time to time, and as assigned by assignment and assumption agreement made as of February 16, 2016 between 2380991 Ontario Inc., as assignor, and the Beneficial Owner, as assignee, collectively, the “**381 Purchase Agreement**”), the Beneficial Owner agreed to purchase the property municipally described as 381 Yonge Street, Toronto, Ontario and legally described in Schedule A attached hereto (the “**381 Yonge Property**”);
- B. Pursuant to an agreement of purchase and sale made of November 12, 2015 between 2364624 Ontario Inc., 2302889 Ontario Inc., 2364625 Ontario Inc., 2417933 Ontario Inc., 2364626 Ontario Inc., 2379901 Ontario Inc., 2364627 Ontario Inc. and 2380991 Ontario Inc., Kingsett Real Estate Growth LP No. 4, KS 379 Yonge Street LP, KS 373-375 Yonge Street LP, and KS 367 Yonge Street LP, collectively as vendor, and Cresford Capital Corporation (“**Cresford**”), as purchaser, (as amended by agreements dated December 14, 2015, January 11, 2016 and January 15, 2016, and as further restated, modified, and supplemented from time to time, and as assigned by an assignment and assumption agreement made as of February 16, 2016 between Cresford, as assignor, and the Beneficial Owner, as assignee, collectively, the “**Yonge Street Purchase Agreement**”), the Beneficial Owner agreed to purchase, *inter alia*, (i) the interest of 2380991 Ontario Inc. in the 381 Purchase Agreement, and (ii) the properties municipally known as 363, 365, 367, 369, 371, 373, 375, 377, 379 and 385 Yonge Street, Toronto, Ontario and legally described in Schedule A attached hereto (collectively, the “**Multiple Yonge Street Properties**”) (the 381 Yonge Property and the Multiple Yonge Street Properties are hereinafter collectively referred to as the “**Property**”);

- C. The 381 Purchase Agreement and the Yonge Street Purchase Agreement are hereinafter collectively referred to as the "**Purchase Agreement**";
- D. The Beneficial Owner is acquiring beneficial ownership of the Property upon completion of the transactions contemplated by the Purchase Agreement (the "**Purchase Transaction**");
- E. The Nominee has agreed to act as agent, nominee and bare trustee for and on behalf of the Beneficial Owner to take and hold registered title to the Property upon completion of the Purchase Transaction; and
- F. The Nominee is not required to advance any of the funds necessary to acquire, hold, maintain the Property.

NOW, THEREFORE, in consideration of the sum of \$1.00 paid by the Beneficial Owner to the Nominee and the mutual covenants and conditions herein contained (the receipt and sufficiency of which are hereby acknowledged) the parties hereto do hereby agree as follows:

1. The Nominee hereby acknowledges and agrees that as and from the date hereof the Nominee is to take and hold registered title to the Property solely as agent, nominee and bare trustee title holder for and on behalf of the Beneficial Owner and not for itself, and that, save for taking and holding such registered title, the Nominee will otherwise have no legal or beneficial interest in or to the Property or in or to any mortgage proceeds, rents, income, issues, advantages or benefits therefrom, whether or not it may execute under direction of the Beneficial Owner any contracts, notes, mortgages, leases or other agreements for the ownership, use and leasing of the Property by the occupants, users or lessees, and that it will do no act relating to the Property without the express approval of and direction from the Beneficial Owner.
2. The Beneficial Owner acknowledges and agrees with the Nominee that, for the purpose of convenience in dealing with the Property for and on behalf of the Beneficial Owner, registered title to the Property will remain in the name of the Nominee from and after completion of the Purchase Transaction.
3. The Nominee shall remain the registered owner and hold the Property for the Beneficial Owner provided that when so requested by the Beneficial Owner, the Nominee will convey registered title of the Property or any part or parts thereof to the Beneficial Owner or as the Beneficial Owner may direct, or as its successors or assigns may direct, by proper transfers of land and other transfers, and will have all other formalities complied with in order to vest title to the Property in the Beneficial Owner or as the Beneficial Owner may direct, or as its successors and assigns may direct, all without expense to the Nominee in connection with such transfers of land.
4. The Beneficial Owner irrevocably authorizes and directs, instructs and fully empowers the Nominee to accept the transfer/deed in connection with the transfer of registered title of the Property to the Nominee and to make all applicable land transfer tax statements required for the acceptance and registration of such transfer/deed by the transferee.
5. The Nominee shall promptly remit to the Beneficial Owner all rents, revenues and other receipts from the Property, and all funds that are received by the Nominee (whether as registered titleholder of the Property or as a nominal party to any instrument entered into in

connection with the Property). The obligation of the Nominee pursuant to the immediately preceding sentence is subject to the rights of any secured creditor, mortgagee or other person who the Nominee reasonably believes has a claim to all or any part of such funds. The Nominee shall incur no liability to the Beneficial Owner for making any such remittance as the Nominee is directed to make pursuant to (a) any notice received from any such creditor, mortgagee or other person, or (b) pursuant to any standing or special instructions received from the Beneficial Owner. The Nominee, at the expense and request of the Beneficial Owner, will account to the Beneficial Owner for all funds received by the Nominee in connection with the Property.

6. The Nominee will promptly transmit to the Beneficial Owner copies of all directions, notices, claims, demands or other communications that the Nominee receives and which relate in any way to the Property, whether in connection with the Purchase Transaction or otherwise. The Nominee shall promptly notify the Beneficial Owner upon becoming aware of any default by any party to, or beneficiary of, any instrument relating to the Property.
7. All costs and expenses incurred by the Nominee in connection with the performance of its duties and obligations hereunder, in connection with the Purchase Transaction, or in connection with any other aspect of the holding by the Nominee of registered title to the Property, shall be borne by the Beneficial Owner.
8. No party dealing with the Nominee in relation to the Property in any manner whatsoever and (without limiting the generality of the foregoing) no party to whom the Property or any part thereof or interest therein shall be conveyed, contracted to be sold, leased or mortgaged by the Nominee, shall be obligated to investigate whether:
 - (i) at the time of such dealings this Agreement was in full force and effect and was unamended;
 - (ii) any document, instrument or other writing executed by the Nominee was executed in accordance with the terms and conditions of this Agreement;
 - (iii) the Nominee was duly authorized and empowered to execute and deliver every such document, instrument and other writing; and
 - (iv) if a conveyance has been made to a successor or successors in trust, that such successor or successors have been properly appointed and are fully vested with all the title, estate, rights, powers, duties and obligations of its or their predecessor.
9. In consideration of the Nominee accepting the responsibilities and obligations set out herein, the Beneficial Owner hereby releases the Nominee from any and all liability that the Nominee may incur in respect of any action taken by the Nominee either pursuant to the instructions of the Beneficial Owner or pursuant to the terms of this Agreement. The Beneficial Owner does hereby agree to indemnify and save harmless the Nominee from any and all manner of actions, causes of action, suits, debts, obligations, accounts, bonds, covenants, contracts, claims and demands whatsoever which may arise against the Nominee by virtue of it holding registered title to the Property or by virtue of it performing its obligations hereunder or by virtue of anything arising out of any dealings with the Property, including the Purchase Transaction.

10. There shall be no fee payable to the Nominee by the Beneficial Owner for any of the activities of the Nominee carried out on behalf of the Beneficial Owner as contemplated hereby.
11. The Nominee covenants and agrees to do all such things and execute all documents that may hereafter be required to give effect to the purpose and intent of this Agreement.
12. The Nominee shall not be obligated to file any income tax returns with respect to the Property, but the Beneficial Owner shall file all such returns and pay all taxes on the earnings and avails of the Property or growing out of its interest therein.
13. This Agreement shall not be recorded or registered against the title to the Property or elsewhere except with the consent of the Beneficial Owner.
14. The Beneficial Owner hereby acknowledges that the Nominee is acting as an agent, nominee and bare trustee for and on behalf of the Beneficial Owner.
15. All notices or other communications and deliveries required by this Agreement or desired to be given or made by any of the parties hereto shall be sufficiently given if personally delivered or if mailed by registered mail, receipt requested, and posted in Canada, addressed as follows:

In the case of the Beneficial Owner:

170 Merton Street
Toronto, ON M4S 1A1

Attention: Daniel C. Casey

with a copy to:

Suite 300, 2950 Jutland Rd.
Victoria, BC V8T 5K2

Attention: Senior Vice President, Real Estate

In the case of the Nominee:

170 Merton Street
Toronto, ON M4S 1A1

Attention: Daniel C. Casey

with a copy to:

Suite 300, 2950 Jutland Rd.
Victoria, BC V8T 5K2

Attention: Senior Vice President, Real Estate

or to such other address of which written notice is given in accordance with this Section. Each such notice, communication or delivery shall be deemed delivered on the date of

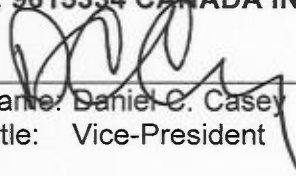
delivery (if personally delivered) or on the third business day following the date of mailing thereof (if mailed). Notwithstanding the foregoing, notice given by mail during a strike or other generally recognized disruption in mail service will not be effective until actually received.

16. This Agreement may be executed in any number of counterparts and all such counterparts shall, for all purposes, constitute one agreement binding on all the parties hereto notwithstanding that all parties are not signatories to the same counterpart, provided that each party has signed at least one counterpart. This Agreement may be executed and delivered by facsimile or other electronic transmission and the parties hereto may rely upon all such facsimile or electronic signatures as though such facsimile or electronic signatures were original signatures.
17. This Agreement may be amended, revoked or terminated only by written agreement executed by all parties hereto.
18. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first written above.

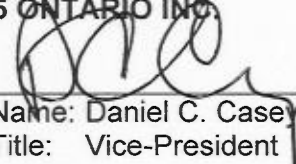
YG LIMITED PARTNERSHIP, by its general partner, 9615334 CANADA INC.

Per: 
Name: Daniel C. Casey
Title: Vice-President

Per: _____
Name:
Title:

I/We have the authority to bind the Beneficial Owner.

2502295 ONTARIO INC.

Per: 
Name: Daniel C. Casey
Title: Vice-President

Per: _____
Name:
Title:

I/We have the authority to bind the Nominee.

SCHEDULE A

LEGAL DESCRIPTION

	<u>Municipal Address</u>	<u>Legal Description</u>
1.	363-365 Yonge Street, Toronto, Ontario	PIN: 21101-0049 (LT) PT LT 31 E/S YONGE ST PL 22A TORONTO AS IN EP126440; TORONTO , CITY OF TORONTO
2.	367 Yonge Street, Toronto, Ontario	PIN: 21101-0048 (LT) PT LT 31 E/S YONGE ST, 32 E/S YONGE ST PL 22A TORONTO AS IN CA761626; TORONTO , CITY OF TORONTO
3.	369-371 Yonge Street, Toronto, Ontario	PIN: 21101-0047 (LT) PT LT 32 E/S YONGE ST PL 22A TORONTO AS IN CA472341; TORONTO , CITY OF TORONTO
4.	373-375 Yonge Street, Toronto, Ontario	PIN.: 21101-0046 (LT) PT LT 33 E/S YONGE ST PL 22A TORONTO AS IN CA540937; TORONTO, CITY OF TORONTO
5.	377 Yonge Street, Toronto, Ontario	PIN: 21101-0045 (LT) PT LT 33 E/S YONGE ST PL 22A TORONTO AS IN CA310343; TORONTO , CITY OF TORONTO
6.	379 Yonge Street, Toronto, Ontario	PIN: 21101-0044 (LT) PT LT 34 E/S YONGE ST PL 22A TORONTO AS IN CT497024; TORONTO, CITY OF TORONTO
7.	381 Yonge Street, Toronto, Ontario	PIN. 21101-0043 (LT) PART OF LOT 34 ON THE EAST SIDE OF YONGE STREET, PLAN 22A AS DESCRIBED IN INSTRUMENT NO. OT46105, CITY OF TORONTO
8.	385 Yonge Street, Toronto, Ontario	PIN: 21101-0042 (LT) LT 35 E/S YONGE ST, 36 E/S YONGE ST PL 22A TORONTO; TORONTO , CITY OF TORONTO

Appendix “E”

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)

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Lawyers for the Applicants